

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

For History on: *PL 89-808*
52

F-Date
105
123
124

WORLD WAR ON HUNGER

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

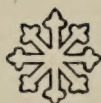
HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES EIGHTY-NINTH CONGRESS

SECOND SESSION

FEBRUARY 14, 15, 16, 17, AND 18, 1966

Serial W
PART 1

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
WATKINS M. ABBITT, Virginia
PAUL C. JONES, Missouri
HARLAN HAGEN, California
FRANK A. STUBBLEFIELD, Kentucky
GRAHAM PURCELL, Texas
JAMES H. MORRISON, Louisiana
ALEC G. OLSON, Minnesota
SPARK M. MATSUNAGA, Hawaii
MASTON O'NEAL, Georgia
THOMAS S. FOLEY, Washington
JOSEPH Y. RESNICK, New York
LYNN E. STALBAUM, Wisconsin
ELIGIO DE LA GARZA, Texas
JOSEPH P. VIGORITO, Pennsylvania
JOHN C. MACKIE, Michigan
ROLLAND REDLIN, North Dakota
BERT BANDSTRA, Iowa
STANLEY L. GREIGG, Iowa
CLAIR A. CALLAN, Nebraska

PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
MRS. CATHERINE MAY, Washington
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
LAURENCE J. BURTON, Utah
PRENTISS WALKER, Mississippi
GEORGE V. HANSEN, Idaho

RESIDENT COMMISSIONER

SANTIAGO POLANCO-ABREU, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*

HYDE H. MURRAY, *Assistant Clerk*

JOHN J. HEIMBURGER, *General Counsel*

FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

Statement of:

Ewell, Dr. Raymond, vice president for research, State University of New York at Buffalo-----	Page 138
Haggerty, John J., vice president and research director, Agri Research, Inc., Manhattan, Kans-----	68
Harrar, Dr. J. G., president, the Rockefeller Foundation-----	82
Hill, Dr. F. F., consultant on international programs, Ford Found- ation-----	94
Millikan, Dr. Max F., director, Center for International Studies, Massachusetts Institute of Technology-----	53
Paarlberg, Dr. Don, Hillenbrand professor of agricultural economics, Purdue University, Lafayette, Ind-----	109
Revelle, Dr. Roger, Richard Saltonstall professor of population policy, and director, Center for Population Studies, Harvard University--	21
Schultz, Theodore W., University of Chicago-----	156
Sebrell, Dr. W. H., Jr., professor, public health nutrition, and director, Institute of Nutrition Sciences, School of Public Health and Admin- istrative Medicine, Columbia University, New York, N.Y-----	126
Taeuber, Dr. Irene B., senior research demographer, Office of Popu- lation Research, Princeton University-----	3

WORLD WAR ON HUNGER

MONDAY, FEBRUARY 14, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Gathings, Jones of Missouri, Hagen of California, Stubblefield, Purcell, Olson, Matsunaga, De La Garza, Redlin, Bandstra, Callan, Belcher, Teague of California, and Dole.

Also present: Representatives Walter Jones of North Carolina, Odin Langen of Minnesota, Neal Smith of Iowa, and Robert Duncan of Oregon.

Also present: Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel, and Francis LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

We are honored today to have two very distinguished visitors before the committee.

First, I would like to make a brief statement before calling on our witnesses.

On January 19, 1966, I introduced in the House a bill to wage world war on hunger, to amend the Agricultural Trade Development and Assistance Act of 1954.

This legislation was developed after I attended an organizational meeting on December 9 of the Committee on World Food Crisis. This meeting was attended by many prominent representatives of 150-odd organizations, associations, and prominent individuals, all very much concerned about the possibility of a food famine in the world. At this meeting, we were told that hundreds of thousands of people—in fact, millions—in the world were starving every day, and it seemed to me to be a little bit incongruous for us to continue to restrict our acreage in America while we are facing starvation in other areas of the world.

We have already retired 60 million acres of fertile farmland in the bills that we have passed out of this committee, and there is a proposal to retire 40 million acres on a semipermanent basis.

I think that to retire 40 million acres more will cost the taxpayers in the neighborhood of \$9 to \$10 billion. And under that program, the farmers can retire their whole farms and go to the sunshine of Florida or of California or of North Carolina or of Texas and take it easy.

Mr. MATSUNAGA. Or of Hawaii.

The CHAIRMAN. Yes, and of Hawaii.

As a result of the retirement of this land, thousands to tens of thousands of people would be driven off the farms to go into the cities, to

look for jobs, when they are not there, and they would add to the relief rolls.

It seems to me that our Nation should be willing to face up to the problems now confronting us and realize that a hungry world is a dangerous world.

We are living in a hungry world, and, literally, thousands and thousands of people dying every day.

The fact is that our population and that of the world has increased tremendously, and many people are on the fringes of hunger and starvation.

Every expert that I have talked to seems to think that there is a possibility of mass suffering and mass starvation facing us in the very near future.

I was delighted when the President's message relative to a war on hunger came up here. It seems to me that he just about endorsed the ideas that I had in the bill I introduced; namely, H.R. 12152.

We do not want to jeopardize the farm programs that have been operating well; we do not want to endanger our own agricultural economy, but it seems to me that if we can produce food and send or give it away at about the same cost that we would be willing to pay if we retired the land, it would be well for us to consider that. Certainly, hunger and starvation means that it would not be considered in the realm of partisan politics. I am sure that this bill will be considered above the realm of partisan politics.

We have a long list of very prominent witnesses to appear before us.

Tomorrow we have Dr. Max F. Millikan, director of the Center for International Studies, Massachusetts Institute of Technology, and John J. Haggerty, vice president and research director, Agri Research, Inc., Manhattan, Kans.

On Wednesday, we have Dr. George Harrar, president, Rockefeller Foundation; and Dr. F. F. Hill, former vice president, the Ford Foundation.

On Thursday, we have Dr. Don Paarlberg, professor of economics, Purdue University, and former coordinator of the food-for-peace program, and Dr. W. Henry Sebrell, Jr., professor, public health and nutrition, and director, Institute of Nutrition Science, Columbia University.

And on Friday, we have Dr. Raymond Ewell, vice president for research, State University of New York at Buffalo, and Dr. Theodore W. Schultz, professor of economics, University of Chicago.

Today, we have the honor of having before us Dr. Irene Taeuber, senior research demographer, Office of Population Research, Princeton University; former president, Population Association of America; former vice president, International Population Union; fellow, American Statistical Association; vice president, United Nations World Population Conference, 1965; demographic consultant, Pacific Science Board, National Research Council, member and rapporteur, United Nations Ad Hoc Committee to Advise the Secretary General on an Expanded Program of Work in Population Fields; author, "The Population of Japan"; major research interest, the populations of the Pacific from Alaska to Indonesia, including the United States, Japan, China, and the Philippines.

We are delighted to have you with us today, Dr. Taeuber, and if you will come around, we will be glad to hear from you now.

Mr. TEAGUE of California. If I may, before the doctor presents her statement, I would like to say for the record the fact that I am the only Republican here at the moment is explained by the fact that we have no legislation on the floor of the House for a day or two, and this is what is known as the Lincoln Day weekend recess, and my Republican colleagues are scattered around the country saying that Abraham Lincoln still belongs to them. I am sure they will be here later in the week. They are very much interested, certainly, in this all-important subject. I happen to be one politician who does not like to make speeches, so that I remained here instead of going out in the countryside. I am sure my colleagues will be here—maybe some will come in later today.

The CHAIRMAN. Mr. Teague is the Old Faithful, in that he is always present.

I am honored to have you meet Walter Jones, a Congressman from North Carolina, who was just sworn in last week. I am glad to welcome you to the Agriculture Committee meeting this morning.

We will be glad to hear from you now, Dr. Taeuber.

**STATEMENT OF DR. IRENE B. TAEUBER, SENIOR RESEARCH
DEMOGRAPHER, OFFICE OF POPULATION RESEARCH, PRINCE-
TON UNIVERSITY**

Dr. TAEUBER. Mr. Chairman and members of the committee, in the middle of the 18th century, there were 750 million people in the world. In 1900 there were 1.5 billion. In 1960 there were 3.0 billion. In the year 2000, if present trends continue, there will be 7.5 billion. The first doubling of numbers took a century and a half, the second only 60 years. The doubling after 1960, if it occurs, will take little more than 30 years.

The growth of the past is fact; the assumption of a future in which doubling of numbers occurs at shorter and shorter intervals is conjecture unlikely to correspond to reality. The critical question is not the indefinite acceleration in rates of population growth, nor even the continuation of present rates of growth, but the process whereby the growth is slowed. That slowing could come through the rising death rates of hunger and disease, famine and epidemic, internal instability and international conflict. Or the slowing could come through the declining birth rates that would accompany economic, social, and demographic modernization. There are for the world as a whole no other alternatives.

These categorical statements may not be persuasive, for the increase of the world's population is so awesome as to seem unreal. Moreover, that rapid population growth which deters political stability and economic advance is concentrated in the less-developed areas. Regions of economic opportunity have few problems of numbers or of growth. The initial clarification, therefore, is an inspection of the rates of population growth for the world and the major regions in the years around

1960. The time required to double at the then prevalent rates of increase are also noted.

Area	Annual percent increase	Years to double
World.....	2.1	33
More developed areas.....	1.3	54
Europe.....	.8	88
Northern America.....	1.6	44
Oceania.....	1.7	41
Less developed areas.....	2.5	28
Mainland Middle America.....	3.8	18
Tropical South America.....	3.7	19
Southeast Asia.....	3.0	23
Middle South Asia.....	2.6	27
West Africa.....	3.3	21
Polynesia, Micronesia.....	4.0	17

If you will glance at these figures, you will note that, even on conservative estimates, the annual rate of growth for the population of the less-developed areas around 1960 was 2.5 percent a year. This implies doubling in less than 30 years. If you will look below the overall figure for the less-developed areas, you will not that the rate of increase in Mexico and Central America, mainland middle America, is 3.8 percent. This means a population doubling in less than 20 years.

Tropical South America includes everything in South America except Argentina, Brazil, and Uruguay—it includes Brazil. For tropical South America, the average annual rate of growth is 3.7 percent. This, again, means doubling in less than 20 years.

For southeast Asia, for middle Asia, middle south Asia, Indonesia—the Indochinese peninsula, India, and Pakistan, the rates of growth are between 2.5 and 3 percent, and the doubling is about 25 years.

The rates for the less-developed areas are startling, even to those students in the field who should be immune to demographic shock. Growth at high rates is pervasive, from the coral atolls of Micronesia to the rice fields of the Ganges, the delta of the Nile, and the cacao groves of Ghana. The mechanism is simple. Death rates declined, birth rates did not.

The annual percent increases for regions and subregions are not translated easily into the frame of the problems of population growth, health, and nutrition. Hence we shall examine the recent United Nations projections of the population of India and Pakistan decade by decade from 1960 to the year 2000. There are two estimates. The first assumes the continuation of present trends; that is, that death rates decline but birth rates do not. The second assumes that birth and death rates alike decline, that birth rates are reduced to half their present levels between 1960 and 1995. The populations are in the millions:

Year	Declining death rate, unchanging birth rate	Declining death rate, birth rate cut in half, 1965-95
India:		
1960.....	432.7	432.7
1970.....	542.5	541.0
1980.....	694.2	661.5
1990.....	914.2	782.9
2000.....	1,233.5	908.0
Pakistan:		
1960.....	92.6	92.6
1970.....	121.0	120.6
1980.....	161.7	153.6
1990.....	222.8	188.5
2000.....	314.3	226.5

What I would like to stress is what would happen to the population of India and Pakistan if the population trends prior to 1960 should continue to the end of the century. This means that death rates go down slowly but birth rates do not decline. Under those assumptions, the population of India, 433 million in 1960, would increase to 1.2 billion by the year 2000. The population of Pakistan would increase from 92.6 million in 1960 to 314 million by the year 2000. These figures are highly improbable as future growth, for India and Pakistan alike have population programs to reduce their rates of growth.

If we assume that the birth rates start declining soon and that they are cut in half by the year 2000—in other words, we assume rather swiftly declining birth rates in India and in Pakistan—then the rates of population growth decline but the absolute increases are still enormous. If you look at the figures for India which assume that its birth rate is cut in half in the next 30 years, the population increases from 433 million in 1960 to 908 million in 2000. In Pakistan, it increases from 93 million in 1960 to 226 million in 2000. Even with continually declining birth rates, the population of the subcontinent would increase from 525 million in 1960 to 1.1 billion in 2000.

These figures should be emphasized again. Continuation of the present trends for the 35 years from 1965 to the end of the century would result in a trebling of the population of India between 1960 and 2000, more than trebling of the population of Pakistan. The estimates concern the years 1960 to 2000; 5 years of the period have already passed. Death rates have been declining, while birth rates have not declined measurably. If birth rates should now begin to decline and should do so at the rate that occurred in Japan from 1930 to 1960, rates would be half their present levels in 1995. The rates of population increase would decline, but the absolute increases would still be enormous. Even with continually declining birth rates, the population of the subcontinent would increase from the 525 million of 1960 to 1.1 billion in the year 2000.

The historic experience of the peoples of Europe and of Japan indicates that the halving of a birth rate in 30 years is a notable though feasible achievement. It is therefore permissible to assume for illustrative purposes that the birth rate of India is moving downward now, and that it will reach half its present level by 1995. Even so, the net increase in the population of India in the 40 years from 1960 to the end of the century would be almost half a billion people.

The implications of rapid population growth as it is now occurring are apparent, not alone for India and Pakistan but for other countries. Growth at 2, 3, or even 4 percent a year cannot continue for any major period of time in countries already densely settled and handicapped by economic retardation, traditional societies, and limited educational levels. There is an empirical anomaly to this statement, for high birth rates and therefore the potential for high rates of population growth occur only in the less developed countries. Modernization and high birth rates simply do not exist alongside each other. Backward economies, lethargic societies, and uneducated populations are not consistent with low birth rates. In fact, the level of the birth rate separates the developed and the less developed nations of the contemporary world in sharp dichotomy. No developed country has a birth rate above 30; no less developed country has a birth rate below 30. If a country has a rate of population growth of 3 to 4 percent a year, it is underdeveloped and therefore has major barriers to sustaining that rate of growth.

DEMOGRAPHIC INSTABILITY

The population potentials of India and Pakistan (except for the population of mainland China) are outstanding in the magnitude of the increases but not in the processes of change. The growth that occurred in the less developed countries in the past was produced by declines in death rates without corresponding declines in birth rates. Unless birth rates decline, then sooner or later death rates must rise again. The maximum population on the earth or in major regions of it is debatable; the length of time in which present growth could continue is also subject to argument. The inherent instability of the present relation between declining death rates and relatively unchanging birth rates is not debatable.

These statements of the past, the present, and the possible future population are frame for a series of statements, hypotheses, even conjectures that are derived from an immense body of knowledge and analysis on population, economic, and social interrelations that cannot be summarized or even cited here:

1. Population growth as it is now occurring will not continue indefinitely, nor even for any substantial period of time in the future. The question is the time and the process of the movement to lesser rates of growth, not the fact of eventual occurrence.

2. The forces of modernization, reinforced increasingly by the plans and programs of governments, are conducive to later ages at marriage, smaller families among those who marry, and greater opportunities for those children who are born.

3. The sciences and technologies concerned with human life are not limited to those relevant to the prevention of disease and the postponement of death, nor can they be so contained. Advances in the biomedical sciences and technologies relevant to human reproduction and in the behavioral sciences associated with communication and motivation have already made the extension of family planning a feasible component in development plans and programs. Stated concisely and without equivocation, a government which wishes to develop an operating program to reduce birth rates has available to it knowledge of and means for limitation that are both acceptable and effective.

As to point 2, many countries have plans and programs to reduce population growth. Point 3 is that the government which has such a program has available to it the feasible technology.

4. A slowing growth of population in the future that is consistent with economic and social development must involve continuing declines in death rates along with declining birth rates. The control of birth is not a panacea, nor does it proceed in isolation from the other aspects of a moving society and economy. Those aspirations for the future which involve family planning are products of economic and social development, advancing health and nutritional status, and expanding education.

5. It is probable that retrogression in health and nutrition would alter the structures of aspirations and slow the developmental processes that are associated with declining birth rates. Translated into direct terms it is probable that widespread famine in India would slow the development and the success of the birth control program. It is fortunate indeed that this statement has had to be made in conjectural form, that the demographic processes of economic failure are not available for field analysis. However, the evidence in development is so incisive and so pervasive that the hypothesis may be formulated as follows: The rising death rates of economic failure would delay the development of small families as ideals, goals, and achievements in peasant societies.

6. There are no immediate demographic solutions to problems of hunger and malnutrition; there are no long-run solutions to problems of food and nutrition that do not involve demographic components. Solutions to the problems of population and food are interrelated; unless the resolution of problems of population growth is pushed immediately and assiduously through the control of the quantity of new life, long-run solutions to the problems of food will be delayed if not thwarted. The basic reasons for the interconnections of problems lie in man's span of life. The children who will enter school 6 years from now, in 1972, are already born. All who will reach labor force ages prior to 1980 are now living. So also are all those who will be aged 34 and over at the end of the century. The problems of an existing population may be alleviated but they cannot be solved by reducing the annual increments to the population through births.

7. Unless priorities are accorded programs for voluntary, effective, and major extensions in family planning, the problems of the future are likely to be intensifications of those of the present. The possibilities for the resolution of tomorrow's economic and social problems are related directly to those actions that are taken now for the solution of the problems of high birth rates, even though these present actions may not be sufficient as solutions to or even major alleviations of today's problems.

8. Economic and social advance; health, nutrition, and vitality; education and aspirations; employment opportunities and smaller families—these are inseparable aspects of the development process.

SOME PERSPECTIVES ON GROWTH

Rapid population growth in areas of poverty, hunger, and illiteracy is a modern phenomenon, a product of the advance of science and technology and the assiduous application of portions of that technol-

ogy to the prevention of disease, the production of food, and the advance of transport and distribution. In this setting, rapid growth is a problem, a deterrent to development. This does not mean that population growth may not be a positive force, that it was not itself a contribution to development in different periods of time and in other areas. The problems are those of comprehensive and balanced development. The absolute potentialities of resources, the innate capabilities of men, are not in question. Nor in assessing the problems of the future are we evaluating the course of the past. The history of the countries now developed cannot predict the future of countries now developing except in the very broad sense that development is a total rather than a sectoral process, that the dynamics of development are not determined simply by the richness or the paucity of resources, abstractly defined.

Land, climate, and resources are relative to science, technology, and human efficiency in adaptation and utilization. Given areas may sustain men at widely varying levels of utilization; less than a million Indians once lived marginally in the United States where 196 million people now sustain the highest levels of living the world has yet seen. Fifty years ago, the Romanoffs ruled an archaic Russia; today the children and the grandchildren of the people of this once backward agrarian country challenge the United States itself in science and in power. The capabilities of men are scarcely tapped; adaptabilities of differing ways of living and earning a living are immense.

A further clarification is necessary. The high fertility, the high birth rate, that now prevails in the less developed populations represents a once essential social adaptation, not an inherent biological urge to reproduction that would thwart any attempts at modernization. Until recently, the problem of a premodern country was the maintenance of birth rates high enough to balance death rates. The family that had many sons might insure the survival of the one son so essential to continuity if many were born. Suddenly death rates dropped. That which had been a necessary adjustment became a major maladjustment. In all times and among all peoples, though, the relations of the sexes and the bearing and rearing of children have been subjected to social regulation. And no people reproduce in accord with the abstract biological potential cited by Malthus. There are means of control in all cultures, some approved by the moral codes, others not. Contemporary studies in many cultures indicate that no women wish unlimited childbearing, that all wish to limit numbers at some reasonable low level.

If neither the niggardliness of nature nor the reproductive propensities of man bar solutions to the problems of rapid growth in the less developed areas, what then is the problem? The fact that there are solutions does not imply ease of solution. The processes of development are not only associated but cumulative; that which could be achieved easily in the Mississippi Valley may be very difficult in the Ganges Valley. This, however, is not a sufficient answer to present and prospective future problems of population, food, and development.

In the years of intensive efforts at guided and assisted development, the increase of food production and the limitation of disease were driving goals; the problems of the population increases generated by

reductions of death rates and sustained by increases in food production were subject only to cautious mention. Family planning was a taboo subject in Government circles; the sciences and technologies that were basic to the development of feasible means and effective practices of birth control were encouraged and supported in the private sector. This is changing rapidly now, but the heritage of past neglects is not easily overcome.

Peculiarly difficult problems are involved in the encouragement of family planning by governments, whether with or without bilateral or other international assistance. More food and longer life are obvious goods to all men and all governments; smaller families are not such an obvious good. Morality, ethics, and religion sustain the drives for health and nutrition; their relations to marriage, family, and reproduction are complex and variable. Furthermore, the development of social goals, national policies, and operative programs in family planning requires not simply biological knowledge and effective means but social knowledge and know-how. The social sciences are relatively retarded, their technologies for inducing social change are only beginning.

Neither past neglect nor present limitations to knowledge are bases for assuming that populations can be projected to a holocaust of starvation and death. The reduction of death rates, the rise of population growth to rates unprecedented in human history, the practical difficulties in achieving economic and social advances that are theoretically feasible—these are all recent. I cannot stress this fact too much; these are all recent. Basically, they are occurrences of the last two decades. The lag in developments needed to restore balance in population growth may also be relatively brief. The physiology of reproduction, means of contraception, acceptability, and efficiency of means, techniques of information, and teaching, know-how in public health—these are now subjected to massive pushes that extend from the basic sciences in the laboratories to attitude and acceptance studies in remote villages.

INTERIM STATEMENT AND FORWARD FOCUS

The problem of population may be viewed separately, as in the growth from 750 million in 1750 to 3 billion in 1960 and a hypothetical 7.5 billion in 2000. The growth of the past was associated with, indeed consequence of, developments external to population dynamics viewed as a simple biological process of birth, life, and death. The same relationships will be true in the future. The numbers, the distribution, the capabilities, and the rates of growth of population are virtual facts as of given times but they are forces over time so massive that they condition and constrain existing states and processes of change in almost all sectors of economy and society. The dynamic factor that has produced today's high rates of growth and tomorrow's potential for even swifter growth is declining mortality. The dynamic factor that must produce tomorrow's slowing growth if that reduced growth is to be consistent with developmental advance is declining fertility. Thus the emergence and the resolution of the population problem are correlates, consequences, even causes, in the areas of food and shelter; economic production and productivity;

health, vitality, and longevity; labor and employment; marriage and family; the rural exodus and urbanization; the education of youth and the cycles of poverty; social structure and social change; internal order and political stability; even peace and war.

All these statements are familiar, but the questions that are posed are major. Why or how did nations now developed move through their population and economic developments without crises of numbers and rates of growth such as those that now beset the less developed countries? What is the course whereby the less developed countries arrived at the present period of actual or imminent food crisis? What are the procedures and the movements to solutions in three time perspectives:

(1) Meeting the present crisis; (2) moving toward the alleviation or resolution of the heritage of growth bequeathed to the present and the next generation by past generations, as well as by the absence of actions that developed nations might have taken; (3) solving the long-run problems of welfare and development through speeding the decline of birth rates to those low levels that alone are consistent with the low death rates that are present realities or future hopes.

If you will check back on page 2 and see the figures on India, for a moment, you will see that no immediate reduction of birth rates can solve the problem of the near starvation which now exists in India. The reduction in birth rates can contribute something immediately, but it cannot solve the problems of the amount of growth in the coming years, the numbers of people that are now moving through life. The children who will enter the elementary schools of India in 1972 are now born. The children who will enter the labor force in India in 1980 are now born. In fact, everyone who will be above 34 years of age in India in the year 2000 is already born.

Therefore we have, basically, three problems: (1) the present crisis; (2) the problem of education, of employment, of agricultural and industrial advance in a period in which most of the population has already been born; (3) the programs for the reduction of birth rate which will slow and finally eliminate the growth which complicates the problems of development.

POPULATION GROWTH AND TRANSITION—COUNTRIES NOW DEVELOPED

The increase of population may be a powerful stimulant to or accompaniment of expansion and development rather than an aspect of poverty, illiteracy, and vulnerability in static or even retrogressing countries. Family welfare, community advance, political stability, and national power may be associated with rapid growth. The classic example of population growth and economic advance is that of the United States of America. Since our own experience is the background for our thinking concerning other countries, the recollection of this history may demonstrate the process of modernization in a past instance. It may also indicate the gulf that separates the growth of 19th-century America from the 20th-century growth in India, Pakistan, Indonesia, and Egypt, or Brazil, Mexico, and the Philippines.

In 1790 the population of the United States was 3.9 million. People were distributed along the Atlantic coast; less than 5 percent were enumerated west of the Appalachians. Birth rates were 50 to 55

per 1,000 total population, as high as those in any of today's less developed areas. Death rates were perhaps 20 to 25; natural increase was about 3 percent a year. The population was increasing 30 to 35 percent each decade. In fact, Malthus had cited the American colonies as indicative of man's potential to reproduce. Assuming a constant land area, a constant technology, the persistence of 95 percent rurality, and the continuity of a birth rate of 55, the outlook would have been grim indeed.

The American epic need not be summarized here. The Louisiana Purchase lifted any agricultural limitations; the midcentury acquisitions of the more southern and southwestern areas broadened horizons and anticipations even further. In the early 19th century the Northwest Territory was the major mecca of migrants; in the middle and later 19th century, the great expansion area was that of the Louisiana Purchase and the Oregon Cession. By 1890 the vast area from the Atlantic to the Pacific was occupied by the most productive agricultural population the world had yet seen. The frontier was officially closed in this year. Throughout this century from 1790 to 1890, though, urban population was increasing more rapidly than rural. Problems were those of labor scarcity; millions of migrants from Europe contributed to the phenomenal growth and expansion. Education was part of the American dream and the American reality, and it was free public education in English for all, girls as well as boys, extending from the elementary school to the highest professional levels in the great land-grant colleges. The social system was generally open; there was mobility in rural areas as in cities. Birth rates were already declining in the Northeast in the late colonial and early national periods; for the Nation as a whole, rural areas as well as urban, they declined consistently throughout the 19th century and into the 4th decade of the 20th century, when they were below replacement levels.

The 19th century had been one of growth and expansion insofar as the agricultural population was concerned. In the 20th century, this great agricultural population declined decade after decade as the sons and daughters of the farmers moved to greater opportunities in non-agricultural employment in urban and increasingly metropolitan areas. Today the population is mainly metropolitan; most of that rural non-farm population which remains is related directly to urbanized areas and the metropolis; major portions of the labor force of the rural farm population are occupied in nonfarm pursuits. People who are generally educated, affluent, and metropolitan are having babies voluntarily at rates that produce natural increase at 1.2 to 1.5 percent per year.

In the United States, rapid rates of population increase, agricultural expansion, industrial development, education, opportunities for choice and mobility in occupation combined in peculiarly productive ways to advance the material and social well-being of the people. Declining birth rates were responses of families to the changing and developing settings in which they found themselves. Neither policies nor programs of government, nor even medical personnel, were major factors, whether in the long period of decline from colonial days to the thirties of this century or in the highest levels of the forties and the fifties.

The transition to low mortality and relatively low fertility has occurred in all countries that have achieved modern economies and societies, whether Western or Eastern Hemisphere, whether democratic or Communist, whether Caucasian or Mongolian. Birth and death rates are alike low, growth limited, in all Europe, the U.S.S.R., the English-speaking commonwealth countries, and Japan. In all these countries there was industrialization, urbanization, advancing education, a secularization of values, and an altered role and status of women. There were also declining numbers of children through a voluntary planning of births whose general effect was a reduction in completed family size. Some governments eventually developed policies intended to increase birth rates; no governments had policies to reduce birth rates except in the doubtful instance of postwar Japan, and here the government policy was formulated after birth rates were already low.

If birth rates declined naturally with modernization in countries now developed, then will not the same processes occur in countries now less developed but struggling for development? Perhaps the seer could give the ultimate answer; certainly the scientist cannot. It is essential to indicate, though, that there are basic differences in the **population settings** of the countries now developed and those where development pertains to the future. First, modernization began early and on bases of small numbers of people. Second, the sciences, technologies, and practices of death reduction had to be invented rather than borrowed. Development proceeded with death rates that would now be viewed too high. Third, birth rates in European countries were never as high as those that now characterize the less developed areas. There were appreciable groups who never married, social forces that led to postponements of marriage, and pervasive controls of fertility within marriage.

BLOCKAGES TO TRANSITION IN LESS DEVELOPED COUNTRIES

The dynamics of populations in diverse cultures in differing periods are fascinating in the analysis, and they are relevant to the assessment of the present crisis and the evaluation of future movements, whether of resolution or of retrogression. The essential point is that sustained growth, continuing decline, cataclysm and recovery have alike characterized the population dynamics of peoples of earlier eras. There were long periods of growth under favorable conditions, such as that of Ch'ing China from the middle of the 17th to the middle of the 19th century. However, the economic development that remained traditional in its social base, agricultural in its economic base, failed to generate the individual motivations and aspirations that led to widespread and effective birth limitation. Sooner or later, growth was terminated by the restoration of high death rates as the regulators of numbers.

The expansion of colonialism was associated with slow, generally increasing, and long-sustained rates of population growth that increased numbers manifold without stimulating the social and educational developments that might have led to declining fertility. Food production was increased in the subsistence sectors; famines and epidemics were largely barred as controls of the numbers of the people. There were major variants, but massive growth without

modernization was the story everywhere except in the European and European-based countries and in Japan. In Latin America independence early replaced colonialism but economic advance was limited, social structures rigid, education slight, and governments unstable. In Africa, between the Sahara and the Union of South Africa, the transition from tribal diversity to widespread and sustained growth is in process. Growth is rapid in Turkey, Iran, the Arab States of the Middle East, and north Africa as declining death rates exist alongside the high birth rates sustained by the roles of women and the family systems of Islam. It is monsoon Asia, the great arc stretching from the Indo-Pakistan subcontinent around southeast Asia to east Asia, that is the locus of the world's most massive populations and its most serious population problems.

These population problems of the colonial areas were recognized by demographers prior to the Second World War, but there was little concern among statesmen within or outside the area themselves. Colonial peoples believed that most problems could be solved with ease after independence. Colonial administrators and the responsible people in home governments believed that the preservation of the indigenous cultures was a high value; that marriage, family, and reproduction among native peoples were not proper concerns of governments. Missionaries worked assiduously to eliminate control practices of which they disapproved but did not believe it proper to teach the natives the family limitation practices of the home countries. It should be noted that the demographic impacts of colonialism in declining death rates, unchanging birth rates, and high rates of population growth were most severe in the Asian colonies of an Asian power—Japan.

The assessment of population problems was beginning in the thirties, but it was assumed that colonialism would end through evolutionary processes, that time was not a crucial factor. One of the major consequences of the Second World War was the abrupt end of colonialism in revolution, not evolution. It ended at a time of history when communism and nationalism were alike revolutionary forces, when population growth seemed largely irrelevant to the critical problems of organization, survival, and development.

Similarly, the concepts of the years from 1945 to 1950 had little place for problems of population. The beliefs of this period may be oversimplified somewhat as follows:

That population growth was not an independent problem: Death rates were tied to levels and conditions of living and they would decline slowly along with economic and social advance. These advances would bring with them declining birth rates. Thus population growth was not a major problem of development. Rather, growth would decline naturally with development.

That food and agriculture merited high priorities: Expansion in acreage and increases in yields that were technically feasible would outstrip population growth.

That health also merited high priority: The increase in the health and productivity of labor would make greater contributions to development than efforts to reduce birth rates.

That education was essential and easily attainable.

That economic development was basic to all else and should be emphasized above all else.

These were convincing formulations, with fine theoretical concepts and unassailable arguments. All countries and all men of good will could agree with the policies and programs that were adopted, for those aspects that might have been controversial were not included. In 1946 and 1947, though, the technological breakthroughs in mortality control became practically operative as Ceylon dropped its death rate 40 percent in a single year through the simple expedient of spraying with DDT. As science advanced, products in use became more numerous and more effective, and health activities were expanded at national and international levels, death rates dropped lower and lower. Birth rates were not altered immediately. Rates of population growth in the less developed countries moved up to 2, 3, and even 4 percent a year. It cannot be emphasized too strongly that what had happened was the application of new technologies in those aspects of the health field dealing with disease and death. Mortality dropped. Birth rates were not the variable. The problem inhered in their stability at high levels, their resistance to change, not their changes.

The achievements in the prevention of disease and in longevity were the true success stories of the postwar years. There was agricultural recovery after the Second World War and the various aftermaths of disorder, but in most of the less-developed countries and in the less-developed world as a whole, increase in agricultural production scarcely kept pace with population growth. Per capita production remained below even the inadequate levels of the years before the Second World War. Economic advance was generally halting. Capital was limited, savings minimized by the low incomes and the high dependency burdens of families, professional and skilled personnel sparse, planning know-how, and operational efficiencies limited. With braked agricultural advances, limited economic development, and minimal direct investments, educational progress lagged. In many countries there was the irony of increasing numbers and even increasing proportions illiterate.

There is a major dilemma of circularity in the relations of population status and dynamics to modernization. In the recent period, there have been increases in agricultural production, increases in industrial activity, expansions in education. The progress was substantial in absolute figures, generally negligible when reduced to per capita bases. If birth rates had declined swiftly to low levels, economic and social development would have been relatively rapid.

The argument is similar with reference to population growth. There are declining but still high death rates, along with continuing drives for health. There are increasing numbers of governments with population programs, but there are lags in organization, administration, and operations. People who are ill-nourished, largely illiterate, and apathetic have not responded to that limited modernization that has touched them personally. If there were rapid economic growth, increasing food supplies, advancing education, jobs for those who wished them, opportunities for girls outside the home, great anticipations for children, birth rates might already be falling naturally. The provisions of information and the facilities for family planning in health centers might then have major relevance to the planning behavior of couples and so the course of the birth date.

THE FORCES OF TRANSFORMATION

The trends of the past are not a rationale for fatalism concerning the future. The developments of the last decade or so are generating the pressures and the motivations to alter the consequences inherent in the longrun continuation of the imbalances between birth and death rates. Four of the specific drives to resolution may be noted:

1. *To correct the imbalances in sciences and technology.*—This is basic.

This involves research in the physiology of reproduction, in the biomedical sciences and technologies, in communication and motivation, in administration of operation. It includes studies of the ideals and the attitudes of people, as of social changes and social lethargies. It requires education and internships for professional and assisting personnel, within the countries and outside.

2. *To integrate population in development plans and strategies.*—The population sectors in development programs are related to activities in education, manpower utilization, et cetera, but they emphasize three special areas: First, the continuing improvement in health and the further reduction of death rates. Second, a focus on urbanization, with the correlated necessities to stem the rural exodus through improving conditions of living and increasing economic opportunities in the rural areas, and to integrate the rural immigrants, the squatter settlers, the dwellers of the slums, in the urban and the national communities. Third, a concentration on the relations of the levels of childbearing and the spacing of births to the health, welfare, and opportunities of women and children, with contraceptive services included as essential components in rounded and adequate health services.

3. *To focus on the longrun problems of economic and social development.*—This involved a recognition of human resources as basic to economic transformations, of people as both the human aspect and the goal of development, relatively immutable in numbers and in characteristics in the short run, but subject to change in the long run. It may be essential to separate present problems, shortrun adaptations, and longrun solutions, while recognizing the continuities of developments over time from past to present to longrun future.

4. *To accord population programs a priority and a priority appropriate to the critical role of the growth, the migrations, the distributions, and the characteristics of people in the modernization process.*—As a research person, I do not think that this priority has yet been accorded population in the less-developed countries, or in the United Nations or in the United States.

POPULATION DYNAMICS: THE ROADS TO RESOLUTION

When the demographic history of the 20th century is written, that which we now call the future will be chronicled. The first of the signal processes of the century will be the declining death rates, particularly those that followed the application of science, technology, and administrative organization to the reduction of environmental life hazards in the less-developed regions. The increases in rates of natural increases to 2, 3, or even 4 percent a year in these regions of persistently high fertility will be noted, as will the years when economic and social

developments were braked if not deterred by the increasing rates of population growth. This is a prediction: There will then be a survey of the forces of change and the processes of decision and action as planned families and responsible parenthood were added to improved health and increased longevity as goals in policy, planning, and programs.

The last few chapters of this history of the 20th century are not available. We know that continuities are neither probable in the short run nor feasible in the long run. We know that there are alternate paths to the future for countries, regions, and hence the world. Given stimulated declines in mortality, stimulated declines in fertility are also required if difficulties in transitions to slowing growth are to be minimized.

The critical question in the future of population is the future of fertility in the less-developed areas. One critical question with reference to that fertility concerns the extent, the receptivities to, and the effectiveness of the plans and programs of governments in population fields. The other and coordinating one concerns the types and speeds of economic developments and social advances. Increasing rates of economic growth and slowing rates of population growth are alike essential to rising levels of living and more abundant lives for all peoples in a world where internal stabilities and international peace prevail.

(Table 1, table 2, and references submitted by Dr. Taeuber are as follows:)

Birth rates, death rates, and rates of natural increase, 1960 to 1965

[Rates per 1,000 estimated population]

Area	Births	Deaths	Natural increase
World ¹	33.6	15.7	17.9
East Asia ²	32.5	18.9	13.6
Mainland ³	34.3	21.0	13.3
Japan.....	17.0	8.0	9.0
Other ⁴	40.4	11.2	29.2
South Asia ⁵	42.3	18.5	23.8
Europe.....	17.8	10.0	7.8
U.S.S.R.....	22.1	7.2	14.9
Africa.....	45.5	22.5	23.0
Western.....	52.0	25.1	26.9
Eastern.....	41.7	24.0	17.7
Middle.....	40.0	24.7	15.3
Northern.....	44.1	19.2	24.9
Southern.....	42.8	16.2	26.6
Northern America ⁶	22.6	9.2	13.4
Latin America.....	39.3	11.1	28.2
Temperate.....	26.4	9.2	17.2
Tropical, south.....	41.4	10.8	30.6
Middle, mainland.....	43.6	11.6	32.0
Caribbean.....	37.9	14.9	23.0
Oceania ⁷	25.0	10.8	14.2
Australia-New Zealand.....	22.3	8.5	13.8
Melanesia ⁸	40.0	24.7	15.3

¹ Not including areas listed in footnotes b, d, and g.

² Not including Hong Kong, Mongolia, Macao, Northern Korea, and Ryukyu Islands.

³ Mainland China only.

⁴ China: Taiwan and the Republic of Korea only.

⁵ Not including Israel and Cyprus.

⁶ Corresponding to immigration assumptions in original projections.

⁷ Not including Polynesia and Micronesia.

⁸ Assumed same as Middle Africa.

Population of the world and 8 major regions, 1920-60, and projected, 1960-2000, on assumption of continuing recent trends

Area	Enumerated or estimated—			Projected—	
	1920	1940	1960	1980	2000
Population (millions)					
World.....	1,862.5	2,295.1	2,990.7	4,487.0	7,410.5
More-developed areas.....	606.5	730.1	854.7	1,085.0	1,393.5
Europe.....	327.0	380.0	425.0	496.0	571.0
U.S.S.R.....	155.0	195.0	214.0	295.0	402.0
Northern America.....	116.0	144.0	199.0	272.0	388.0
Oceania.....	8.5	11.1	15.7	22.0	32.5
Less-developed regions.....	1,256.0	1,565.0	2,136.0	3,402.0	6,017.0
East Asia.....	533.0	634.0	793.0	1,139.0	1,803.0
South Asia.....	470.0	610.0	858.0	1,418.0	2,598.0
Africa ¹	143.0	191.0	273.0	458.0	860.0
Latin America.....	90.0	130.0	212.0	387.0	756.0
Increase, 20-year periods (percent)					
World.....		23.2	30.3	50.1	65.1
More-developed areas.....		20.5	17.0	27.0	28.4
Europe.....		16.2	11.8	16.7	15.1
U.S.S.R.....		25.8	9.7	37.8	36.3
Northern America.....		24.1	38.2	36.7	43.2
Oceania.....		30.6	41.4	40.1	47.7
Less-developed regions.....		24.6	36.5	59.3	76.9
East Asia ¹		14.6	25.1	43.6	58.3
South Asia.....		29.8	40.6	65.3	83.2
Africa.....		33.6	42.9	67.8	87.8
Latin America.....		44.4	63.1	82.5	95.3

¹ Estimates for the Peoples Republic of China conjectural.

Source of data: United Nations. "Preliminary Report on World Population Prospects as Assessed in 1963." 1964. Tables 5.1 and 5.3.

REFERENCES

1. The statistics used in this memorandum are taken directly from or based on the evaluated data and analyses of the Population Branch or the official data compiled by the Statistical Office of the United Nations.

2. For the population projections: United Nations. "Preliminary Report on World Population Prospects as Assessed in 1963." 1964.

3. United Nations. Department of Economic and Social Affairs. "Population Bulletin of the United Nations," No. 7-1963, with special reference to the situation and recent trends of fertility in the world.

4. Reproduced from the summary statement to the moderator's statement, United Nations World Population Conference, Belgrade, Yugoslavia, August 30 to September 10, 1965, meeting A-4. "Future Population Trends and Prospects." WPC/WP/616.

The CHAIRMAN. We thank you very much, Dr. Taeuber.

I want to congratulate you upon the statement you have made, and we thank you very much for taking the time and the trouble to give us the benefit of your views on this particular subject.

In view of your great knowledge of the subject, I would like to ask you what specifically you think the policy of this Government should be in the production of food; whether we should reduce further our production of food or should we increase it as circumstances justify, based upon the research you have made, realizing that we are living in a hungry world and people are being born and we are faced with a desperate situation in the future if we do not prepare for it now?

Dr. TAEUBER. May I transfer from being a representative of a university to being a citizen of the State of Missouri with considerable knowledge of the history of the Middle West, the goals of American agriculture, the work of the Department of Agriculture. What I would like to emphasize is the human problems of the less-developed areas, and particularly the Asian countries. The population growth that has occurred is fact. This increase is an abstract number of hundreds of millions of people. It's also men, women, and children. The humanitarian aspect of growth simply cannot be ignored.

So far as development itself is concerned, Dr. Revelle will consider the production resources side of this problem.

Population is related directly to the future development of the economies of Asia. There is little question but that massive famine would be destructive not simply of the economies but of education, social reform, family planning programs. The advances that lead to success in the drive for modernization would be immensely weakened if massive famine should prevail. This is entirely aside from the question of internal stability and international tension. The collapse of the Indian subcontinent must be avoided. That avoidance implies American food to prevent starvation.

I would add also that I have not only been familiar with the American development in agriculture, but I have been watching the international and national activities with reference to comprehensive development, including population. When the Food and Agricultural Organization was formed, the goals were adequate food, nutrition, and increasing per capita income. Everyone believed on the basis of the computing boards that these goals were quite feasible. The period was the late war and the early postwar years. It was believed that death rates would not go down very fast; if there was development, birth rates would go down naturally. In reality, there was no allocation of the problems of population growth as a responsibility of government in international organizations or the United States.

Then, the breakthrough came with DDT in Ceylon. The death rate was reduced 40 percent within 1 year. Here and elsewhere, rates of growth that had been expected to continue at one-half to 1 percent a year went up to 2 or 3 percent a year. With this phenomenal success in health programs there was lag, not in what American farmers could have done if they had been operating the Asian land, but in what could be done by the traditional and uneducated villagers who had neither knowledge nor capital.

The fact is that we had few provisions for consideration of population growth in the period 15 to 20 years ago when policies were formed. We have ambled along until 1966 without such provisions. We have had major emphasis on the measurement of the population growth generated by the declining death rates. We have not had a correlated emphasis on the problems of unchanging birth rates.

This is an emergency food situation; family planning program can have little influence on how many Indians or Pakistanis or Africans die prematurely in the next few years. There is a major danger that the population programs may again be put aside. If they are, then, food would enable the growth to continue but postpone the family planning which is essential to longrun solutions of population growth, food production, and economic development.

I will conclude by saying that the present linkage of food, health, education and population control on the part of the U.S. Government is an exciting development.

The CHAIRMAN. Thank you very much.

Dr. TAEUBER. I apologize for too long an answer.

The CHAIRMAN. Not at all.

Mr. Hagen of California?

Mr. HAGEN of California. I would like to ask one question. Would you relate for the record the history of population control in Japan, both before and after World War II?

Dr. TAEUBER. I am very glad that you brought that up, but may I go back of the war?

Mr. HAGEN of California. Yes.

Dr. TAEUBER. There is no country in the world that is modernized that has not also reduced its birth rate to low levels. This includes Japan as well as the European countries. Japan's modernization began with an immense push in the late 19th century. By the time of the Second World War the Japanese were largely urban. Far less than half their labor force was in agriculture. The birth rate had already declined below 30 before the Pacific war came. Japan has over a century of modernization behind it.

During the Pacific war, the birth rate stayed up around 28 to 29 percent per 1,000 population. After the war there was a tremendous baby birth; the soldiers came home, the people who had been in the Empire returned, families were reunited after the evacuations of cities, and the birth rate went up to the highest it had been for 30 or 40 years.

At this stage the Government of Japan became greatly concerned about the increase of the hereditarily unfit, and, also, the arrival of pregnant women from the continent. So, a revised Eugenic Protection Act was passed. This act for eugenic, racial, and health reasons permitted induced abortions, sterilization, and contraceptive advice under carefully controlled conditions in the health centers. Japan also had a surplus of medical personnel. The doctors of the Imperial Army and the doctors from the Empire were returned to civilian life. And there was a legalization of induced abortion.

The medical associations, the cooperative societies, which provided health care, and other private groups developed a nationwide system in which induced abortions were easily available, cheap, and safe.

The fundamental point is that this was not a policy of the Government of Japan. A modern, educated people were faced with a collapse of their society and economy, with a dark future for their children. The families of Japan reduced their birth rate very swiftly.

A similar thing happened in Germany after the First World War. The resort to abortion could spread with such extraordinary rapidity in Japan, because there were doctors to do the operations with safety, and there were no ethical or moral taboos involved. For the Japanese, there is no moral distinction between contraception and induced abortion.

The CHAIRMAN. Thank you very much.

Mr. Teague of California?

Mr. TEAGUE of California. First, I note that our good friend, Mr. Duncan, a former Member from Oregon, is present. He is exceedingly well qualified to sit up here.

The CHAIRMAN. We will be glad to have you to come up here.

Mr. TEAGUE of California. I do have one question.

Specifically, Dr. Taeuber, what do you recommend, if you care to do so, that the U.S. Congress do about this global population problem which I am sure we all recognize is very serious?

Dr. TAEUBER. I would like to say, first, with reference to the Congressman with eight or nine children, that I congratulate him. The population problem at a national level may be a high rate of growth in a specific developmental situation. The countries that have their professional people working on population problems do not motivate people to limit family size by saying to them: "If you have so many children, this is what would happen to the growth of the national product per capita." Family motivations are personal; the basic questions are the welfare and opportunities for children. Hence, programs for family planning are developed in a health context; they are developed in terms of the health of mothers and children, the opportunities for development which the family will have.

Mr. TEAGUE of California. I am sure that this is correct.

Dr. TAEUBER. And now, as far as the U.S. Congress is concerned, I speak again as a citizen. The congressional assessment of the problem is a move toward proper action by the American Government in relation to the solution of one of the most critical of the problems of other countries. We who are research people can study, we can point out what problems are, we can indicate dimensions. We can outline alternatives in terms of if this happens and if that happens. We are not experts in the democratic process, we are not experts in the area of administration. The only thing that we can say, as scientists is that this is a basic problem of the utmost priority. The development of emergency food programs is major help; it may also be so developed as to contribute to solutions.

Mr. TEAGUE of California. Thank you very much.

The CHAIRMAN. Thank you, Dr. Taeuber. You are from Missouri, and you are very well represented on this committee by the distinguished Congressman, Mr. Paul Jones, of Missouri.

Mr. JONES of Missouri. I want to congratulate you on this statement. I am sorry I was a little bit late, but I will read the rest of it. I congratulate you on the comprehensiveness of your statement. Just out of curiosity, what part of Missouri are you from?

Dr. TAEUBER. I am from Meadville, which is on Route 36, one-half way between Brookfield and Chillicothe.

Mr. JONES of Missouri. Thank you very much.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN of California. You refer to the United Nations.

I really do not know what kind of a program they have, if any program, so far as population control is concerned. Do you think that the United States has a role outside of the United Nations in controlling population growth other than a program of improving the general standards of living?

Dr. TAEUBER. I would broaden the population field to include the rural exodus, the concentration in cities, and other problems along with those of high birth rates. If the chairman will permit me, I believe that Population problems are coordinated with those of food production and of health. The problems are so immense and so com-

plex that we have to work wherever possible if there are to be solutions.

In the areas that I know, there are cooperative relations between the people in the United Nations and the specialist organs of the United Nations, the U.S. Government, the private foundations, and the universities.

Mr. HAGEN of California. If I may interrupt.

For example, money is generated under Public Law 480 program to be spent for good purposes. Do you think that giving birth control information is one of them, do you recommend that that be the case; that is, to spend the money for such purposes?

Dr. TAEUBER. I would most certainly hope that it would be available for what I would much prefer to call population programs. Population control, the planning of families, is an essential aspect of health services. It is a component in educational programs.

Mr. HAGEN of California. We have accumulated soft currencies in many of these countries. In other words, you suggest that we use those for family planning?

Dr. TAEUBER. That is right. But, as I said, if it could be population programs it could include all factors and forces relevant to family planning. In the city of Calcutta, for instance, there are studies indicating that family planning succeeds where it is a part of urban planning for the development of the area.

Mr. HAGEN of California. Thank you.

The CHAIRMAN. Thank you very much, Dr. Taeuber.

Mr. Roger Revelle is our next witness. He is a very distinguished witness. He is professor of population policy and director, Center for Population Studies, Harvard University; former professor of oceanography and director, Scripps Institution of Oceanography; and university dean of research, University of California; former head, Geophysics Branch, Office of Naval Research; former Chairman, Committee on National and Social Sciences of the U.S. National Commission for UNESCO; President, First International Oceanographic Congress, 1959; former President, Scientific Committee on Oceanic Research of the International Council of Scientific Unions; former Chairman, National Science Foundation Committee on Mathematical, Physical, and Engineering Sciences; major areas of scientific interest, physical oceanography, natural resources, and human population problems.

You may present your statement as you desire, sir, with the permission to include all of it in the record, or you can read it all if you so desire, or you may give the high spots of it.

**STATEMENT OF DR. ROGER REVELLE, RICHARD SALTONSTALL
PROFESSOR OF POPULATION POLICY AND DIRECTOR, CENTER
FOR POPULATION STUDIES, HARVARD UNIVERSITY**

Dr. REVELLE. Mr. Chairman and members of the committee, I have a statement that consists of two parts, one a summary of the problems of food, agriculture, and population in the underdeveloped countries, and the second part, an appendix that discusses in some detail the world food situation, written by one of my associates, Dr. Rose Frisch, of the Center for Population Studies at Harvard University. However, this is a collaborative effort on which we both have worked, and I believe what she has written as well as what I have written.

I shall not read this statement, but simply talk from it and try to give some ideas that I have been thinking about for some time.

I am a member of the Education Commission of the Government of India. This commission was established by an act of Parliament to review and make recommendations about the entire Indian educational system. As a result I have spent quite a bit of time in India during the past year. The commission has 11 Indian members and 5 foreigners; 1 Frenchman, 1 Japanese, 1 Russian, 1 Englishman, and I am the American member. I am emotionally very involved right now in the problems of India. It is hard not to be.

This is the most vital and alive country one can imagine, colorful, overwhelmingly biologically alive, and at the same time a tragic and deeply impoverished country.

One cannot go there without having the feeling that the average Indian man or woman has no freedom. They are prisoners of their biology and of their environment.

The problem of development is the problem of giving these human beings the freedom they need. If they can gain freedom. They will use it very well.

I would like to state three propositions I am deeply convinced of even though I am not at all sure many other Americans will agree to them.

The first one is this: A livable world cannot long exist in which two-thirds of the human beings never get enough food and the other one-third are overfed. This is the world in which we live at the present time. I just do not think it can last very long this way.

Lincoln said before the Civil War that the United States could not long exist, half slave and half free. I would paraphrase him by saying that the world cannot long exist, two-thirds undernourished and one-third getting too much to eat.

The second proposition is that the future of mankind is now being ground out on the anvil of India and the other impoverished countries of the earth. If we—that is, we in the rich countries, and the leaders and the people of the poor countries—cannot work together to solve their problems, sooner or later all men are going to be living like the Indians are living today, and this is an appalling way to live.

The average income in India is about \$65 a year, less than 20 cents a day. Prices in India are not much less than they are in the United States. Just imagine trying to live on less than 20 cents a day here in Washington, D.C. That is what many people in Bombay or Calcutta are trying to do. They can just barely stay alive.

The third proposition violates the cherished tenets of the American Government and people—that somehow the foreign aid business is going to come to an end very soon. It is a temporary measure which will not last—a kind of charity we provide for a few years, and that will be the end of it. I just do not believe this at all.

Nothing in international development can be done very cheaply or in a short time. Aid from the rich countries to the poor countries will need to be continued at least during our lifetimes, probably for the next one or two generations, and it must be greatly expanded. The level of aid we are giving now, less than one-half of 1 percent of our gross national product, is ridiculous. It ought to be 5 to 10 percent of our gross national product. We could easily spare it.

This bread that we cast upon the waters would return manifold.

There are no panaceas and no short cuts in this task of helping the poor countries to help themselves. They are false prophets who argue for simple or cheap solutions. What is needed is an all-out attack on a broad front with every means we can mobilize. The most important weapon we can bring to bear is the wisdom and the courage and the skill of the American people.

One of the crises affecting most of the underdeveloped countries is the food crisis. This crisis cannot be solved in isolation. It is part of the overall problem of development. Nevertheless, we can isolate it to the extent of examining what needs to be done to solve the food problem.

I believe it must be attacked on four fronts. The most obvious and the one that Dr. Taeuber addressed herself to is human fertility control, but this will be a very slow process in terms of containing the numbers of human beings. Within the next 15 to 20 years no measure of fertility control can very much affect the food problem from the standpoint of limiting the number of mouths to be fed. However, it can have a very profound effect from another point of view which I will come to in a few minutes.

But for the near future we must depend on three other types of action. The most important of these is increasing the production of food in the underdeveloped countries themselves; that is, an increase of agricultural production in the underdeveloped countries.

For a limited period, hopefully not for more than the next 15 years, we also should plan on providing food aid. The countries with surplus productive capacity—not alone the United States, but many of the developed countries of the world—for many of them have surplus agricultural capacity—will need to combine to provide food to the less developed countries, to the poor countries.

Perhaps the most important thing to do is to increase the quality of diets and particularly the amount of high quality proteins in the diets of the poor. This is partly a matter of providing protein supplements, and I shall describe various ways in which this may be possible, and partly of increasing the knowledge of nutrition among the people in the poor countries.

A marvelous example of the lack of knowledge of nutrition was a statement recently made by Mr. Sukarno, President of Indonesia, when he was justifying his withdrawal from the various special agencies of the United Nations: "UNICEF (United Nations Children's Emergency Fund), what's that? Dried milk. I prefer cassava." The only thing that cassava and dried cow's milk have in common is that they are both white. The protein content of dried milk is, as you know, something like 30 or 40 percent and the whole protein content of cassava is less than 1 percent. Essentially, it is a protein-absent food. And it is the use of foods like this that is the cause, after weaning of children, of the tragic protein-deficiency disease, kwashiorkor, which exists in such wide measure in the underdeveloped countries among the weaned children, partly because a lack of knowledge of nutrition.

There is a tendency in the United States—one can see it to some extent in our present administration—to think there are two chief things we should do to help the underdeveloped countries solve the food problem: one is to encourage and do everything we can to introduce fertility control, because it is believed to be cheap; and the other is to provide food out of our abundant productive capacity.

Mr. GATHINGS. Would you mind going over that again, Dr. Revelle? I did not catch the first one; I got the second. I got one of them.

Dr. REVELLE. There seems to be a tendency on the part of the present policymakers in Washington to think that the two main things we can do to help solve the food problem are (1) to reduce fertility, to establish population control and (2) to provide food out of our surplus productive capacity. I submit that both these things are desirable, but neither of them is sufficient.

Mr. GATHINGS. If you will pardon me for the interruption. It is a matter of the success of the underdeveloped countries of the world in producing more food to their own needs?

Dr. REVELLE. That is what I am saying. This is the key thing, not for us to provide food but to help them increase their productive capacity. That is the really important thing to do.

Mr. GATHINGS. Thank you.

Dr. REVELLE. This is something that we are tending not to do as much as we should do. We are tending to substitute, instead, providing the food directly, on the one hand, and encouraging birth control, on the other. Both of these are important. They are both essential. But they are, by no means, the most important or the most essential thing to do. The most essential thing to do is to increase the productive capacity, the agricultural productivity of the less developed countries.

Mr. GATHINGS. How long will that take, Dr. Revelle, to start that line on a chart going upward?

Dr. REVELLE. It will take probably the next 15 years.

The size of the problem is this: At the present time, in the underdeveloped world, in terms of food grain equivalents, about 650 million tons of food are produced. To meet the population increase, as Dr. Taeuber said, to take care of the people who are now born or whom we cannot prevent being born in the next 15 years, we are going to have to increase food production in the less developed countries by 300 million tons, even if we maintain the present very inadequate levels of nutrition.

Mr. GATHINGS. By the year 2000?

Dr. REVELLE. By the year 1980—15 years from now. This is almost a 50-percent increase in the next 15 years, even if we maintain present levels of nutrition. To increase the level of nutrition halfway to what it ought to be would mean an increase of 400 million tons. These figures are so large they are hard to comprehend, but I can state it in another way. In order to increase food production by 300 million tons, a capital investment of about \$80 billion will be required over the next 15 years.

Mr. GATHINGS. By 1980?

Dr. REVELLE. That is 15 years from now. This is not very much per year. It is at the rate of around \$5 or \$6 billion a year. Most of this will have to be spent by the less developed countries themselves, but some of it, between 20 and 30 percent of it, will need to come from foreign exchange; that is, expenditures in this country or in the other developed countries for trucks, tractors, fertilizer plants, pumps, tubing for wells—all of the things that are made in the highly developed manufacturing industries of the developed countries and are difficult to make in the underdeveloped countries.

So that we need to think of spending, just to develop agriculture in the underdeveloped countries, about as much as our entire aid budget at the present time—about \$2 billion a year.

Mr. DOLE. I think I understand that. In other words, what we need is technological assistance.

Dr. REVELLE. And an army of dollars.

Mr. DOLE. An army of technological assistance. They need technological assistance in addition to providing food aid. The food-for-peace program should include what I call a bread-and-butter corps to provide technical assistance to the people which would be necessary and helpful. There should be an intensification and acceleration of the program with the help of land-grant colleges to train technicians on an intensified basis to go to the developing countries and give assistance.

Dr. REVELLE. You have anticipated my next point. Mr. Gathings was asking about what needs to be done. I thought talking about the capital investment was a way to answer part of his question. The other thing equally important, and perhaps more important, is the input of science and technology—adapting our own agricultural know-how, plus doing special kinds of research that need to be done in the less developed countries.

Mr. DOLE. That cannot be done very quickly, as I understand the problem. It is something we cannot postpone any longer, however. It should be done on a crash basis.

Dr. REVELLE. Let us not do it on a crash basis, but instead do it on a very greatly expanded basis over what we are doing now. We all know the needed inputs to increase agricultural production. These are water, fertilizer, high-yielding seeds, pest control, and better agricultural practices. Each one of these will help to improve agriculture yields.

What we generally forget—and this is typically American—is that all these things have to be done at once. We always look for panaceas. We look for quick solutions, like more fertilizer. Fertilizer, without adequate water, may do more harm than good. In India one major problem is to provide adequate irrigation water. And this will require a careful survey of the country to find where the ground water resources are and then putting in wells and pumps to provide ground water where it is needed. For example, I was recently in eastern Uttar Pradesh, near the city of Benares. Because of the failure of the monsoon, the ground was so dry that the farmers were unable to plow it and to plant their winter crops. If they had had ground water available they could have irrigated the fields and could have put in their winter crop. And in that area, at least, the desperate prospects for next spring would not have been quite so bad.

I am not advocating just overirrigation. Rather, I am saying that in our enthusiasm for fertilizer we tend to forget water. But think about other factors. Fertilizer will do very little good unless we have grain plants that do not lie down when the heads get too heavy. We have to have high-yielding seeds that will take advantage of the input of fertilizer. If we have high-yielding crops, all kinds of pests will have a field day. It will be Lincoln's Birthday for every kind of varmint and bug that eats crop plants. We must have adequate pest control. Finally, if we do not put the seeds in in the right way, in properly prepared seedbeds, and put the fertilizer in in such a way that it does not burn the seeds, but will nourish them, the yields will not go up very much.

The CHAIRMAN. I understand from a statement made by the Secretary of Agriculture who is over in Vietnam, while he was there he found that the only Ph. D. in agriculture had been drafted into the army as a buck private.

You have spoken about the need for technicians and people to go to these places to teach them how to do these things. I believe that in some areas they have not even reached the wheelbarrow stage—they do not have shovels and hoes and rakes or plows, and such, and no fertilizers, water, et cetera.

Dr. REVELLE. Mr. Chairman, many things need to be done besides the mechanical inputs that are easy to talk about. One of these is to provide better credit. Another is to provide storage facilities for the crops. In India, for example, the farmers have little incentive to grow more because they have to sell their crop at the time of harvest. They have no credit to carry them over. They have no storage for their crops. So they have to get rid of them right away. And the result is that if they have a bumper crop the prices collapse. They get very little more for a big harvest than for a small one.

The CHAIRMAN. They have no refrigeration, either.

Dr. REVELLE. Of course, no refrigeration.

But for food grains all you need is rat- and insect-proof storage.

They also need better roads. Between many of the villages there are no roads. The transportation problem is a severe problem. Transferring knowledge to the farmers is also a serious problem. This is a question of communication with mostly illiterate people—how do you do this?

One thing that we have to keep in mind is that the people in the less developed countries are smart. They are human beings with all of the abilities of human beings. You have to be smart just to survive in an Indian village.

It has been repeatedly demonstrated that when you show them something that will work and will improve their yields, they will do it. They have done this time after time. The difficulty is that they are living so close to the edge of starvation that they are scared. They do not dare to take a chance on innovation. We have to give them some kind of security, perhaps a kind of crop assurance. Again, this is a social problem.

The CHAIRMAN. One problem that they have in these underdeveloped nations is the problem of the lack of transportation from one point to another, and storage facilities, and the like.

Dr. REVELLE. That is correct. We are learning from this ghastly famine that is now beginning in India that we should have established there, and we must establish to help throughout the underdeveloped world, something like an ever-normal granary. If we had stored in India, in the country districts, where it is needed, food to meet a crisis like this, it would not have happened. As it is now, there is little we can do about it. We can ship food and do some good, but still millions of people will die who would not otherwise have died.

The CHAIRMAN. Someone said the other day that there were 40 ships loaded with food in Calcutta that could not be unloaded because of the lack of dock facilities.

Dr. REVELLE. That is quite correct. But after you get the grain unloaded, the problem of distribution is an equally difficult prob-

lem. We should have been storing grain for the last 5 years. When people are living right on the edge of subsistence, a monsoon failure is a disaster. We knew it was going to happen. It has happened in the past, and it is bound to happen in the future, and it is liable to happen next year.

But let me finish up the other things I want to say. It is a rare opportunity to talk to this distinguished body.

The CHAIRMAN. It is a rare opportunity to have you here, sir.

Dr. REVELLE. The first thing I would like to say is that our American land-grant colleges and universities have the greatest opportunity they have had for the last 50 years. We can provide careers for young farmers and for young specialists in agriculture, for scientists and technicians overseas which could be just exactly the kind of thing that young Americans like to do, to have a challenge, an opportunity, and a chance to serve. Our American land-grant colleges are dying on the vine now because agriculture in this country has been so successful—they have worked themselves out of a job. Here is a whole new world of jobs for them. Nobody knows how to grow crops in the rain forests of the tropics, for example. We have only been able to grow rubber in a few places, and good agriculture has been developed on the Island of Java, because of very special conditions there, but elsewhere in the rain forests and in the savannah areas of the tropics, present knowledge is not sufficient. Here is a whole world of discovery that can be opened up. Think of the central part of South America, the central part of Africa, very large areas in east Asia, the rain forest areas. We still do not know how to farm them on a continuous basis. What the people now do is no better than was done in the days of the Mayans. They go in and burn a tract of land, cultivate it for 3 years, and then abandon it. That is what the Mayans did 2,000 years ago. We do not know any better way to do it today.

Here is a wonderful challenge for our bright young Americans, but in order to meet this challenge the Congress has to do something more than to provide the kind of support that is now provided for the land-grant colleges. We have to double the number of professors. We in the universities have to say that it is just as important for professors to work overseas as it is in the United States. In the long run, this may be the salvation of American agriculture, because we will grow a group of people who are enthusiastic about agriculture and about the technology of agriculture. We are now losing them. We are not getting the best men into agriculture.

Finally, I would like to talk about food aid problems. We do need a food aid program.

The Indian famine is a terrible example of the fact that we still have to provide food aid. But this food aid, as we all know, can no longer be based on surpluses, because our surpluses are disappearing. It must be based on actually buying from the farmers the Government's need and what the world needs. If we are going to buy from the farmers, we had better be sure that we buy the things the Indians and the Pakistani and the Central Americans, and eventually, the Chinese want to eat. It should not just be what it is easy for us to grow. We do have to keep in mind our comparative advantages, and grow those things that we can grow better than anybody else, but only to the extent that they are needed. In the past, the food surplus program has aimed

at getting rid of our surpluses, regardless of what was the real nature of the need.

The second thing, it seems to me, is that we should make food aid international, not altogether, but to some extent: to the extent that all of the countries with surplus-producing capacity together decide what they are going to do. And third, food aid can be a powerful tool for improving agricultural production in the underdeveloped countries. It has generated enormous amounts of local currency, for example, in India and Egypt, and many of the recipient countries. These local currencies really are a kind of tax collection.

The Indian Government has great difficulty in collecting taxes from its very poor population, but if they sell Public Law 480 grain, it is a sort of a built-in system of tax collection. We have never insisted that these moneys be used to develop agriculture. The Indian economists have been very conservative; they felt that if they used the money for that it would bring about inflation, but I do not think this is true at all. There is a tremendous latent productive capacity in India. If the Government hired a lot of people to build roads or canals or to build storehouses or to do anything to help agriculture the money that was put into the economy this way would be quickly absorbed in an increased production of consumer goods because of the unused productive capacity in India.

I have already mentioned one other aspect of the food aid problem. Food should be shipped, not at a time of famine, but to build up a reserve—a reserve at times and places where it may be needed.

Also, I want to emphasize again that although we do need to export food, it is more important to export people. Our aid program should be an export of people, capital, and food, and in balanced proportions.

A word about high-quality protein. As I pointed out, this is the most serious dietary deficiency in all of the underdeveloped world. There are a lot of different ways to increase the quality of proteins. The most exciting work is being done at Purdue University, in increasing the proportion of certain amino acids in food grains like wheat, corn, and sorghum by changing their genetic composition. Another way is to develop fish flour. A third is to process oil seeds in such a way that the protein is extracted in edible form. Still a fourth is to produce dietary supplements like Incaparina made from proper combinations of cereals and legumes or proteins extracted from oil seeds. Another is to use petroleum or molasses as a substrate for protein-producing micro-organisms, yeasts, molds, and bacteria, which can easily be modified genetically to produce the right kind of proteins. Still another way is to make separate amino acids to be added to flour or other staple foods. Of these different techniques, nobody knows which is the best. My own belief is that all of them ought to be tried, and perhaps all of them ought to be used. From present estimates, they will all provide protein at about 20 cents a pound.

Coming to the final point, this is an emergency of food and population, and it is right that fertility control is an essential element here, but why? The reason why is that one of the things that is inhibiting economic development in the underdeveloped countries is the rapid rate of population growth. When the population is increasing at nearly 3 percent per year there is a very severe imbalance of age distribution, so that you have 45 to 50 percent of the population who are

children less than 15 years old. And this means that there is a relatively small proportion of adults who have to work their heads off to take care of their dependents. The dependency burden is very high. Think of trying to educate people in India when one-half of the people are kids. It makes education problems twice as difficult as in the United States, even if we did not have all of the other difficulties in India.

The CHAIRMAN. And all the people do not speak the same language—there are some 15 languages, I understand.

Dr. REVELLE. India is a subcontinent like Europe. In Europe there are many languages and many countries. One of the miracles of our time is that most of the Indian subcontinent is held together as a single country with 15 different languages.

The CHAIRMAN. They all speak different languages.

Dr. REVELLE. Yes.

Mr. DOLE. We hear a lot—in fact, have read a lot about the problems with brahma cattle so far as food consumption is concerned. It is said the cattle are fed before some of the people. Could you enlighten us on this? Is there a problem and can we do anything about it?

Dr. REVELLE. I am not sure that I can give you a very good economic analysis, but I can say a few things. One of them is about milk, cow's milk specifically—practically the only source of high quality protein that the Indians get. If it were not for the cows the Indian children would all have kwashiorkor.

The CHAIRMAN. A former Agriculture attaché, who served in India for a long time, told me that more than one-third of the cattle population is nonproductive, and many of the cows are so-called sacred cows. And that the water buffaloes are in the same sort of category.

Dr. REVELLE. That is not really true. The buffaloes are highly valued because they produce about twice as much milk as the cows with much more butterfat in the milk.

The CHAIRMAN. And he mentioned monkeys, also.

Dr. REVELLE. Insofar as the monkeys are concerned I have only seen a dozen monkeys in the time I have been in India. And I have been over a great deal of India.

The CHAIRMAN. And they have a lot of cows over there.

Dr. REVELLE. They have a lot of cows. It is hard to grow vegetables in the cities, because the cows wander through the streets of the city and through the yards.

They do, however, serve three economic uses. They provide bullocks which are the principal form of power for farming and for transportation. They produce cow dung, which is the principal fuel. And they produce milk.

The problem with the cows is to improve the breed. We need cows that will produce more milk, better bullocks, and more cow dung.

The CHAIRMAN. And if they are kept off the streets.

Dr. REVELLE. I do object to them in the gardens. I do not object to them in the streets. Maybe you want to keep them off the streets, too, for esthetic reasons.

In other words, the cows are grossly exaggerated as a menace to the economy of India. They help a lot. They do not hurt very much. It is sort of typical of our American demand for easy solutions to say

that the cows are the cause of the problems of India. This is just not so.

Another thing about high rates of population growth beside the fact that they produce an enormous dependency burden, when the number of people is increasing rapidly it is hard for economic growth to get ahead of the number of people. The per capita income does not go up very much. One of the essentials for economic development is savings, and savings can go up only if you have what is called a self-generating economy. Savings go up if the per capita income goes up, but in the countries with high rates of population growth it is much harder to increase per capita incomes. One outstanding example is the Philippines. Per capita incomes are actually going down in the Philippines, because of their high rate of population growth of nearly 4 percent per year. Some countries are in a kind of Malthusian trap. As their production increases, the number of people increases just as fast; consequently per capita incomes remains incredibly low. These countries have to slow down the rate of population growth in order to make it possible to have economic growth.

What should the Congress do about population control? I am not nearly as cautious on this subject as Dr. Taeuber was. I would say that what Congress needs to do is to provide the means to set up a tripod of services which are essential both to reduce the rates of population growth, and for economic and social development. These are fertility control, which means the introduction of contraception and, particularly, the provision of technicians, the physicians, the clinics, the mechanical and technical means to do this job. Secondly, nutrition which means nutrition education and health education as well as providing high quality protein. And third, public health, in particular maternal and child health to reduce the rate of infant and child mortality.

You cannot expect poor couples anywhere to cut down on the number of their children unless they can be sure that some of their children are going to grow up. In every poor family in the underdeveloped countries there is a desperate need to have a grownup son. With high rates of infant and child mortality, they make the pathetic attempt to insure this by having a large number of children. As soon as you cut down the rate of child mortality, they are willing to accept fertility control.

So public health, particularly, the reduction of infant and child mortality, goes directly in hand with reducing the birth rate, which is, as Miss Taeuber said, absolutely essential.

I am afraid that I have talked too long and too vigorously, but I am quite willing to answer any questions.

The CHAIRMAN. You have not talked too long. I want to commend and congratulate you on your statement and your presentation. I want, first of all, to thank you, Dr. Revelle, for the time you have given to the committee for this well prepared statement you have submitted. This is something that we have never had anyone talk about before. I am going to ask one or two questions.

This committee will seriously consider the things you have discussed. This committee handles farm legislation, and handled, for example, Public Law 480, in which we have made food and fiber available to many millions of people in other nations. It has been a successful

program. And I think it is one that has been very well worth while. This program has to be renewed. This committee is charged with the responsibility of renewing it.

And in connection with that we hope that we can put in things that we are discussing now.

As you have pointed out hundreds of millions of people are right now starving. Many, many things have to be done.

The first thing to do is to try to share our techniques and our know-how with other unfortunate people. In that way I think that we can make them more efficient and in the long run less burdensome on others.

I agree with you that I do not think that we can continue to live in a world of the starving.

This problem reached its highest orbit this past week, when the President met with many of the people in the Government out in the Pacific. The Vice President was there, the Secretary of Agriculture was there, the Secretary of State was there. This is a problem of great magnitude. We realize that. It is a problem that we must face up to. We have realized our responsibility in the highest places in Government. And I say that without regard to partisan politics.

The President proposed, and this Congress passed a bill which the President signed which contemplated retiring 40 million acres more of fertile farmland from production, in addition to and part of the 60 million acres already retired. That will be all together 60 to 75 million acres of fertile farmland. And it would mean that the farmers on those acres would go off the land and look for a job someplace else, and not being skilled, would not be able to find one. And as a result, many of these farmers would have to go on relief.

What is your reaction to that situation?

I have introduced a bill. I have asked that we suspend the further retirement of these 40 million acres until Congress can go into the matter fully and determine whether or not there is a need for that. Apparently, the President approves the idea, because he said that we should take some of the 60 million acres and return them to production immediately. If we are going to return some of the 60 million acres to production there would be no sense in retiring 40 million acres additional. That would mean \$9 billion or \$10 billion a year in cost to the American taxpayers.

Dr. REVELLE. This, I do not think is an easy question. The reason that it is not easy is that the food aid to the less-developed countries is bound to be, if we are successful in this part of our aid program, more or less self-terminating. It may not be self-terminating if we build up some other aspect of their economy instead of agriculture, but, basically, we cannot build anything else until we build up agriculture first in those less-developed countries. If you do build up their food producing capacity, then the market for our food excess capacity will gradually disappear. I think it should disappear. It will have to disappear if these countries are going to be self-sustaining. We cannot possibly keep them in the position of clients, because their per capita income will never rise; and, therefore, you will never get fertility control. And all of the problems Miss Taeuber was talking about will be magnified and intensified, unless you can raise their economy. You cannot do that without raising their productivity.

In the long run there may be a use for our products overseas, in those crops where we have a real comparative advantage. With a few such crops—I think they are soybeans and corn—it may be the most economical way to do the job on a worldwide basis is for us to produce the soybeans and the corn, but this has to be balanced against the development of the economies of the less-developed countries.

The CHAIRMAN. As you pointed out, one of the most important things is to have this facility, to have the water on the land first. They need some things first. They have to have the water and the fertilizer and all of the know-how that we have in this country.

Dr. REVELLE. It seems to me, sir, that, basically, we need to export not food but people. I am not trying to get rid of the people. I want to keep them as good Americans, but I want them to accept worldwide responsibility. I want to get our best young people overseas, our best agricultural teachers and research workers spending part of their time overseas.

The CHAIRMAN. And they do not have to be Ph. D.'s, either.

Dr. REVELLE. Of course not. They can just be good farmers.

The CHAIRMAN. Mr. Jones just came up from my district, he can go over there and help out. [Laughter.]

Dr. REVELLE. The difficulty, as you know, very well, is that the land we are retiring is the land for the most part that is farmed by our worst farmers. And the good land is being farmed by our best farmers who are very prosperous and deservedly so. The greatest thing that ever has happened in the life of the United States is the agricultural revolution which has made it possible for 1 American to grow enough food for 50 other people. This is unheard of in the history of the world. It is a wonderful thing, something not to be ashamed of or complained about. It gives us a freedom that no men have ever had before.

The CHAIRMAN. So many people have regarded this abundance as a burden, rather than a blessing. I agree with you that it is a blessing. I think we are fortunate to have abundance, and to be able to share it with other people.

Dr. REVELLE. Let us not share it at the price of not developing their agriculture.

Mr. GATHINGS. Just to follow up just a moment on what the chairman has been speaking of, that is, of this land retirement program that was put into this Farm Act of 1965. As the chairman has so well stated, the idea was to retire 8 million acres each year for a period of 5 years, or 40 million acres total, to put that land into the soil bank up to 10 years.

Now is it not true that one of the problems that our world faces today is going to be where are we going to find the productive land to grow the necessary food crops that will be required in 35 years? What is the indication on that?

Dr. REVELLE. I was thinking about India. I could give you a statement about different countries, but let us take India where it is largely uneconomical to bring new lands under production now. You can bring in some new lands, but for the most part we will have to depend upon the agricultural land that already exists there. In India the yields per acre are incredibly low. For example, the average yield of rice is about 700 or 800 pounds per acre as opposed to 2,000 or 3,000 pounds in Egypt and more than 3,000 pounds in Japan.

It looks very reasonable that yields per acre in India can be increased by 200 or 300 percent, so that for a very long time to come there will not be a need for additional land.

On the other hand, in Brazil and in South America in general, there are very large areas of undeveloped land as well as low-yielding presently cultivated lands.

Mr. GATHINGS. Just looking at the whole global picture—not just taking Brazil or one country alone, what do you say?

Dr. REVELLE. I would say, so far as the whole global picture is concerned, for the next 50 years the best bet will be to increase the yields on existing acreage, because in most parts of the world these yields are very low. The hard way to do it is to bring new lands into production. It is much easier, of course, to use the lands that we have in this country for production because they are already developed, but as I say, the difficulty is that does not develop the economies of the other undeveloped countries.

Mr. GATHINGS. Do you think that the next 50 years will mean that we will have adequate land that could be developed and made more productive and that it will take care of the population that will exist at that time?

Dr. REVELLE. That is right. But only if we can get economic and social development, and slow down the rate of population growth so that we do not have the terrible dependency burden and this Malthusian trap of continuously low per capita incomes.

The CHAIRMAN. The propaganda has been spread throughout the world that we have been burning food right here, and all of that, which is all totally false, but the fact is that we have retired 60 million acres and we are planning to retire several million acres more. That will be used as propaganda again. They will say that we are retiring it, and we will not even use it to grow the food that we are capable of growing with poor people starving. I just think that from a political viewpoint it is bad international politics to restrict the production of food in this great country of ours. I would like to get your comments on that.

Dr. REVELLE. I am very sensitive to the issue that you have raised, Mr. Chairman, the propaganda issue, which is also a moral issue, but it seems to me that you are taking to some extent a kind of romantic view of it, if you do not object, being a Congressman, to being called romantic.

The CHAIRMAN. No; that is all right.

Dr. REVELLE. To put this in somewhat different terms. Many of our resources are like this. We do not use anywhere near all of our water; we do not use anywhere near all of our minerals and fuels, our coal, for example. And let me ask you the question in a somewhat different way: Is it criminal or is it bad or will the Communist countries propagandize against us because we are not mining our coal as fast as we can? I do not think so. The fact is that our coal production is considerably less than it was 40 years ago, and we do not regard this as a bad thing. We regard it, in fact, as a good thing.

The CHAIRMAN. I am not suggesting or proposing that the 60 million acres of retired land go back into production of food. I am suggesting that we do it on a gradual basis and in an amount that will not disrupt our economy here at home.

Dr. REVELLE. I agree with you that we must do it in such a way that it will not disrupt our economy. This is not something I have thought enough about, but one thing I am aware of is that we are facing a great shortage of wood in the next 40 or 50 years. We have somewhat more commercial forest land than we have farmland. But we have not anywhere near enough. How much of this farmland could be turned into high-yielding commercial forests?

The CHAIRMAN. I guess that most all of it could be.

Dr. REVELLE. We are going to have a very serious need for more wood.

The CHAIRMAN. We need wood and other things. There are a lot of people in the world who will not eat corn. They do not like corn-bread, for example, which I do.

Dr. REVELLE. What I have said is that we do need to plan on providing food aid as long as it is needed, and it will be needed I am sure, for the next 15 years, and the need is liable to increase. At the present time the food deficit in the underdeveloped countries is about 30 million tons. It is liable to be somewhere between 50 million and 150 million tons by 1980. So, you have got a good prospect for maintaining a high yield in American agriculture, even if we try at the same time to increase productivity in the poor countries.

The CHAIRMAN. Our yields in America, in agriculture, have been phenomenal, I think. I do not suppose that there is any other nation on earth that increased its production as much as we have. I think it is well to emphasize that we can produce this volume with the land now available.

Dr. REVELLE. The yields per acre are higher in some other countries—in several of the European countries. The yields per man-hour are probably higher here than they are anywhere else. This is our great accomplishment, increasing the yields per man.

The CHAIRMAN. That is right.

Dr. REVELLE. This is a wonderful thing.

Mr. PURCELL. In regard to your work in India, as I understand it, we are trying to get a land-grant school system established there. Could you give us a report on how effective it is?

As I understand it, the import of your statement is to emphasize this type of thing.

Dr. REVELLE. Absolutely. I visited three of these new land-grant universities. The one in Punjab, at Ludhiana, is doing very well, indeed. I was proud of it. I am very happy about it. It has been done just the way it should be. It is run by Indians with a big input of American skill and devotion and know-how.

Mr. PURCELL. This was sponsored more or less by the University of Missouri, was it not?

Dr. REVELLE. I have forgotten which of the universities sponsored it. I could get you that information, but I have forgotten it for the moment. I thought it was Indiana University, but I could be wrong.

I visited two others, one at Hyderabad and one at Bangalore. These were just getting started there. It is hard to say much about them.

I think, though, they can be like the one in Punjab, if we can get the Indians to cooperate. These could be tremendous. I think they are very exciting.

Mr. PURCELL. Are the Indians cooperating?

Dr. REVELLE. They are cooperating very much in Punjab. The difficulty is, as the chairman said, we have 15 different states, and in these different states we have different degrees of cooperation. In Punjab, the agricultural university has the responsibility for the whole range of problems, from research to extension, much as our land-grant colleges have. This is working very well indeed.

Mr. PURCELL. And in your judgment, it is well for us to emphasize this aspect along with population control and the like, so that this is the right road to follow?

Dr. REVELLE. Absolutely.

Mr. GATHINGS. I would like to ask you about these other countries that you spoke of, where two-thirds of the people in the world, you stated, go to bed hungry, and one-third do not. About the one-third, what about Canada, what about Western Europe, and what about Australia? Are they going to join hands with America in alleviating this need?

Dr. REVELLE. Yes, they are. For example, I read in the paper a few days ago that Canada had contributed \$27 million to the United Nations food aid program—what do we call it? The world food program? We contribute about \$130 million. That is a ratio of about 1 to 5. As you know, the population of Canada is about one-tenth of our population.

Mr. GATHINGS. They are doing very well.

Dr. REVELLE. They are doing very well.

Mr. GATHINGS. What about Australia and New Zealand?

Dr. REVELLE. Australia also is contributing to the world food program, though perhaps not as much as they should. One thing you have to keep in mind is that while agriculture is a rather small part of our economy, it is a very large part of the Australian and Canadian economies and they depend very heavily on selling their food abroad for their export income. Even so, they are contributing, and they should contribute. I think they will continue to contribute. The same way with some countries in Europe. The French should do this, too. They have a food surplus.

Mr. GATHINGS. What is being done now to alleviate the population rise in those very areas where there is a great need for it?

Dr. REVELLE. Quite a bit is being done in some countries. The Indians are, really, trying very hard. In Taiwan and in South Korea, they have quite effective programs. They are getting well started in Egypt and in Turkey.

One of the major problem areas is South America. Here there are very rapid rates of population growth and a resistance to fertility control which is partly because of the church's opposition, partly because some of the South American countries believe they need more people rather than less people.

For example, the average Brazilian thinks that if only there were 200 million Brazilians they would be a big, powerful country like the United States. They now have 80 million people—40 million people who live in incredible poverty, about the same level of per capita income as in Pakistan and India, and the other 40 million who live very well, about like the average European. These are the ones in São Paulo and other parts of the southwest. These are the ones who run the country. Typically, there is an elite in each country which does

not really see the poor people, just like our Negroes are invisible to us. The poor people tend to be invisible to the leaders of these less-developed countries.

The CHAIRMAN. We already have a world organization which was created to do this very thing that you have said we need, the FAO. I hope that we will be able to get some help from them during our session. I understand that they have a policy that no delegate of theirs is to appear before any committee, before any legislative body. If that is true, that is a ridiculous situation. I will explore it fully, because that organization is one that I have been in close touch with since they have been in existence. Every year we send somebody from this committee to attend some of the sessions in Rome; somebody connected with that organization could be very helpful to us in what we are trying to do here.

We have kept you way beyond the time that we should have.

I want to thank you for being here.

Dr. REVELLE. Thank you very much for letting me have the chance to appear.

Mr. BANDSTRA. As I understand your testimony, we really do not have much time, we are in a crisis, we have to do a number of things very rapidly; is that correct?

Dr. REVELLE. I could not agree with you more. I am inclined to say that you are damn right.

Mr. BANDSTRA. The chairman of the committee said that he loved cornbread. And Sukarno does not care for dried milk. I was impressed with your testimony that our farmers might have to change their method of production—might have to produce something other than what they are now producing. What are the possibilities, in view of the crisis, of the people in the food-deficit areas changing their eating habits? Is there any possibility, since we are in a crisis, that they would consider eating something other than what they have traditionally been accustomed to eating?

Dr. REVELLE. It is very dangerous to make generalizations about human beings, as you know. What one is told is that the closer people are to starvation, the more difficult it is to change their food habits. They may actually throw up if they try to eat something they are not accustomed to eat, when their metabolism is low. The average Indian gets, probably, less than 1,600 calories a day. His energy, his whole attitude toward life, is to some extent colored by his severe malnutrition. And under these circumstances, you find it almost impossible to change his food habits. You may find some expert who will give you straighter goods on this than I can.

Mr. BANDSTRA. Thank you.

Mr. MATSUNAGA. Of course, this hearing, in part, is intended to shed some light on what we ought to do about this so-called world war on hunger bill which was introduced by our chairman, and of which I am a cosponsor. The alternatives which you have mentioned in relieving starvation among the two-thirds of the peoples of the world who are starving, are all good, except that foreign aid is a very unpopular measure here in the Congress, and about the only way that I thought, at least, in cosponsoring this bill in order to relieve the emergency situation, was to have our own farmers produce this food for shipment out just as we manufacture things, equipment, and ship them to the needy

countries. And there is not too much objection to that. As you said, just a minute ago, this is an emergency situation. And to teach our neighbors to produce their own food would take a little more time. With American know-how, why can't we produce all that food? They are using wheat instead of rice, in the case of Japan now. We taught them how to eat wheat and bread instead of rice. A man can be taught to eat pancakes, too, can't he?

Dr. REVELLE. The Japanese were never starving. They were always in pretty good shape.

Mr. MATSUNAGA. Even in India—I was in Calcutta last November. The thing that somewhat disturbed me was the fact that over in the new market there, there was an abundance of food, a great abundance of food. Eggs, for example, thousands of eggs there. I talked to one of the shopkeepers. He was having a time selling eggs. He was undercutting his price to get rid of them. And outside of the market, you would see people who looked like skeletons with human skins covered over them. One of the real big problems in India is distribution.

Dr. REVELLE. In fact, you are arguing against your own case. What you are saying is that we cannot afford to leave these people so poor that they cannot buy what is in the market.

Mr. MATSUNAGA. What I am saying is this, Dr. Revelle: In other areas, such as Suwon Valley in Korea, where we have eliminated the so-called spring scarcity through Public Law 480 programs, today nobody starves in the spring season.

Dr. REVELLE. Where is this?

Mr. MATSUNAGA. Suwon, in Korea. We can do the same thing by taking this surplus food that we have, if any, and if no surplus foods, buy them and distribute them free, under the food-for-peace program, instead of selling it to the Government for soft currency.

In speaking to the Minister of Food and Agriculture of India, I posed this question to him and he said that they had to receive money for the food shipped from the United States because they pay for it too. Consequently they are not distributing it among those who are really starving. So, my idea in cosponsoring this bill was to drop food instead of bombs. Let it be paid out of our taxes if need be, for if we drop food, even on our enemies, they may stop fighting us.

Dr. REVELLE. I certainly agree. I have repeatedly said that we do have to think about how we meet the food deficit. I cannot agree that our giving away or selling food is the longrun solution, regardless of how unpopular such a statement is.

Mr. MATSUNAGA. I agree with you, but we have a limited amount of money to relieve the immediate situation.

Dr. REVELLE. You may not be able to get the taxpayers to do it.

Mr. MATSUNAGA. My question then is, are you testifying in favor of this bill which we are considering?

Dr. REVELLE. I was not asked to testify for or against it. I was asked to talk about the food problem in the world and the population problem in the world. I am not aware of just what the bill is. I have not read the bill. I really should not make any comments on the bill, but I will make this comment, that I do not believe you are going to make aid any more popular by saying that we are really buying the food from our farmers. The farmers are getting to be too small a percentage of the total population to have that kind of political influence. We are kind of mesmerized by the influence they exerted in the past.

(The prepared statement submitted by Dr. Revelle is as follows:)

STATEMENT OF ROGER REVELLE, RICHARD SALTONSTALL PROFESSOR OF POPULATION POLICY, HARVARD SCHOOL OF PUBLIC HEALTH, AND DIRECTOR, CENTER FOR POPULATION STUDIES, HARVARD UNIVERSITY

A major crisis confronting the poor countries of the earth for the balance of this century will be the need to provide enough food for their peoples. We are already faced with the specter of serious malnutrition, and hunger and starvation will increase unless food production can be rapidly raised to meet human needs. If we assume that rates of population growth will somewhat diminish while present rates of increase in food production continue unchanged, there would be an overall food deficit in underdeveloped countries of 50 million tons (grain equivalent) by 1980, compared with 27 million tons in 1964-65, even at present very inadequate levels of nutrition. If nutritional levels were to be raised by 10 percent, which is essential to reduce present serious malnutrition, the food deficit in 1980 would be approximately 150 million tons per year.

Even a 10-percent increase in nutritional levels would not be sufficient to overcome the most serious deficiency in the diets of the poor—the lack of high-quality protein.

I am grateful for an opportunity to appear before this committee because my recent experiences in India have filled me with a great personal concern about the desperate conditions that our fellow human beings face today in that deeply impoverished country. No one knows what the food deficit in India will be next spring, but it is almost certain that tens of millions of people will starve, and there will be millions of deaths that would otherwise not occur. The saddest part of the story is that it may be too late for us and the other rich countries to help very much. I hope we and the ruling groups in India may at least learn a lesson which will prevent such a catastrophe happening again.

I am completely convinced, and I hope I can convince you gentlemen, of three propositions:

(1) A livable world cannot long exist in which two-thirds of human beings never get enough to eat, and the remaining third are overfed.

(2) The future of mankind is being ground out on the anvil of India and the other impoverished countries of the earth. If we and they, working together, cannot solve their problems, the fate of all men in times to come will be the fate of India today.

(3) Nothing in this business can be done very fast or very cheaply. Aid from the rich countries to the poor ones will need to be continued at least during our lifetimes and perhaps for the next one or two generations, and it must be greatly expanded. There are no panaceas and no shortcuts. They are false prophets who argue for apparently simple or cheap solutions. What is needed is an all-out attack on a broad front with every means we can command.

The food crisis is only the most obvious of the problems confronting the poor countries, and it cannot be solved in isolation. Nevertheless, we can take some direct actions to combat this particular tragedy. The problem must be attacked on four fronts. One of these is clearly human fertility control. But this will be a slow process, in terms of containing the number of human beings to be fed, although, as we shall see, reduction in the rate of population growth is essential in many cases if other remedies are to be made to work.

For the near future we must depend on three other kinds of action: Increased production of food in underdeveloped countries; continued provision of food aid by countries with surplus productive capacity, and the production of dietary supplements containing high-quality protein and other essential components now lacking in the diets of the poor.

INCREASING AGRICULTURAL PRODUCTION

If the underdeveloped countries are to reach self-sufficiency in food production by 1980 even at present low levels of nutrition, production must rise by about 300 million tons, almost 50 percent above the 1965 production level of 650 million tons. In order to raise the production by this amount, both the area under cultivation and yields per acre must be increased. Additional land could be put under cultivation in South America and Africa, while in south and east Asia dependence must be placed on increasing yields.

The physical factors needed to increase yields are well recognized: Sufficient water to meet the evapotranspiration requirements of the crops and to maintain salinity control; chemical fertilizers; high-yielding seeds; pest and disease control; improved agricultural practices; e.g., better seedbed preparation and soil conditioning made possible by improved farm tools and mechanization. What is not generally recognized is that all these inputs must be used in combination. Chemical fertilizers will give little benefit and may actually be harmful unless sufficient water is available at the right time. Only limited amounts of chemical fertilizer can be used on wheat or rice unless nonlodging high-yielding crop varieties are employed. The high yields obtained with chemical fertilizers applied to improved crop varieties are an open invitation to pests of all kinds, and the yield increases cannot be retained for human use unless effective pest control measures are used.

Applications of the natural and social sciences

Both the natural and the social sciences can help to increase agricultural production. In nearly every country, higher yielding crops with greater resistance to disease and pests must be produced by the methods of applied genetics. Genetics is equally needed for improving strains of livestock and poultry. Greater knowledge of plant and animal pests must be attained. From a longer range point of view, we need to develop an entirely new agricultural technology for the humid tropics and for many tropical savannas.

Of perhaps even greater importance than scientific agronomy and applied genetics are the economic, social, and political problems of agriculture in the less developed world. These involve farm credit, marketing, storage, transportation, land tenure, crop diversification, investment in processing agricultural products, and, above all, communication with, and motivation of, the farmers. In many countries, development of agriculture cannot be separated from community development. We must deal with the obsolescence of the traditional village and the need for greater emphasis on small cities and large towns.

The challenge to American colleges and universities

All these problems pose a first-order challenge and present a host of opportunities to American research and education, especially to our agricultural colleges and land-grant universities. Indeed, many of them are already heavily involved in trying to create an agricultural revolution in the less developed countries.

Capital investment is needed on a large scale

But as with so many of the critical problems of our time, science is only one component of the need for action. To increase food production it will also be necessary to carry out an integrated program of capital investment in fertilizer plants, irrigation development, production of improved seeds, pest control, mechanization, agricultural research and training, construction of roads, purchase of trucks and tractors, effective storage facilities, and food processing plants.

I estimate that the capital investment required to increase production by 300 million tons of grain equivalent would be \$80 billion over the next 15 years, with a foreign exchange component of about \$20 billion. The value of the food produced from this investment would be about \$30 billion per year so that the capital output ratio would be 2.5. On the other hand, if production is not increased sufficiently, the total cost of meeting the food deficit would be \$60 billion over the next 15 years, if there is no increase in the level of nutrition, and about \$110 billion with a 10-percent increase in nutritional levels.

NEW FOOD AID PROGRAMS

Even more urgent than increasing agricultural production is to meet the severe food shortages that exist at the present time in parts of the underdeveloped world—most tragically, as we know, in India. This shortage may continue for many years to come. It will be necessary, therefore, to continue food aid from countries which have an excess production capacity. Because actual food surpluses, in contrast to surplus productive capacity in developed countries, are rapidly disappearing, the character of food aid programs must be changed. They must become an integral part of overall assistance programs from the developed to the underdeveloped countries. One central aspect of these new food aid programs will be to apply them in such a way that food production in the poor countries themselves is not impeded but instead rapidly increased.

Another important change from present policy should be to ship foods from the surplus-capacity countries to the poor countries long in advance of need, and to store them close to the localities where they might be needed during years of crop failure. This will mean building a large volume of ratproof and vermin-proof storage in these countries.

INCREMENT OF HIGH QUALITY PROTEIN IN THE DIETS OF THE POOR

The problems of protein malnutrition are well summarized in the appendix to this statement, written by Dr. Rose Frisch of the Harvard Center for Population Studies. Many people have been thinking about possible solutions; at present there are at least six that need not only further research but also economic and social analysis:

- (1) Genetic changes in food grains which would increase their proportion of certain amino acids;
- (2) Dietary supplements made from proper combinations of cereals and legumes or proteins extracted from oil seeds;
- (3) Improvement in oil seed processing (for example, cotton seed) to obtain edible and acceptable high quality protein;
- (4) Development of protein extract from low-priced marine fish;
- (5) Use of petroleum or sugar as a substrate for protein-producing micro-organisms;
- (6) Manufacture of separate amino acids to be added to flour or other staple foods.

The main questions to be answered for each of these possible technologies are those of cost and acceptability.

HUMAN FERTILITY CONTROL

Up to the present, the most far reaching consequence of the application of science in the poor countries of Latin America, Africa, and Asia has been a sharp reduction in human mortality without a corresponding decrease in fertility. The resulting rapid rates of human population growth confront us with a problem that is unique in the long history of our species. The real and present question is not population size in the future, but the rate of increase today. High rates of population growth make it virtually impossible to provide decent conditions of life for the living generation, conditions in which men and women can live, and children can grow up, free of the desperate want experienced by the majority of human beings in this century. This is the urgent thrust of the population problem.

Unfortunately, no feasible reduction in rates of population growth would be sufficient, during the next 15 years, to overcome the food deficits in the poor countries, nor could it be a substitute in any real sense for the need to increase food production. But it is equally true to say that a reduction in the rate of population growth may be necessary in order to increase food production. This is because economic growth and social development are made much more difficult by rapid population growth.

A rapid rate of increase results in a very high proportion of children in the total population, approximately 45 percent under 15 years old, and hence a high dependency burden on the producing adults in the society. Education, health, and other services put a greater burden on the total national income than is the case in countries where a low rate of population increase results in a relatively small proportion of children. A high rate of population growth also means that even a relatively high rate of economic growth gives very little improvement in per capita income and therefore very little increase in ability to save for capital investment. The needed growth in agricultural and industrial production is thus severely inhibited.

In the poor countries where rapid rates of population growth are a tragically serious problem, most of the people are illiterate, and nearly all are desperately poor. Yet their death rates are actually or potentially lower than were death rates in any country prior to the last few decades. Consequently, population control methods must be much more effective than in the past, if population growth is to be sufficiently diminished. On the positive side, there is evidence that significant numbers of village women and their husbands strongly desire not to have more children, and are eager to use effective birth control methods that are within their physical and educational capabilities.

Some persons apparently believe that we should neglect public health in favor of birth control. I would content that this is exactly opposite to the true situation. Although there are great differences between the problems of death control and birth control, a direct relationship exists between birth rates and death rates, particularly rates of infant and child mortality. In many countries, grownup children who will support their aged parents are the chief form of social security. If a man and his wife do not have at least one adult male child, they have little to look forward to when they can no longer work to support themselves. Under conditions of high child mortality, the average married couple needs to produce many children to be sufficiently certain that at least one boy will survive to become a man. Only in this way can they insure their own future security. Whenever infant and child mortality can be brought down to a low enough level, the probability in an individual family that a male child will survive becomes very much greater, and the pressure for large numbers of children correspondingly lessens. This is one of the principal reasons the profession of public health needs to be deeply involved in problems of family planning and population control.

APPENDIX

WORLD FOOD SUPPLIES: 1934-63

(By Rose Frisch, Center for Population Studies, Harvard University)

PER CAPITA FOOD PRODUCTION

The production of food in the world during the 25-year period between 1934 and 1938 (prewar) and 1958-59-1962-63 increased by 56 percent—an annual average rate of increase of about 2 percent. Production of the three major staple crops, wheat, corn, and rice, increased 67 percent from a prewar level of 317 million metric tons to 530 million metric tons in 1962-63. (The total production of wheat increased 63 percent, corn 86 percent, and rice 55 percent.) During the same period, the population of the world increased 39 percent; there was a gratifying 13-percent increase in per capita food production. (1)

The cheeriness of the picture vanishes as soon as it is looked at in detail. The big increase in per capita food production since the war has been where it is least needed, in the “developed,” “high income,” “diet adequate” regions (Western Europe, Eastern Europe, and the U.S.S.R., North America, and Oceania): total production in these regions increased 51 percent, population increased by only 21 percent; the per capita increase was 30 percent.

The rest of the world (the Far East, Near East, Latin America, and Africa),¹ called in the literature the “underdeveloped,” “less-developed,” “low income,” “diet deficit regions”—and “population pressured” could well be added to the other adjectives—increased total food production by 54 percent. But population in these regions increased by 52 percent; per capita food production increased by only 2 percent.

The disparity between the developed and underdeveloped regions in rate of growth of per capita food production during the last decades accentuated the lopsidedness already existing in the prewar years: per capita food production in the developed regions in the prewar period was about 2.7 times as high as in the underdeveloped regions. By 1957-61 the ratio increased to 3.5. (2)

In terms of population growth and contributions to world food supplies, in 1938 the underdeveloped regions contributed only 43 percent of the world's food production, though they accounted for 67 percent of the total world population. During the 1950-60 decade populations in the underdeveloped regions grew at an annual compound rate of about 2.2 percent, while those of the developed regions grew at an annual compound rate of 1.3 percent. (3) Of the total increase of 800 million in the world population from 1938 to 1960, the underdeveloped areas accounted for 650 million people, or 81 percent of the total.

¹ Each of these regions has one or two countries, such as Japan in the Far East, Israel in the Near East, and the River Plate countries, Argentina and Uruguay, in Latin America, which are exceptions to the economic state of the rest of the region, but for simplicity's sake the regions will be considered as a whole at this time.

The Far East² alone accounted for 500 million, 63 percent of the total increase. By 1961 the underdeveloped regions' share of the world population increased to 72 percent; their contribution to world food production remained about the same—42 percent. (4)

Crucial problem areas: South and east Asia and Latin America

The crucial food problem areas within the underdeveloped regions are the Far East and Latin America. Though food production increased 45 percent in the Far East (excluding mainland China) in the 24 years after 1934-38, population increased by 47 percent; the production of food per capita decreased 2 percent. Per capita food production in the Far East has been below prewar levels (which were below requirements) except for one year, 1960-61. (5)

In Latin America food production from 1934-38 to 1962-63 increased a phenomenal 70 percent. The population increased an even more phenomenal 76 percent; the production of food per capita decreased 3 percent. Latin America regained the prewar per capita food production level in 1958-59, a year of exceptionally good weather. Since then, per capita production has fallen each year: in 1962-63 it was 7 percent below the prewar level. (Latin America has the highest rate of population growth of any region.) (6)

The only underdeveloped region to consistently maintain per capita food production above the unsatisfactory prewar level has been the Near East; per capita production in the 1958-62 period was 9 percent above that of the prewar period. (7)

Africa reached the prewar per capita food production level fairly quickly after the war but in the years from 1958 to 1962 there was little change (1 percent) above that of prewar. (8)

Production of cereals

If grain production only is considered for the prewar period to 1960-61 (grains are the staple food of 95 percent of the world's people; 71 percent of the world's harvested area is planted in grain; and grain production statistics are considered the most reliable—or at least, the least unreliable—of the statistics on food production) (9, 9a) total world grain production increased 47 percent; per capita production increased 7 percent.

For the developed countries the total increase in grain output was 51 percent; per capita the increase was 26 percent. In the underdeveloped regions the increase in total grain production was 42 percent, but per capita there was a decrease of 3 percent. The total gap between the developed and underdeveloped countries in per capita grain production widened from 246 kilograms per capita 1934-38 to 375 kilograms per capita in 1960-61, an increase of 52 percent.

Grain production figures for the two most population-pressured areas, Latin America and the Far East, exemplify the treadmill effect. Total grain production in Latin America increased 42 percent from the prewar period to 1960-61; per capita production declined 16 percent. An analysis of grain production for seven major South American countries (all those for which consistent statistics were available 1934-38—62-63) showed a total increase in grain production of 27 percent (27 million metric tons of 34,249,000 metric tons). Per capita production declined 31 percent from 351 kilograms to 243 kilograms per year. Though still below prewar levels, per capita production rose during the 1950 decade but dropped again considerably by 1962.

In the Far East total grain production increased from a prewar level of 102,640,000 metric tons to 151,178,000 metric tons in 1962-63, an increase of 47 percent. (Based on figures for eight countries for which consistent statistics were available.) Per capita production fell from 204 kilograms a year to 198 kilograms a year, a decrease of 3 percent. As in Latin America, there was considerable recovery in per capita grain production during the decade of the 1950's (almost to prewar levels) but a slight decrease in 1962-63.

During the same period the United States increased grain production by 73 percent; the per capita increase was 19 percent. Japan increased grain production 42 percent; the per capita increase was 5 percent. (Japan's rate of population growth dropped to 0.9 percent in the last decade after abortion was legalized.) Grain production per capita also increased in both the Near East and Africa.

² Burma, Cambodia, Ceylon, China (Taiwan), mainland China, India, Indonesia, Japan, North Korea, Republic of Korea, Laos, Malaysia, Pakistan, Philippines, Thailand, North Vietnam, and Republic of Vietnam.

PER CAPITA FOOD SUPPLIES

In contrast to per capita food production, per capita food supplies have increased to slight above the prewar level in most of the underdeveloped countries (10) though few have managed to increase food supplies enough to reach the average required calorie level. The slight increase in available food over prewar levels is a result of a major shift in grain trade in the underdeveloped countries of the world. In 1934-38 the underdeveloped countries exported a net 11 million metric tons of grain (3 percent of their total production). In 1960-61 the underdeveloped countries imported a net of 20 million metric tons of grain (4 percent of their total production). (11)

Prewar Latin America exported a net 9,079,000 metric tons of grain; it was the world's largest exporter of corn. With the increase of demand resulting from the rapidly growing population, the number of tons of grain exported dropped: by 1958 the tonnage exported had fallen to 1,077,000. In 1960-61 Latin America became a grain deficit area; it imported a net 240,000 metric tons of grain. (12) Of 10 major South American countries (1959-61) only Argentina was a net exporting country; the other 9 imported from 10 to 51 percent of their total supplies.

Asia (Near East and Far East) had undergone the same transformation from a net exporting region to a net importing region. In 1934-38 Asia exported a net 2,187,000 tons of grain: in 1960-61 net imports equaled 16,025,000 tons. By the late 1950's Asia displaced Europe as the leading importer of wheat, importing 14,225,000 metric tons as compared to 10,858,000 imported by the European countries. (13)

Of nine Far Eastern countries only two, Burma and Thailand, were net exporters of grain (rice) in 1959-61. The other seven imported from 6 to 45 percent of total supplies.

It is estimated that one-half of the grain imported into the underdeveloped countries in 1960-61 supplemented the declining per capita output. The other half allowed a slight increase in per capita supplies (from 229 to 236 kilograms per year—3 percent). (14)

FOOD CONSUMPTION

These are the large-scale trends since the prewar era. It is more difficult to know just how much food and what kind of food the people of an underdeveloped country actually eat. It is still more difficult to know what is the variation in consumption among different age groups, among special groups, such as young children, pregnant and lactating women, and among all these groups at different income levels in the population.

A general idea of the food supplies available at the retail level in a particular country is given by food balance sheets. These are prepared by both the FAO and the USDA from statistics supplied by the respective governments (with the collaboration of the FAO, and with addition of information from its own sources in the case of the USDA). Items for supply, domestic production, net imports or net exports, net changes in yearend food stock, are balanced with those for utilization, seed use, industrial nonfood use, animal feed, waste (on farms and in distribution up to the retail level). Processing and extraction rate losses are calculated for cereals (e.g. milling rice or wheat) and for oil seeds (peanuts, soybeans, sesame seed, cottonseed, etc.). The net food supply of each commodity, cereals, potatoes, and other starchy foods, pulses (dry peas and beans), nuts, oil seeds, vegetables, fruits, meat, eggs, fish, milk, and oils and fats, are then divided by the estimated national population, giving per capita food available in kilograms per year and grams per day. The latter figure is then restated in terms of calories per day, grams of protein per day, and grams of fat per day.

Reliability of the estimates

Strong criticism has been made of the food balances prepared by both the FAO and the USDA. It is pointed out that food available at the retail level is not food in the mouth. The only reliable food statistics are supposedly those of the highly developed countries and even many of these countries, it is claimed, have only rough figures for production of meat, milk, eggs, and fruits and for non-food utilization items. In the underdeveloped countries, most of the data are thought to be hopelessly inadequate—often only educated guesses. In general, it is felt that food balance sheets are so strewn with pitfalls—unreliable population figures, varying extraction rates, varying calorie conversion figures—besides the poor basic production statistics, that they are just about useless. The only conclusions that can safely be drawn from them are the most conspicuous differences in food supply patterns. (15)

Aside from the reasonable statement that retail supplies cannot be simply equated with consumption,³ these criticisms may be taken with a grain of salt. Most of the hair-raising examples of inaccuracies cited are from the new African countries, for which both the FAO and USDA admit statistics are unreliable. (The FAO does not include any balance sheets for these countries in 1958 or 1963 publications. The USDA, in 1961, published food balance sheets for 21 African countries with the acknowledgement that the information was fragmentary.)

A comparison of food balance sheets from FAO and USDA for seven countries (United Kingdom, India, Brazil, Mexico, Pakistan, Peru, and Venezuela) at reasonably comparable times shows only a small range of differences in calorie totals, 1 to 7 percent. (To this the criticism is made that, indeed, calorie totals of the FAO and USDA are not likely to vary more than 15 percent, but items within the sheets, especially for fruits and vegetables, can vary by 50, 75, or 100 percent. (15a) This may be so; it is very difficult to compare items of this kind because they are categorized differently by the FAO and the USDA. In any case, a very large difference in fruit and vegetable figures may result in only a small calorie change, because of the low calorie content of fruits and vegetables.)

Differences in consumption at different income levels

All things considered it seems reasonable to use the food balance sheets of the last decade as a general indicator of quantity and quality of available supplies, with the greatest weight being given to the figures for grains and pulses. However, these average figures of supply give no indication of their distribution and consumption within the population. The food balance sheet for Brazil, for example, states an average calorie level of supplies of 2,710 calories per day, (16) well above the requirement of 2,500. Yet one third of the total population of Brazil—those living in the northeast—are consuming only an average of about 1,612 calories per day. (17).

The few studies that exist on consumption at different income levels in the underdeveloped areas indicate that both quantity and quality of food consumption vary directly with income in the lower expenditure classes. (18). Also, the income elasticity of food in underdeveloped countries is very high: an increase of 1 percent in income leads to an increase of between 0.7 and 0.8 percent in the demand for food. (19).

(In the developed countries, e.g. the United States, there is adequate calorie and protein consumption at all income levels, even the poorest. (20). The income elasticity of food is low, 0.4 percent; it is negative for grains and starchy foods. (21).

Since the vast majority of the people in the underdeveloped areas are poor, average incomes are \$97 a year (22)—one can almost always presume that undernutrition and malnutrition exist even when average supplies of calories are adequate. When even the average supplies are inadequate, undernutrition and malnutrition are almost certainly widespread. (23) For example, the food balance sheet totals for Venezuela were 2,330 calories per day (1959–61 USDA) and 2,140 calories per day. A detailed dietary study of urban lower economic class families in Venezuela in 1963 revealed an average food consumption of about 1,840 calories per day, 26 percent below caloric needs. (24))

Where medical surveys are available, they bring the food problem into proper focus: the problem is defined in terms of disease and mortality: adults with beriberi or anemia, children going blind because of vitamin A deficiency, children dying of kwashiorkor (lack of protein in relation to calories.)

The mortality rate of 1- to 4-year-old children is an indicator of supplies of protein; especially after weaning, children who do not have enough high quality protein in their diet have a much higher mortality rate than those who are well nourished. (26)

PROTEIN REQUIREMENTS

Standards for protein requirements are more complicated than those for calories because the quality of the protein has to be considered in addition to the quantity. Protein quality depends on its digestibility (the proportion of nitrogen in the food consumed which is absorbed from the intestine) and its biological value—the proportion of absorbed nitrogen retained in the body. The biological

³ Both the USDA and the FAO add 10 percent to calorie requirements to cover wastage between the retail level and consumption. (14, 18)

value (BV) of a protein depends, in turn, on the quantity and proportion by which it provides the eight essential amino acids: isoleucine, leucine, lysine, methionine, phenylalanine, threonine, tryptophan, and valine. The body requires 22 amino acids for protein synthesis; it can synthesize all but the eight listed above from any source of nitrogen.

All the essential amino acids have to be ingested in the necessary proportionate amounts at the same time. The body does not store inadequate amounts of an essential amino acid and wait for a further supply. It is an all-or-nothing proposition: inadequate amounts of essential amino acids are broken down and eliminated.

Animal proteins—milk, eggs, meat, fish, and cheese—contain all the essential amino acids in the necessary proportions and amounts. Net protein utilization (NPU), the product of a protein's percentage digestibility and its biological value (the proportion of nitrogen in the food consumed that is retained in the body), is highest for animal protein.

Vegetable proteins (pulses, oilseeds, and grains are the main sources) are usually deficient in one or more of the essential amino acids. To provide high-quality protein, a mixture of two or more vegetable proteins must be used. For example, corn and kidney beans eaten at the same time provide much better quality protein than corn and kidney beans eaten separately. The essential amino acid lysine, which is present in a low amount in corn, is present in a high amount in beans. Methionine and cystine, present in low amounts in beans, are present in adequate amounts in corn.

The WHO-FAO average requirement for protein for adults is 0.59 gram per kilogram body weight for a reference protein with an NPU of 100. (28a) (The NPU values of human milk, hen's eggs, and cow's milk are the closest to the reference protein.) (28)

The NAS-NRC protein allowance is 0.46 to 0.55 gram per kilogram body weight for proteins of biological value of 100. Since most dietary proteins vary considerably from the reference protein value, a rough standard of 1 gram per kilogram body weight per day can be used. (29)

Protein requirements for pregnant women and lactating women are higher than average; (an additional 6 grams per day of reference protein (NPU of 100) is suggested for a pregnant woman; 15 grams per day for a lactating woman.) (28a) Protein requirements for young children are also high, particularly in the early years. The quality of the protein is of special importance in the diet of young children because the physical ability to eat food is low at this time. If the foods are very bulky, and proteins are a low percentage of the bulk—as in cereals and beans—a young child is unable to eat enough of these foods to fill his protein requirements. (A 2-year-old child, weighing 12 kilograms, is able to eat enough corn, rice, and pulses to fill his calorie requirement, but he will be 25 percent short of his protein requirement. A child of 5 years of age, weighing 18 kilograms, can fill both requirements with this kind of diet.) (30)

Because of the difference in biological value between animals and vegetable proteins, requirements often include the statement that a certain proportion of the protein consumed should be of animal origin. The NAS-NRC recommends that 10 percent of total calories should be protein and 25 to 50 percent of these should come from animal sources or "other sources of high quality." (31) The USDA in its world food budget 1970 study sets a requirement of 10 grams of animal protein (plus another 10 from pulses) of a total of 60 grams per day.

Though plant protein mixtures comparable in BV value to milk have recently been produced, and are already being marketed in Central American countries, (34) their use is still very limited in the underdeveloped regions of the world. Until such mixtures become widely available, the amount of animal protein in the diet will probably be the best indicator of how the needs of the vulnerable groups of the population are being met.

All protein requirements assume a diet containing sufficient calories from either carbohydrates or fat. (Calories are the first need of the body; if not enough energy foods are included in the diet, protein will be broken down and used for energy, rather than for maintenance and repair of body tissues.)

SUPPLIES OF CALORIES

Ninety-five percent of the world's population get most of their calories, either directly or indirectly, from a cereal. Rice, grown in wet tropical areas, is the main source of calories—often providing as many as 60 percent of the total

(35) for 53 percent of the world's people, including almost all the population of the Far East. Wheat is the staple for about 36 percent of the world population. Corn is the staple for 4 percent, mainly those living in Central and South America. Sorghums and millets are the staples for 1.5 percent. They are grown in dry tropical areas such as the semiarid regions of India and Pakistan, and in central and west Africa.

Of the total world acreage planted to cereals, 31 percent is planted to wheat, 19 percent to rice,⁴ 16 percent to corn, and 15 percent to millets and sorghums. Whole corn provides the most calories per acre of land, 3.2 million, followed by rice with 1.7 million; wheat is a poor third, 0.9 million for refined white flour.

Five percent of the world's population, usually those living in regions of the most primitive agriculture, depend on starchy tubers, white potatoes, sweet potatoes and yams, and a starchy root, cassava,⁵ for most of their calories. Tubers and roots are cheap and require little cultivation—the easiest way to a full stomach. Unfortunately for the 132 million people in Africa,⁶ Asia, and Latin America who depend on them for staples, they are also poor foods for a steady diet: they are exceptionally low in protein, white potato 2 percent, sweet potato 1.8 percent, cassava 0.9 percent.

Average calorie supplies per day of the developed countries were well above requirements before the war (13 percent); average supplies of 3,050 per day are now 17 percent above requirements, and the excess ranges up to 29 percent.

In south and east Asia, eight countries (those for which data are available), with populations totaling 813,026,000, have estimated calories supplies averaging 11 percent below the required level. In the prewar period all eight countries had calorie supplies below requirements. Since the war, two of these eight countries, Taiwan and Japan, have approached required levels. The countries with the greatest deficits in calorie supplies are the Philippines (23 percent), Pakistan (14 percent), India (13 percent), and Ceylon (13 percent). Between 1950 and 1960, these countries had annual average rates of population increase of 3.2, 2.3, 2.1, and 2.7 percent respectively.

In South America (data available for 10 countries, 8 of these underdeveloped), 7 underdeveloped countries, with populations totaling 127,641,000 people, have average estimated calorie supplies below average requirements. (The one exception, Brazil, with average calorie supplies believed to be in excess of 2,500 per day, is estimated to have one-third of its population consuming about 1,612 calories per day.) (17) The countries with the biggest deficit in calories supplies are Ecuador (21 percent below requirements). Bolivia (20 percent) and Colombia (17 percent). Between 1950 and 1960 the populations of these countries grew at an annual rate of increase of 3.2, 1.4, and 2.2 percent respectively.

Central America is one of the darkest regions nutritionally. The few bright spots in the region are Mexico, which has increased calories supplies 49 percent from the low prewar level of 1,800 calories per day to 2,680 calories per day, Costa Rica and Trinidad. (Cuba also had estimated supplies above requirements in 1959-61; but these data are probably no longer relevant because of the revolutionary changes in the last years.) Ten small countries⁷ with populations totaling 20,587,000 now average 17 percent below calorie requirements. Haiti, with supplies 27 percent below requirements, and Guatemala, 20 percent below, have the biggest deficits.

The Dominican Republic, El Salvador, and British Honduras (18 percent below requirements) are tied for third place. During the 1950's, the populations of Haiti, Guatemala, and the Dominican Republic grew at an annual rate of increase of 2.2, 3.2, and 3.6 percent, respectively.

The Near East is usually spoken of as a region with adequate food supplies. However, when looked at in detail, it is clear that this reputation applies only to three countries: Israel, Turkey, and Cyprus. Iran, Iraq, Jordan, Lebanon, and Syria, with populations totaling 36,456,000, have calorie supplies averaging 10 percent below requirements. Iran has the largest deficit, 13 percent below requirements; Iraq and Jordan are second with supplies deficits of 10 percent. During the 1950's, the populations of these countries increased at an annual rate of 1.9, 1.6, and 2.3 percent, respectively.

⁴ But harvests of rice are only 6 percent less than harvests of wheat.

⁵ Cassava, also known as manioc, is the source of commercial tapioca. It is a perennial shrubby plant with huge roots weighing as much as 25 pounds. The roots are soaked, grated, and then dried to make an edible flour.

⁶ The highest per capita consumption per year of starchy roots and tubers—mainly cassava and yams—is in west and central Africa. (38)

⁷ No prewar data is available for these countries.

According to the last USDA estimate, 1959-61, Egypt's average calorie supplies have fallen 9 percent below the prewar level and are now 14 percent below requirements. During the 1950's, Egypt's population grew at an annual rate of increase of 2.6 percent.

Five countries of north Africa with populations totaling 48 million have estimated average daily calorie supplies 9 percent below requirements; only Algeria (population 11 million) has estimated average supplies equal to requirements. Nine countries of west-central Africa (populations total 80 million) apparently have adequate calories supplies; only Angola (population 46 million) was estimated at below requirements. Of the 32 million people in east Africa, all but those of the Malagasy Republic (population 5.4 million) had estimated calorie supplies slightly below requirements.

PROTEINS

The grains, rice, wheat, corn, etc., provide the largest proportion, 50 percent, of the world's supply of protein, though grains are not a particularly good source of protein: white wheat flour is only 10.5 percent protein, corn (whole) 9.2 percent, and rice (milled) 7.6 percent. The pulses (dried beans and peas) and oil seeds (soybeans, peanuts, cottonseed, etc.) are a much better source of protein (peas are 24 percent protein, soybean flour 43 percent) but they provide only 13 percent of the world's supply. Starchy roots, a very poor source of protein (potatoes contain 2 percent protein, cassava 0.9 percent) contribute 5 percent; fruits and vegetables, also poor sources of protein, contribute 3 percent to the total world supply. Animal products, meat, poultry, milk, eggs, and fish, all excellent sources of high quality protein, supply 30 percent of the world's protein: meat provides 13 percent of the total, dairy products 11 percent, fish 3 percent, and eggs 2 percent. (37)

In the developed, high calorie countries, animal proteins are the main source of proteins, averaging 49 percent of the total supply per day. (38) (In affluent countries like the United States, 70 percent of the total protein is from animal sources.) The animal proteins are obtained by converting grain crops into meat, milk, poultry, and eggs. (In the United States 80 percent of the grain harvest is fed to livestock: in Western Europe 50 percent of the total supply is used in this way.) (39)

But converting grain into animal protein is an inefficient process: it takes 10 pounds of feed to make 1 pound of beef; about 2 pounds of feed to make a pound of chicken; 3 pounds of feed to make a pound of eggs. (40) Most of the underdeveloped countries cannot afford such an uneconomic conversion. In addition, those of the underdeveloped countries which are densely populated cannot take advantage in any considerable way of the unique ability of the ruminants (cattle, sheep, and goats) to convert useless grass and fodder into high quality protein; land for grazing and pasturage is not available.

Animal products, therefore, provide only 16 percent, on the average, of the total protein supply in the underdeveloped countries. The main source of protein is grain; cereals provide as much as 70 percent of the total protein in some countries. Legumes are the next largest source of protein.

Although recent work has shown that specially processed vegetable mixtures (such as Incaparina),⁸ can be made which supply protein apparently equal in biological value to animal protein, (44) until such mixtures are generally available it seems reasonable (because of the possible inadequacy of the common vegetable protein combinations for the nutritionally vulnerable groups) to keep some allowance for animal protein as a nutritional standard. But it is not at all clear what that allowance should be.

Total protein supplies have risen 6 percent above the prewar level in the high-calories countries; they fell by the same amount in the low-calorie countries. Supplies of animal protein increased 29 percent (from 34 to 44 grams) over the prewar level in the high-calorie countries. They remained at the same low level, 9 grams, in the low-calorie countries. It is interesting that grains and other vegetable proteins contributed about the same number of grams of protein in both the developed and underdeveloped countries, 50 and 49, respectively, but in the developed countries the vegetable proteins represented only 55 percent of the total; in the underdeveloped countries they were 84 percent of the total.

Mild protein deficiency is difficult to measure; it provides fatigue and lassitude in both children and adults, and lack of resistance to disease and inadequate

⁸ Basic formula: 58 percent ground cereal (rice or corn), 38 percent cottonseed or soya flour, 3 percent torula yeast, CaCO_3 , and vitamin A. Protein content: 27.5 to 100 grams,

growth and development of children. (55, 56) None of these symptoms is likely to rouse world concern with protein needs. Severe protein deficiency relative to calories results in a syndrome called kwashiorkor; the symptoms include edema, pigmented lesions of the skin, changes in the color and texture of the hair, apathy, loss of appetite, diarrhea, growth failure, and pathologic tissue changes. Kwashiorkor is most likely to develop in children in the late breast feeding, weaning, and postweaning periods (57)⁹; it is fatal if sufficient amounts of protein of high biological value are not added to the diet.

Kwashiorkor is an extreme enough condition to arouse attention. In 1950 a WHO report on the disease in African countries defined the syndrome¹⁰ and found it widely prevalent. (58) During the 1950 decade clinical reports made it evident that kwashiorkor was widespread in underdeveloped countries in other regions of the world, though often it was not recognized as such, and the children died at home without medical attention. (59)

The circumstances which cause a high incidence of kwashiorkor (and less extreme forms of protein malnutrition) in young children in underdeveloped countries are well understood: infants of 1 to 6 months of age receive sufficient protein while they are breast fed; they grow at normal rates during this period. (Even undernourished or malnourished mothers still provide milk equal in protein in quality to well-nourished mothers.) (60) After 6 months, breast milk without supplementation is no longer adequate for normal growth and development, and supplements of suitable high quality protein, such as milk (from cows, buffaloes, goats, and sheep), eggs and purees or pastes of fish and meat are either unavailable and/or too expensive. (In addition, eggs, fish, and meat, even when available, are usually not considered as suitable foods for children. These foods are often taboo because they are too heavy or will supposedly cause worms or other illnesses. There is practically no understanding that children have higher protein requirements than adults, and practically no knowledge of what foods would provide good protein.)¹¹ Supplementation of breast milk before weaning most commonly is with weak, starchy gruels, high in carbohydrates, low in protein; during this period most children's weight gain decreases. (61, 62) After weaning, gruels of cereals or starchy roots usually become the main diet; growth and development almost stop altogether in this period, usually the second and third year of life. (63)

Protein malnutrition makes the children more susceptible to all infections and to more severe effects of infections. Mortality from measles in 1959-60 was 180 times higher in Mexico, 189 times higher in Guatemala, and 418 times higher in Ecuador than in the United States, though children of middle and upper income families in these countries had a normal course of the illness. (64)

There is considerable data to support the conclusion that protein-malnutrition beginning at about 6 months stunts children physically. (67, 68, 69) Recently experiments have been reported with malnourished, physically retarded children demonstrating that these children also suffer psychomotor and mental retardation as measured by various psychological tests. In older children the retardation was reversible; rehabilitation was accompanied by a diminishing difference in chronological and mental age computed from the test results.

HOW MUCH MALNUTRITION?

How many people in the world now suffer from undernutrition or malnutrition? There is every indication from dietary and medical surveys that it is a great many—of the magnitude of hundreds of millions—but the data at present is too limited to give a precise number. As Dr. W. Aykroyd has said: "The estimate that one-third to one-half of the world's people suffer from hunger or malnourishment may be correct, but the data to support it are not available." (91)

That no exact count can be made of the malnourished and undernourished people of the world is not to be taken as any underestimation of the extent of the problem. The numbers involved in deficiency diseases alone amount to hundreds of millions. (92) And one has only to read accounts of the outbreaks of the disease of lathyrism in India to know that real starvation exists.

⁹ In West Africa, kwashiorkor means "the sickness the child develops when another baby is born." (25)

¹⁰ In the WHO report the term "kwashiorkor" is applied only to cases of protein malnutrition in children.

¹¹ How great the need for nutritional education is can be gaged by President Sukarno's statement when Indonesia withdrew from the United Nations and its aid agencies: "What is UNICEF? It is powdered milk. I prefer to eat cassava." (58a) (Cassava has 0.9 grams of low quality protein per 100 grams.)

Lathyrism is caused by eating very large amounts of a pea, *Lathyrus sativus*; the disease causes spastic paralysis of the legs, eventually resulting in irreversible paralysis. Apparently this consequence of eating quantities of the pea unmixed with cereals or other foods is well known; nevertheless, when there is a drought the wheat crop and other grains fail, and only *Lathyrus sativus* survives—so that is what is eaten. (93) In certain villages of the endemic regions the entire male population is said to be thus disabled. (94) (The disease and its cause was first recorded in 1834; there was a serious outbreak of the disease in central India in 1961.) (95)

REFERENCES

1. FAO, *State of Food and Agriculture*, Rome, 1963.
2. FAO, *Third World Food Survey*, Rome, 1963.
3. Ibid.
4. Ibid.
5. FAO, *State of Food and Agriculture*, op. cit.
6. Ibid.
7. Ibid.
8. Ibid.
9. Brown, L., *Man, Land and Food*, USDA, Foreign Agricultural Report #11, Economic Research Service, Washington, 1963.
- 9a. Farnsworth, Helen, Defects, uses and abuses of national food supply and consumption data. *Stanford University Food Research Institute Studies* 2, 1961.
10. FAO, *State of Food and Agriculture*, 1963.
11. Brown, L., 1963, op. cit.
12. Ibid.
13. Ibid.
14. USDA, *World Food Budget 1970*, Foreign Agricultural Econ. Report #19, Washington, 1964.
15. Farnsworth, Helen, op. cit.
- 15a. Ibid.
16. USDA, *Food Balances for 24 Countries of the Western Hemisphere*, 1959–61, ERS Foreign #86, Washington, 1964.
17. Interdepartmental Committee on Nutrition for National Defense, *North-east Brazil, Nutrition Survey, March-May 1963*, Washington, 1965.
18. Sukhatme, P. V., The world's hunger and future needs in food supplies, *Royal Statistical Soc. Journal*, series A, 124, p. 31, 1961.
19. Cook, Robert, *Population and Food Supply*, Freedom From Hunger Campaign, Basic Study #7, Rome, 1962.
20. USDA, *World Food Budget*, op. cit.
21. Cook, R., op. cit.
22. USDA, *World Food Budget*, op. cit.
23. Cook, R., op. cit.
24. ICNND, *Venezuela, Nutrition Survey, May-June 1963*, Washington, 1964.
25. WHO, *Malnutrition and Disease*, F. F. H. C. Basic Study #12, Geneva, 1963.
26. Scrimshaw, Nevin, Worldwide importance of protein malnutrition and progress toward its prevention, *Am. J. Public Health* 53, 11, p. 1781, 1963.
27. FAO, *Nutritional Studies, Calorie Requirements*, Rome, 1957.
28. FAO, *Nutritional Studies, Protein Requirements*, Rome, 1957.
- 28a. WHO, Protein Requirements, Tech. Report Series #301, Geneva, 1965.
29. National Academy of Sciences-National Research Council, *Recommended Dietary Allowances*, Publication #1146, 6th rev. ed., Washington, 1964.
30. FAO, *State of Food and Agriculture*, 1964.
31. NAS-NRC, op. cit.
32. USDA, *WFB 1970*, op. cit.
33. FAO, *Protein Requirements*, op. cit.
34. Scrimshaw, N., op. cit.
35. Mangelsdorf, Paul, Biology, food and people, *Econ. Botany* 15, p. 279, 1961.
36. USDA, *Food Balances for 30 Countries in African and West Asia, 1959–1961*, ERS, Foreign #119, Washington, 1965.
37. FAO, *State of Food and Agriculture*, 1964.
38. Ibid.
39. Ibid.

40. USDA, *Yearbook of Agriculture*, Washington, 1964.
41. Hegsted, D. Mark, Theoretical estimates of the protein requirements of children, *J. of Am. Dietetic Assoc.*, 33, 3, p. 225, 1957.
42. Aykroyd, W. and Doughty, Joyce, *Legumes in Human Nutrition*, FAO, Rome, 1964.
43. Bressani, R., and Scrimshaw, N., Development of Incap vegetable mixtures, NAS-NRC, *Progress in Meeting Protein Needs of Infants and Preschool Children*, Publication #843, Washington, 1961.
44. Scrimshaw, N., Behar, M., Wilson, Dr., De Leon, R., and Bressani, I., Clinical and field trials, *NAS-NRC*, 1961, *ibid*.
45. NAS-NRC, *Recommended Dietary Allowances*, *op. cit*.
46. FAO, *Third World Food Survey*, 1963.
47. USDA, *World Food Budget 1962-66*, ERS. Foreign Agricultural Economic Report #4, Washington, 1961.
48. USDA, *World Food Budget 1970*, 1964.
49. FAO, *State of Food and Agriculture*, 1964.
50. USDA, *World Food Budget 1970*, 1964.
51. USDA, *Food Balances for 30 Countries in Africa and West Asia*, *op. cit*.
52. USDA, *World Food Budget 1970*, 1964.
53. FAO, *State of Food and Agriculture*, 1964.
54. *Ibid*.
55. WHO, *Protein Requirements*, *op. cit*.
56. McHenry, E. W., *Basic Nutrition*, rev. ed., J. B. Lippincott Co., Philadelphia, 1963.
57. Jelliffe, D. B., *Infant Nutrition in the Subtropics and Tropics*, WHO, Monograph Series #29, Geneva, 1955.
58. Brock, J. F., and Autret, M., *Kwashiorkor in Africa*, WHO Monograph #8, 1952.
- 58a. N. Y. Times, February 20, 1965.
59. Scrimshaw, N., *op. cit*. (26).
60. WHO, *Protein Requirements*, *op. cit*.
61. Jelliffe, D. B., *op. cit*.
62. Scrimshaw, N., and Behar, M., Malnutrition in underdeveloped countries, *N. E. Journal of Medicine*, 272, pp. 137-144, 193-198, 1965.
63. *Ibid*.
64. *Ibid*.
65. Scrimshaw, N., *op. cit*. (26).
66. *Ibid*.
67. Dean, R. F. A., Effects of malnutrition on growth of young children, *Modern Pediatrics*, 5, p. 111, 1960.
68. Scrimshaw, N., and Behar, M., *op. cit*.
69. Jelliffe, D. B., *op. cit*.
70. Cravioto, J., and Robles, B., Evaluation of adaptive and motor behavior during rehabilitation from kwashiorkor, *Am. J. Orthopsychiatry*, 35, p. 449, 1965.
71. Cravioto, J., Application of newer knowledge of nutrition on physical and mental growth and development, *Am. J. Pub. Health*, 53, p. 1803, 1962.
72. Stoch, M. B., and Smythe, P. M., Does undernutrition during infancy inhibit brain growth and subsequent intellect development, *Arch. Dis. Childhood*, 38, p. 546, 1963.
- 72a. Kugelmass, I. N., Poull, L., and Samuel, E., Nutritional improvement of child mentality, *Am. J. Med. Sci.*, 208, p. 631, 1944.
- 72b. Keys, Ancel, et al., *Biology of Human Starvation*, vols. I and II, U. of Minnesota Press, Minneapolis, 1950.
- 72c. Cravioto, J., Malnutrition and behavioral development in the preschool child, presented at *NAS-NRC Int'l Conf. on Prevention of Malnutrition in the Pre-School Child*, Washington, December, 1964 (proceedings as yet unpublished).
- 72d. Barrera-Moncada, G., Editora Grafos, Caracas, Venezuela, 1963. Quoted in Cravioto, J., *ibid*.
- 72e. Cravioto, J., Malnutrition and behavioral development, *op. cit*. (72c).
- 72f. Cravioto, J., and Robles, B., *op. cit*.
73. McHenry, E. W., *Basic Nutrition*, *op. cit*.
74. *Ibid*.
75. WHO, *Malnutrition and Disease*, *op. cit*.
- 75a. Brooke, C. L., Technological Aspects of rice processing, *Trans., Far East Symp. on Nutrition*, Saigon, p. 287, 1962.

76. ICNND, *Kingdom of Thailand, Nutrition Survey, October-December 1960*, Washington, 1962.
77. ICNND, *Republic of China, Nutrition Survey of the Armed Forces, September-October 1960*, Washington, 1961.
78. Pascual, C. P., Nutritional progress in the Philippines, *Trans. Second Far East Symp. on Nutrition, Taiwan*, p. 52, 1964.
79. Galang, B. S., Current Nutrition problems in the Philippines, *Trans. Far East Symp. on Nutrition, Saigon*, p. 128, 1962.
80. Salcedo, Juan, Experience with rice enrichment in the Philippines, *Trans. Second F. E. Symp. on Nutrition, Taiwan*, p. 124, 1964.
81. WHO, *Malnutrition and Disease*, op. cit.
82. Schaefer, A., Biochemical and dietary assessments in eight Far East countries by the ICNND, *Trans. Sec. F. E. Symp. on Nutrition, Taiwan*, p. 21, 1964.
83. Ibid.
84. Thomson, Datin Lady, Nutrition problems in Malaya, *Trans. F. E. Symp. on Nutrition, Saigon*, p. 94, 1962.
85. Ibid.
- 85a. WHO, *Malnutrition and Disease*, op. cit.
- 85b. Ibid.
86. Jelliffe, D. B., op. cit. (57).
- 86a. WHO, *Malnutrition and Disease*, op. cit.
- 86b. Jelliffe, D. B., op. cit.
- 86c. WHO, *Malnutrition and Disease*, op. cit.
87. Ibid.
- 87a. Scrimshaw, N., and Behar, M., op. cit. (62).
87. Gopalan, C., Current nutritional problems in India, *Trans., F. E. Symp. on Nutrition, Saigon*, p. 105, 1962.
- 87c. Indrambarya, Prachoom, Progress report on the important developments in the nutrition program of Thailand, *Trans. 2nd F. E. Symp. on nutrition, Taiwan*, p. 59, 1964.
- 87d. Scrimshaw, N., and Behar, M., op. cit.
88. Ibid.
89. WHO, *Malnutrition and Disease*, op. cit.
90. Sukhatme, P. V., op. cit. (18).
91. Ibid.
92. WHO, *Malnutrition and Disease*, op. cit.
93. Aykroyd, W., and Doughty, Joyce, op. cit. (42).
94. Gopalan, C., op. cit.
95. Aykroyd, W., and Doughty, Joyce, op. cit.

The CHAIRMAN. We have a quorum call. It is understood that these witnesses who are testifying this week will not testify in opposition to or in favor of the bill.

We stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:35 p.m., a recess was taken until 10 a.m., Tuesday, February 15, 1966.)

WORLD WAR ON HUNGER

TUESDAY, FEBRUARY 15, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley (presiding), McMillan, Abernethy, Jones of Missouri, Purcell, Olson, Matsunaga, De La Garza, Vigorito, Redlin, Bandstra, Callan, Dague, Teague of California, Quie, and Dole.

Also present: Representative Paul H. Todd, Jr.; Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; and Francis LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

Yesterday we had as our first witness Dr. Irene Taeuber, Princeton University, and as our next witness Dr. Revelle, of Harvard. For today we have Dr. Max F. Millikan, of Massachusetts Institute of Technology. We will be glad to have you come around to the witness chair, Dr. Millikan.

Dr. Max F. Millikan is director, Center for International Studies, Massachusetts Institute of Technology; Assistant Executive Secretary, President's Commission on Foreign Aid, 1947; President, World Peace Foundation, 1956; member, President's Task Force on Foreign Aid, 1961; author, the "Emerging Nations, Their Growth in United States Policy."

We are very glad to have you to present your views in any fashion that you may desire. You have a prepared statement—you can file that for the record and talk off the cuff, or you can follow the script that you have there.

STATEMENT OF DR. MAX F. MILLIKAN, DIRECTOR, CENTER FOR INTERNATIONAL STUDIES, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Dr. MILLIKAN. Mr. Chairman and members of the committee, I am not trained primarily as an agricultural expert. I agreed to testify before this committee on the subject of agricultural productivity in the underdeveloped countries because as a general development economist interested in the barriers to economic growth in the underdeveloped world I and my colleagues at the Center for International Studies at MIT have been increasingly convinced over the past 2 or 3 years that a much more rapid rate of growth of agricultural productiv-

ity in the developing world is necessary if these countries are to have any prospect of raising their standards of living. What I would like to do today is first, to explain briefly why we have come to this conclusion; second, to review the agricultural performance of the underdeveloped countries to date; and third, to describe for you the conclusions arrived at by a group of experts assembled for 6 weeks at MIT in the summer of 1964 to study how to improve this performance.

It is now I believe fairly generally recognized by all those concerned with the problems of economic development that the achievement of substantial economic growth by the underdeveloped countries requires parallel development efforts in both agriculture and industry. Virtually all countries which have demonstrated a good growth record in the past have had simultaneous agricultural and industrial growth. However, for reasons which I shall explain in a moment, the rate of growth of agricultural production required in the underdeveloped countries over the next couple of decades is substantially higher than that experienced by any of the presently developed countries in their period of transition from tradition to modernity.

The first reason why agricultural requirements are expanding more rapidly than ever before is of course the population explosion about which you are hearing expert testimony from others. Until about the year 1600 the rate of growth of the world's population per century was about the same as it is now each year; namely, from 2 to 4 percent. This means that today the availability of foodstuffs must grow by about 3 percent per year merely to provide the present very low standard of nutrition in the underdeveloped world for the additional population being generated there. Every effort must clearly be expended to reduce this population growth as rapidly as possible if we are to avoid mass starvation in the coming century. However, the most effective population control measures we can hope to establish in the near future will not in my judgment be effective in significantly reducing the required rate of growth of food availabilities for at least one or two decades. And, probably, a good deal longer.

On top of this population problem is the problem of improving the nutritional standards of the two-thirds of the world's people who live in the underdeveloped countries. This is a problem both of undernutrition and of malnutrition. Countries like India have currently a per capita calorie intake only about two-thirds that of the United States. In addition the diet in these countries is grossly deficient in proteins and other essential elements. Present methods of supplying proteins through an expansion of production of meat, milk, and eggs require 6 to 8 times as much grain per calorie of human food intake as the direct consumption of grains by human beings.

The economic reflection of these dietary deficiencies is to be found in the fact that a very substantial fraction of any additional income earned by the people in the underdeveloped countries is spent on food. What the economist calls the income elasticity of demand for food—that is, the percentage increase in food purchases accompanying a 1-percent increase in income—runs between 0.5 and 0.8 percent for most of the underdeveloped world. The growth targets which the underdeveloped countries are setting for themselves call for annual increases in per capita income of from 3 to 5 percent. Per capita that is. If the more ambitious of these targets are achieved, effective food

demand per capita will go up by about 3 percent per year. Adding this to a population growth of at least 2 percent gives us a requirement for a growth in food in total availabilities of at least 5 percent per year if general economic growth targets are to be met. The higher the rate of growth in income hoped for by the underdeveloped countries the higher must be the annual rate of growth in food availabilities. Five percent per year seems to me a conservative minimum target for growth in food supplies to support reasonably achievable economic growth rates. In countries like India where a buildup of stocks is urgently needed growth rates substantially higher than 5 percent may be needed.

The next question is whether these rapidly growing food requirements of the underdeveloped world can be supplied by imports from the developed countries, like the United States, some of whom have current food surpluses. These surpluses can be helpful in the very short run in filling temporary gaps in the food production of the underdeveloped world, but if incomes in the developing countries expand at anything like the hoped-for rates, the surpluses in the developed countries will very soon be totally inadequate to meet the requirement. Beyond this there is the question of how the underdeveloped countries are to secure the foreign exchange they would require to purchase abroad enough to meet their rapidly growing food demands. The markets for the traditional exports of these underdeveloped countries have little potential for expansion. The new export industries which many of them are trying to promote are themselves industries whose expansion requires large amounts of imported capital. To the extent that these countries must spend their very limited foreign exchange resources for food imports they will be unable, even with substantial foreign aid, to afford the capital goods they need to develop domestic industry which can replace manufactured imports and expand foreign exchange earning exports. Thus taking the underdeveloped world as a whole it is clear to me that the bulk of its growing food requirements must be met from expanded agricultural production in these countries themselves.

In addition there is a sociopolitical case for the expansion of agricultural productivity in the underdeveloped world. The overwhelming majority of the people in the underdeveloped countries live in rural areas and derive their incomes directly or indirectly from agriculture. However rapidly industry grows in these countries there is no prospect in the next couple of decades that this dependence of the majority of the population on agriculture will alter. Industrial expansion creates relatively little employment. In India, for example, the organized industrial sector which produces some 12 percent of the national income employs less than 3 percent of the labor force. Thus any improvement in the well-being of the majority of the population which lives in rural areas is dependent upon increases in agricultural productivity. If these do not come about there is a prospect of very severe unrest and instability in the countryside which can very well bring urban economic growth to a halt.

Finally, continued expansion of industrial output in the underdeveloped world will require expanding markets in these countries for industrial products. Since the bulk of the population is rural these markets must be found in considerable part in the rural areas. This cannot occur unless rural incomes which depend on rural productivity are expanding.

In summary then inadequate agricultural growth will inhibit the growth of the rest of the economy, first, by forcing the use of limited foreign exchange resources for food instead of for meeting essential capital requirements, second, by limiting the markets for industrial products, and, third, by creating social and political unrest which will interfere with orderly economic developments. The key symptom of inadequate agricultural growth in these countries is domestic inflation. Since such a large fraction of incomes is spent on food, rapidly increasing supplies of food are necessary to prevent price levels from rising.

Now let us turn to a brief look at the record of performance to date. A recent study by the Economic Research Service of the U.S. Department of Agriculture reviews the performance of 26 of the major developing nations in agriculture from 1948 to 1963. The 15 recent years in one sense the results of this study are encouraging. Underdeveloped country agriculture has not, as some writers have alleged, been stagnant over this 15-year period. In 21 of the 26 countries surveyed by the study, crop output has increased by somewhat more than population. In 12 of these countries the average annual increase in gross crop output was more than 4 percent, which is a higher figure than most of the developed countries have achieved in their early history. Ten of these twenty-six countries had increases of more than 1½ percent in output per capita. Another 11 had per capita growth rates between zero and 1½ percent per year. This second group included some of the big ones like India, Brazil, Nigeria, Egypt, and Thailand. There have been several notable success stories such as Israel, Mexico, the Sudan, Tanzania, and Taiwan.

While this performance in absolute terms does not look too bad, it is in most of these countries grossly inadequate in terms of the standards I established earlier. In only a few of these countries did the growth in food availabilities keep pace with the growth in demand, and several of these were countries in which demand was growing slowly because general economic development was lagging.

In addition, there is good evidence that the agricultural growth rate has been slowing down. From the first half of the period under review, from 1948 to 1955, food production averaged over each of the four continents—Europe, Asia, Africa, and Latin America—for these 26 countries, stayed ahead of population growth. In the second half, from 1955 to 1963, production in all continents but Latin America fell behind population growth. In a number of the countries that did relatively well, a considerable part of the expansion in their productivity came from increases in acreage under cultivation. But in many cases, notably in most of Asia, potentially cultivable but uncultivated land is running out and further expansion must come from increases in yields per acre.

What are the prospects here? There is a fairly general agreement among agricultural experts that there are major possibilities for increasing yields in the underdeveloped world. For example, grain yields in Japan where modern agricultural technology is very highly developed are three or four times per acre what they are in India, with soils that are not inherently significantly better. The developed countries, many of whom have not been operating under the pressure of severe land shortages, have yields averaging 60 to 70 percent higher

than the underdeveloped countries. Thus it appears that the problem is not that yields in the underdeveloped world are close to being as high as we know how technically to make them. Indeed, the question this poses is the question of why yields in the underdeveloped world have not gone up faster than they have and what can be done to promote a more rapid rate of expansion.

To attempt to get an answer to this question a group of us at the Center for International Studies at MIT interviewed a large number of agricultural experts. These included natural scientists such as agronomists, plant biologists, chemical engineers familiar with fertilizer production and use, water management experts, and experts in pest and disease control; they included agricultural and general economists with expertise in various branches of economics such as farm management, agricultural credit, marketing and distribution, land tenure, taxation, and the like; they included noneconomic behavioral scientists such as anthropologists, rural sociologists, and psychologists; and, finally, they included political scientists and experts in public administration who had studied the administration and management of agricultural extension and other government programs in support of agriculture.

After conducting a significant number of interviews of this sort we found that we could make a reasonably good prediction as to both the diagnosis we would get from an expert and the prescription he would offer for promoting agricultural productivity. All we needed to know in advance was the discipline in which the expert had been trained. I would like to run through some of these answers we got with you since they set the stage for the conference we ultimately held on this problem.

The agronomists and plant biologists tended to argue that the problem is that high-yielding varieties of the different grains adapted to the specific conditions obtaining in the various growing areas in the underdeveloped world have not been adequately developed. They point out that strains that do well in Japan or Mexico will not necessarily produce correspondingly good results in other parts of the world where soil conditions, water availability, local pests and diseases, and cultivation practices may all be different. There is a tendency among this group of agronomists to argue that while our fundamental scientific knowledge is probably adequate to tell us the directions in which plant breeding ought to go, we know much too little about the variety of conditions met with in the underdeveloped world and used a great deal more adaptive research to develop plant varieties suited to those conditions. Along with this diagnosis goes a prescription for a vast multiplication of experiment stations, trial plots, and research facilities, and ultimately the specialized seed farms that are required to produce quality seed once promising strains have been produced.

Next on our list comes the fertilizer enthusiasts. These people point to the fact that the countries where yields are unusually high like Japan, Taiwan, the United Arab Republic, and Israel are countries in which the fertilizer nutrients consumed per hectare of arable land are very high and that by contrast the low-yield countries are all countries of very small fertilizer use. For example, Japan which has more than $3\frac{1}{2}$ times the yield of rice per hectare found in India, uses

270 kilograms of fertilizer nutrients per hectare of arable land in rice compared to India's $31\frac{1}{2}$ kilograms. This correlation persuades them that the thing most needed to increase yields in the underdeveloped world is a very large expansion of fertilizer production and use.

The water management experts point out that because of water limitations a relatively small part of the cultivable area of the underdeveloped world is subject to double cropping and that with more effective irrigation very substantial increases in crop output are possible. They go on to explain that what is required is not simply more water but much better water management including the correct timing of water application, effective drainage, measures to counter salinization, and the like. Their prescription, of course, is a much heavier investment in all kinds of irrigation and drainage facilities as well as more effective training of all those involved in water management from the farmer up to the highest levels of government in the proper methods of water use and control.

The specialists in pest and weed control point to the very large losses of crop yields to rodents, insects, plant diseases, and weeds, and suggest that proper control measures for these dangers alone would produce huge dividends.

Turning to the economists, many of them start with the proposition that modern commercial farming particularly in the food grains, is simply not a very profitable proposition in the underdeveloped countries and that until there is an improvement in the ratio of the prices farmers receive for their products to the prices of the new inputs they have to buy we can hardly expect that farmers, whom they regard as a fairly rational breed of men, will go all out for the purchase of these new inputs. They point out that whereas the farmer has to sell only $1\frac{1}{3}$ kilograms of rice to buy a kilogram of fertilizer in Japan, he has to sell 5 kilograms of rice to buy a kilogram of fertilizer in India. The prescription of many economists to deal with this problem is either to take measures to raise the prices received by farmers for food grains in the underdeveloped countries or to lower the cost to them of modern agricultural inputs, or both.

There are a variety of ways that they suggest this could be done depending on their special interests. One group, the marketing experts, points to the presumed inefficiency of the marketing of both products and supplies like fertilizer in the underdeveloped countries and argues that the profitability of farming can be greatly increased without governmental subsidies by improving marketing efficiency and thus narrowing the spread between prices to customers and prices realized by producers. Improvements in marketing could be brought about both by substantial investments in physical facilities for storage, transport, and processing, and by improvements in marketing organization. We know too little about the efficiency of farming and marketing in the underdeveloped countries.

Another group of economists focuses on the disincentive effects in farming of the high risks to which that profession is currently subjected. They point out that the traditional farmer who uses little or nothing of the agricultural inputs that must be purchased with cash like fertilizer, pesticides, and commercially produced seeds runs a risk of going hungry, to be sure, if the crop fails, but that the farmer who decides to go into debt to buy these purchasable inputs runs the more serious risk of losing his land and his permanent livelihood as

a farmer if there is a bad season. Even if the most likely outcome is substantial profits for such farmers, they are unwilling to take even a small risk of being wiped out if weather, for instance, is unusually unfavorable. These analysts—who focus on the risk of farming in underdeveloped countries—would prescribe a variety of devices for limiting the risk to which farmers subject themselves by turning to commercial agriculture. These involve various kinds of insurance schemes, price stabilization schemes, remission of debt in the event of a bad season, and the like.

Another group of experts on agricultural credit argues that the high cost of commercial farming in many underdeveloped countries is to be traced to unnecessarily high costs of credit or even to the non-availability of credit to many of the farmers who need it. For these people the answer is a great multiplication of effective low-cost credit institutions. In some countries, tax experts point out, the whole tax structure is so designed as sharply to reduce the profitability of agricultural investment. This is notably the case in countries like Thailand where the export price of rice is very much higher than the price received by the farmer, the difference going into export taxes. Finally, there is a group of persons who concern themselves with the problems of land tenure in the underdeveloped countries and who point out that where there is a large amount of tenancy the customary arrangement is frequently for the tenant to bear all of the costs of any new investment in agricultural inputs, but to share his yield with the landlord. This, of course, sharply reduces the attractiveness of such investments to these tenants.

Moving on from the economists to the anthropologists and rural sociologists, these people tend to argue that the economists conceive of the traditional farmer as more of an economic man than he, in fact, is in many countries. They allege that the traditional peasant farmer is a creature of habit and custom; that he is biased by his culture patterns against innovation; that his behavior is dictated more by socio-cultural norms and by the centuries-old traditions of his class than by rational economic calculations. The prescription which goes along with this diagnosis is a good deal less clear and straightforward than in many of these other cases, but it involves changes in the values and outlook of the farming community through education, communications media, alterations in the whole social pattern of the village, and the like.

Finally, on this long list, we come to the political scientist and public administration expert. He argues that the heart of the problem is to be found in the attitudes and habits of mind of bureaucrats and civil servants at all levels who are concerned with Government agricultural programs. He points out that the civil service mentality in many of the underdeveloped countries is dominated by a concern with hierarchy in which people do well by following orders and by never taking any of the risks associated with independent decisions or with innovation. These political scientists explain that the heart of progressive agriculture is to be found in the capacity to adapt general principles in a flexible and innovative way to the particular conditions obtaining in each local situation and the most bureaucratic organizations are very poorly equipped to encourage this kind of grassroots initiative in lower level employees.

The picture I have drawn above is, of course, a caricature, which is a multiplicity of many explanations. Most of the experts I have described are aware that all the above factors may be at work in any given situation, but they nonetheless have a tendency, in a search for a single-factor explanation, to put very heavy emphasis on the particular aspect of the problem in which they happen to have special knowledge.

Those of us at MIT who are generalists concerned with identifying the key problems of promoting agricultural productivity decided to assemble representatives of all of these various points of view in one place and to keep them together long enough to permit them to debate their various approaches at some length with each other. We held a summer study for this purpose for a 6-week period in the summer of 1964. We assembled about 40 people including, in addition to representatives of all of the disciplines described above, a number of people with practical experience in successfully promoting increased agricultural productivity in a number of parts of the underdeveloped world.

The conclusion we came to at the end of our 6 weeks of deliberations was perhaps the not very surprising one that all of the experts are right. Agriculture is what it has become fashionable in engineering circles to call a systems problem characterized by the fact that all of the elements of the system must be present if the system is to function properly. Using the above set of factors as a checklist we reviewed, carefully, several of the success stories in the underdeveloped world—like Taiwan and the work in the Sudan, and so on—and found that in each case attention had been paid to all of the items on the list. On the other hand, for each of the single factors we could find instances where that factor was abundantly present but where because of the absence of one or more of the others agricultural performance had been very disappointing.

We had hoped, at the start of our investigation, that we could identify one or another of these factors as either the most important in a great majority of situations or as the most promising first step to take over large parts of the underdeveloped world. This hope was disappointed. We found that the variety of circumstances not only between underdeveloped countries but even within different regions of a single country was so great that no easy central prescription could be given to the administrator eager to know what to do to move his agriculture forward. This posed us with a serious dilemma. The problem of instituting simultaneously over a whole country measures to improve seed varieties, supply fertilizer, improve water management, adopt adequate pest and disease control, provide good economic incentives, reduce risk, improve marketing, supply credit, reform land tenure, improve education and mass communication, and reform bureaucratic administration and education, is an enormously complex one. The key shortage in most underdeveloped countries is neither the shortage of capital nor the shortage of foreign exchange but a shortage of administrative and managerial talent. This is particularly serious in agriculture because the number of decisionmakers is necessarily so very large. The key decisions which must be made to build and operate a steel mill or a powerplant or a textile factory are few in number and can be taken by a small number of officials. Transforming agriculture

requires affecting the decisionmaking processes of millions of individual entrepreneurs.

Faced with this dilemma we concluded in our conference that the proper policy for the underdeveloped countries to follow was one of initially concentrating their attention on a relatively small proportion of the total farm population. If the region or regions chosen were reasonably favorably endowed with respect to at least some of the factors on our checklist, such as for example water and perhaps education, then it might be possible by concentrating attention and resources on this limited area to be reasonably sure that all the elements in the system necessary to make it perform well are present. As success was achieved in one area after another, attention could be shifted to broadening the scope of the program. This is essentially the philosophy which has now been adopted by the agricultural authorities in India within the last several months in their so-called intensive agricultural districts and I am hopeful that this can bear fruit.

The fact that the problem is complex does not mean that it is insoluble. Progress can be made if agricultural development is given a very high priority in the attention of administrative and managerial officials in the underdeveloped countries, and if they are helped with assistance from abroad in building up the supplies of the necessary new inputs into agriculture, such as fertilizer, water, and seed varieties. The most important requirement is that everyone concerned with agricultural development from individual farmers right up to ministers of agriculture must be imbued with a spirit of experimentation, innovation, and the adoption of techniques and procedures to the special needs of individual communities. If these things are done, I am convinced that the necessary increases in agricultural productivity in the underdeveloped world are quite reasonably achievable in the fairly near future.

The CHAIRMAN. Dr. Millikan, we thank you very much for this splendid statement. I want to thank you, also, for coming here before this committee and giving us the benefit of your views and the information contained in your statement.

As you know these hearings are rather general, they are not confined to any pending bill.

I think that we have the finest array of witnesses which I have ever seen assembled before the committee. We are having many people come here to help us with this problem that is before us.

I know that the President is vitally interested in the problem of food and hunger and starvation.

I think that we can all agree that we cannot relieve all of the suffering, but we may have some influence on the future. I have the idea that with thousands of people dying every day of starvation that we should do something to alleviate this suffering as much as we possibly can, until we can find some program that will relieve this situation.

The problem is emphasized by the fact that all of us will agree that we are living in a hungry world, and we agree that a hungry world is a dangerous world.

We have had our warehouses bulging with food and fiber, and we still have a potential, a great productive potential.

Now we have retired already 60 million acres of fertile farmland. And it was proposed the last session that we retire several million acres,

at a terrific cost of \$9 to \$10 billion. It just seems to me that there is something wrong in our retiring from production of food millions of acres of fertile farmland at an enormous cost to the taxpayers, and still permit people to starve. And when I say people, I mean friendly people. And to let them suffer the pangs of hunger.

We have been told that about two-thirds of the people of the world go to bed hungry, and that one-third is overeating. They are in need of food and our fiber.

Propaganda comes out of this situation that is disturbing to me, because I know that the Communists have used false propaganda against our programs here at home, saying that we were burning food and dumping food into the sea when other human beings were starving. And that is not true. But when we retire 60 or 75 million acres of land from the production of food that is a fact that the world will know.

I introduced a bill. I thought that the President should suspend the retirement program until we could have a check to review the entire situation in the hope that we could find some better way to bring relief. I will not invite your comments about any particular bill, but what do you think of the idea of America retiring acres of land when starvation is rampant in the world?

Dr. MILLIKAN. Mr. Chairman, I do not really feel that I am competent, on that particular topic, because I, as I said, at the beginning, am not an agriculture expert, and I have not followed American agriculture closely. My impulse, as a layman in this field, would be to feel that in the long run the solution to the problem of feeding the hungry people of the underdeveloped world must be met predominantly by an increase in food output in the underdeveloped countries themselves. In the short run, and I mean by the short run 5 or 10 years—it will take at least that long to get this going—I think that we have a real responsibility for using our own productive potential to fill this gap, and I would have thought that too great a restriction of acreage was a very poor idea.

The CHAIRMAN. I agree with you entirely. The witnesses who have preceded you have stressed the importance of stimulating an increasing of food growth and using to the fullest extent the land now available, and that we need not only to fertilize it, but that we need water for this purpose.

In speaking about some of these people, in some countries the landowners and those in public office, escape taxes that are imposed upon the peasants. When they take their produce to the markets the peasants are taxed, whereas the people in public office and the landowners escape taxation. But that is an internal problem that we cannot deal with.

In these underdeveloped countries they do not have docking facilities, their transportation, such as railroads and their highways are not adequate, and it is difficult to do anything.

I think that we ought to dramatize our efforts the best that we can so that the hungry people know that we are trying to do everything that we can.

In India you have another problem, that is, language. We have tried in this room to find out some way to let the people know that the food supplies we donate are coming from the American people. But they would not understand it unless it were put in their own local lan-

guage. In many of these countries, for instance, as in India, there are many languages.

Mr. Teague of California.

Mr. TEAGUE of California. I hope that Dr. Millikan still considers himself as a Californian. In any event, he was a former Californian and a very outstanding and prominent Californian, coming from a very distinguished California family.

I have one question. To use your own words you, certainly, identify the key problem. Do you have anything further in the way of specific recommendations that this committee or the Congress can do to solve this problem?

Dr. MILLIKAN. Well, I think, it will be apparent from my testimony that I am very skeptical of simple solutions in this business, but I think that what is required is a detailed evaluation of needs in each of the various areas in the world. These are really quite different geographically. For example, in Africa our basic problem is a lack of knowledge about what to do. In sub-Saharan Africa, the soil types are really different from the types of soil in the temperate zones where most of the foodstuffs are grown in this world. These are soils that do not hold commercial fertilizer. They are dependent upon organic nutrients for the most part. We need a vastly expanded research program in which the United States can help enormously, as we are helping, for example, with rice in the International Rice Research Institute in the Philippines. We could do similar things in the African scene.

In the case of India, from which I have just returned, I think the Indian Government itself is presently taking or proposing to take many of the important steps necessary there.

What is needed overwhelmingly is our help with some of the physical supplies that are needed, notably fertilizer and fertilizer producing facilities, and some increase in water management and water availabilities.

But, as I say, I really think that there is not any simple, single thing that one can identify on which we ought to pin our hopes here.

Mr. TEAGUE of California. I am sure that is true. We were told by Mr. Dole, he proposed that we establish something that he called a bread and butter corps, I believe, comparable to the Peace Corps, where we would step up a program of sending technologists and farm experts, presumably young people throughout the world to help these underdeveloped countries to acquire more advanced knowledge of agriculture techniques. Does that seem to you to have any interest?

Dr. MILLIKAN. I, certainly, would think that it would be very desirable to try this on an experimental basis. I would not think it desirable to have it on a large-scale basis, until it is tested out.

There are some places where I would think that it would be very useful and other places where I think that the key problem is not the absence of technicians, but the absence of some other things.

The CHAIRMAN. I thought that was the prime purposes of the FAO to take this knowledge to the underdeveloped nations. I shall really try to get somebody from the FAO to come before this committee, because we are helping to promote that organization—we are supporting it. We have tried to keep an interest in it. I have sent every year a small delegation from this committee to the FAO meetings. I

have been told recently that because of some ruling of the FAO their representatives are not permitted to come before any legislative committee. I do not know who made such a ruling, but it should be changed. We have spent an enormous amount of money in supporting the FAO. They have experts in this field and I will see what we can do about having somebody come in here from that organization.

Mr. Jones?

Mr. JONES of Missouri. I will, probably, be called old fashioned by this remark, but do you think that, perhaps, too much emphasis has been placed upon the necessity for adopting the mass production techniques that we have finally arrived at here in the United States, and that that has had a tendency to discourage the development of individual enterprise? I am going to put it this way: I think that in many of these countries where I have been they have overlooked the agricultural evolution that has taken place over the past 150 years that we have made in this development in our country. A few years ago I was in India and met with newspapermen and some industrialists and some Government people. Their whole idea was that the United States could furnish the money to build a steel plant, that they could then make enough money off of the steel plant to buy the food from the United States to feed those millions of people in India.

I told them at the time—I said the thing about it is that if we would put those people in India who are unemployed, who are starving, if we would give them the opportunity to produce, at least, what they could consume, then they could start ahead, but when we say that they have to have a large tractor, and an eight-row combine, to do all of this, I thought that that would be a mistake.

I think that in areas where you have manpower that is starving, that is unemployed, that it would be a mistake to send in the more sophisticated machinery, rather than to use the people who could be performing that work by hand as they do in many parts of this country. A man may have a 40-acre farm. His neighbor has a tractor, and he decides that he has to have a tractor, too. Then he has to have a mechanical cottonpicker. Then he has to have all of this other equipment. He gets his investment in machinery so high that he, actually, is in difficulty and he would be better off if he would go back to a two-mule plow and put a little effort into it and he would be ahead over the years.

Does that make any sense to you?

Dr. MILLIKAN. It makes a great deal of sense, Mr. Jones. In fact, you will observe that I did not include on my list of factors needed in agriculture anything about mechanization, or even about tools and machinery. I did that on purpose, because I think that there is a general conclusion of most economists that the purpose and effect of most agricultural powered equipment in the United States has been to replace labor with machinery. In countries with very large supplies of labor who cannot find employment—and countries which at the same time are exceedingly short of capital resources to buy equipment—this is a very poor investment to make. There are situations in which some investment, particularly, in mechanical powered plowing machines may be necessary, but the situations are very limited. I do not think that in general there is very much tendency on the part of underdeveloped countries that I know about to think that they

ought to go in very heavily for mechanization in farming. There is some attractiveness to the Japanese in small-scale powered plows, and there is some sense in this, because they are not replacing men. They are replacing bullocks in effect. Bullocks have to consume grain, and it is not at all clear which is the most efficient way to use your land here, whether you ought to use some of your land to grow grain to feed the bullocks to pull the plows or whether you would not be better off with some powered equipment, but this does not suggest any of the larger scale kinds of equipment that we have in this country.

Mr. JONES of Missouri. What I am trying to get at is this: I think that until we give the individual an opportunity to demonstrate that he can produce and not make him dependent upon somebody else—I think that you have been presenting him with an incentive and you have not taken away some of the initiative and some of the inspiration to want to work to do something. That is a thing that has always disturbed me, particularly in many of these underdeveloped countries, the great number of people who have no opportunity to work, no one to employ them, and instead of getting a mechanical ditchdigging machine to lay pipes, to go out and do it by hand and to give the people something to do, and to pay them for it.

I have advocated for years that with all of the food that has been doled out—I do not mind sending some of our great abundance of food to other countries to help out—but I do not like to see that food just doled out to everybody who comes down the line. If we said that everybody would be required to do something comparable to his ability before he gets that, I think that you will then help; he will not only retain his self-respect, but it gives him an opportunity to work. That is the trouble, they do not have an opportunity to work.

I think that the United States in any of its programs has passed up a wonderful opportunity to get public works performed, which might be sweeping the streets, it might be digging ditches, it might building a school, but everybody would get a part of this food and he would be making a contribution to the whole effort. If we could get that spirit started I think that we would get something done that would be of a permanent benefit. When you give a man something to do each day for the food that he receives you will then find him thinking he has done something to earn the help he receives, and he will no longer feel he is an object of charity, and his self-respect will be restored.

Thank you.

The CHAIRMAN. Thank you. The time is running. Mr. Callan.

Mr. CALLAN. I think the budget shows about \$1,500 million for fiscal 1967 for food for peace. So do you think that we could effectively use more money and more food in this program?

Dr. MILLIKAN. Yes. I think that in fiscal 1967 we could. I would like to see more allocated if we have it. I do not know what our present surplus position is.

Mr. CALLAN. The surpluses are about down. One of the ideas behind this proposal is that we produce food for this food for peace program. If we spent more money, do you think that we could effectively deliver and distribute these food supplies and relieve some of these problems?

Dr. MILLIKAN. Yes; there are, of course, as the chairman was saying earlier, transportation bottlenecks here. There is some question as to

whether we are going to be able to put all of the grain into India which that country appears to need, because of the disastrously bad monsoon season, which has caused her this difficulty—whether we will be able to discharge at her ports and over her railroad system these very large food imports. But taking the underdeveloped world at large I think that substantially larger quantities could be handled and could be usefully used.

Mr. CALLAN. Do you think that this country could effectively use more money than \$1,500 million in this program?

Dr. MILLIKAN. I have not really looked at these numbers closely enough to have an informed judgment on that, Mr. Callan.

Mr. CALLAN. Thank you.

The CHAIRMAN. Mr. Olson.

Mr. OLSON. I want to add my thanks to you, Dr. Millikan for your testimony, and to say that I think the hearings so far have proved the wisdom in not having a hearing on a specific bill. Every witness who has appeared up to now has emphasized the need of the problem as it exists in the world. The emphasis has not been on what we might do for ourselves which indeed, would be of a short-run benefit to all concerned. I think that the stage has been set in this most important area in precisely the way that it should be if we are really to achieve a solution that will be of benefit to both the underdeveloped nations and ourselves. In your opinion, how much input is necessary to solve this problem in the long range, how much do you feel is required of us beyond just helping to feed the hungry with the immediate food reserves that we have? Can we be of constructive benefit in assisting the hungry nations to solve the problems that must be solved?

Dr. MILLIKAN. Yes, Mr. Olson, I think we can be of very substantial help. This really gets us into the whole design and content of the foreign aid program, because as I have tried to emphasize there is an interdependence between agricultural development and industrial development. I do not believe that industrial development can go forward in the underdeveloped countries without agricultural growth. I, also, do not believe that agricultural growth can continue very rapidly over a significant period of time without some industrial development in the underdeveloped world as well. This is partly in order to supply some of the physical inputs that these countries are going to have to supply to agriculture. They must be able to produce their own fertilizer in considerable part in due course, and they are going to have to be able to produce some of the inputs of other agricultural equipment, pumps, irrigation equipment, tools, et cetera.

Mr. OLSON. It is your conclusion and—if I may interrupt——

Dr. MILLIKAN. Yes.

Mr. OLSON (continuing). That we should, where we can, emphasize the turning of the surplus of the food that we have into helping them so that it will be a benefit to them——

Dr. MILLIKAN. Yes.

Mr. OLSON (continuing). So as to improve their agricultural production?

Dr. MILLIKAN. That is correct.

Mr. OLSON. Thank you.

The CHAIRMAN. Mr. Vigorito.

Mr. VIGORITO. Dr. Millikan, let us assume that India, or any country for that matter, would increase its agricultural productivity to a point where it can eat as much as it likes—would that solve the long-range problem of 50 or 100 years from now? What I am getting at is this: Is there not a point of optimum population growth beyond which any particular country of the world cannot go? Can India increase by 100 million people indefinitely every 10 or 12 years?

Dr. MILLIKAN. Well, clearly the answer to your question, Mr. Vigorito, is that she cannot. Compound interest is a wonderful thing. But if it goes on long enough you can conclude that there is not room enough for people to stand on the earth. And when you get to that point you have, obviously, gone too far. I think long before that point is reached it is clear that the economic welfare, not just the food supplies, but the economic welfare, generally, is going to suffer seriously if the rate of population growth is not slowed down. Looking ahead 50 years, I think, unless we can look forward to a reduction in the population growth rate the problem is not soluble. I do not know that there is an optimum population, but, certainly, a doubling of population every 30 years or so which is what we have now, is something we cannot go on with very much longer.

Mr. VIGORITO. Thank you.

The CHAIRMAN. Thank you very much, Dr. Millikan. Mr. Purcell.

Mr. PURCELL. I have one question in regard to this subject. Keeping in mind as an example, India, at this time, would it, in your judgment, be wise for us to try to put requirements on what must be met on whatever aid we are giving, to require that they put in a certain amount of productivity from fertilizer in the operations, a certain amount of money into the production of good seeds, a certain amount of money into training in what we might call land-grant colleges—would it not be both to our benefit and to the recipient country's benefit if we made these specific requirements? I do not mean let the people starve to death, but in the long range, which may be 10 years or more, would it not be a good practice for both our country and the recipient country?

Dr. MILLIKAN. Well, in general, Mr. Purcell, I think it would. I would only underline this caution, that the whole question of putting conditions on aid is a somewhat delicate one in terms of getting the effect you want. It can be done. I think it has been done recently by the president in his discussions with the Indians in a productive and hopeful way. I think that the important thing to remember is that if these conditions are to be accepted this has to be done in a cooperative spirit. What the President in effect, said, as I understand it, to the Indians before making this recent food grant was that we do not propose to specify for you exactly what you are to do about your food problem, but we would like you to present to us your ideas about how you propose to go about solving it. And there was a lot of consultation back and forth. There was an implied condition that until the Indians had an effective program for promoting agricultural productivity we were not likely to be as forthcoming as we would be when such a program is in existence. When they come through with such a program, things went forward.

The only question is how best to get the recipients to behave as they should in their own best interest, which is a delicate and difficult

matter. You do not do it by having a lot of rigid conditions. You do it by negotiating.

Mr. PURCELL. That is very well, but by the same token, I am sure that India is run by politicians like our country is run by politicians. And the time comes when we are in a position of knowing that one thing might be best, but we do not have the backing from the people that we represent to believe in, and that if in a cooperative way these responses could be established it seems to me that we might in cooperation, for instance, with the Indian Government get them to do the things that the leaders know have to be done, and they cannot stay in office long enough to get it done if they are going to have the blame for doing it. Politicians are the same all over the world. We are going to do whatever is necessary to get along as best we can, but realizing this, would not now be the time in consultation to cooperate with those in India, or wherever it may be, to say that we are going to help you, and we will do what we can, but let us move more rapidly ahead—would this not be something that would be beneficial?

Dr. MILLIKAN. Yes, I think it would.

Mr. PURCELL. Thank you.

The CHAIRMAN. Thank you very much. We are very grateful to you, Dr. Millikan for your appearance here.

We next have a prominent witness. Mr. John J. Haggerty, vice president and research director of Agri Research, Inc., of Manhattan, Kans.

John James Haggerty: vice president and research director Agri Research, Inc., former Director, Office of Foreign Agricultural Relations, USDA; former Agricultural Attaché, Bonn, Germany; former Secretary, U.S. Section, Mexican-United States Agricultural Commission; adviser, U.S. delegation Inter-American Economic Conference, 1948; Director, Food and Agricultural Division, U.S. mission to NATO and OEEC, 1956-57; major scientific interest agricultural geography.

Please come around, Mr. Haggerty. We will be very glad to hear from you now. I am sure that your statement is before all of the members of the committee and will be made available to the press. You can present this for the record and talk off the cuff or you can present it just as you desire.

STATEMENT OF JOHN J. HAGGERTY, VICE PRESIDENT AND RESEARCH DIRECTOR, AGRI RESEARCH, INC., MANHATTAN, KANS.

Mr. HAGGERTY. Mr. Chairman and members, I think perhaps, in view of the fact that it is late, that it is best to get into my statement, and get through with it, and then be available for such questions as the chairman and the members of the committee may wish.

Other witnesses have spoken or will have spoken on the population aspects of the problem and its implications to the food supply and food requirements in the world. I would only summarize in this respect by pointing out that the prospect of doubling world population within the next 35 to 40 years will require that we increase the world's output of food at least that much during the same time, if the food riots which are already prevalent, for example, in the State of Kerala, in India, are not to become a much more general occurrence.

It is not at all certain, in my judgment, that some of the governments around the world which the United States has been supporting

in various ways would survive very long if faced with the necessity of administering famine on a national scale and as a permanent thing. This would be a task which would not be relished by even the strongest or most authoritarian of governments. In this regard, I think that the crisis, when it does come, will not necessarily be in the form of general famine, Mr. Chairman—it will be in the form of a series of political crises around the world threatening the fall of governments which we, for one reason or another in our own interests are committed to support and could not abandon.

And as we have found in the past, we may have to support those governments by delivering the critical foodstuffs which will help to maintain public confidence, and law and order, which enables the economic processes, including the economic development, to go forward.

Unless other measures are taken to bring about a degree of population management, it seems to me that famine and the administration of famine on a national scale will have to be the ultimate and final method of population management unless countries in the meantime can find more humane and more rational methods of accomplishing the same result.

The challenge that faces us, really, is to duplicate on a world scale, in terms of food production, within the next 35 or 40 years, everything that mankind has learned how to do in this regard since the beginning of time, and that is quite a large order.

The key word in this challenge is, of course, time. We are engaged in a race with time.

In the major underdeveloped regions of the world where population is growing in some cases up to a compound rate of 3 percent per year, agricultural output has to exceed that rate of progress and it has to capture and set the pace, in order to assure basic food requirements, to establish the basis of public confidence which is so essential to the maintenance of law and order, of peace and tranquility in the countryside for the normal processes of seed time and harvest to go forward, so the people in the cities can be fed.

This challenge, of course, is to agriculture. With all due respect to new ideas for processes for synthesizing foods or getting more of our food supplies from the oceans, or whatnot, I think that you would agree that there is no conceivable substitute for agriculture—there simply is no substitute for the soil.

Our basic questions, therefore, are, Is there enough soil in the world to grow the food for 6 to 7 billion people? If so, where is it? What is it going to take to bring this much land into cultivation and production?

Approximately 3½ billion acres of land are now in agricultural use in the world, which includes the tree crops, such as rubber, coffee, cacao, et cetera, fallow land, and rotational pasture land.

This is about 1 acre per person for the 3.4 billion people estimated in the world in 1965.

Our best authorities on soil resources, the FAO and our own USDA, have jointly estimated in the USDA Yearbook of 1964 the potentially arable land in the world, including the tree croplands, at about 6.6 billion acres. Since we anticipate something in the order of 7 billion people by the year 2000, this would still suggest a ratio of about 1

acre per person, give or take 10 percent. That ought to do it, if we can, in fact, bring this much land into cultivation, and if it would equal, or if it could be made to equal in productivity the present agricultural land. As I shall try to bring out, that is really the crux of the problem.

All we would have to do, if we make this assumption of continuing 1 acre per person, would be to subdue, in the remaining lifetime of at least the younger men in this room, and to reclaim for agriculture about as much additional land as mankind has thus far succeeded up to now into bringing into successful agriculture since the first dawning of civilization or the beginning of sedentary agricultural life. This would also assume that we could somehow bring to bear at least the same general level of farm production technology, together with the whole complex of distribution, transportation, of general and technical education, and in many cases bring about the conversion of entire peoples from a simple form of peasantry, producing for themselves, to the intricacies of an exchange economy, because their production requisites have to be paid for somehow, and their products have to be sold in the marketplace if food is going to reach the people in the cities. All of this, of course, would have to take place in the next 30 to 40 years, and on classes and qualities of land, and in regions presently largely unpopulated, where human experience up to this time has had to reject these lands for the most part as being inherently nonagricultural, where the technical and financial requirements for agricultural land development have been, and in many cases still continue to be, prohibitive.

The Aswan Dam, for example, in the United Arab Republic, will increase the cropland area of Egypt by about 30 percent, at a cost of more than \$1 billion, but it is requiring a period of 15 years of essential research, planning, engineering, and construction within which time the dependent population will also increase about 35 percent. Insofar as the cropland available per person, therefore, the United Arab Republic, like Alice in Wonderland, will have been running an exhausting and costly race, just to stay substantially in the same place.

To increase the world's cropland availability in the same proportion, that is, about 30 percent, would cost on the same basis about \$450 billion, even assuming that the capital, the engineering, and all of the other facilities could be brought to bear within the time required.

There is a common misconception that the world still has a vast expansion of potentially productive virgin lands only awaiting the farmer's plow. The truth of the matter is that almost all of the earth's readily cultivable land is already in agriculture, and any further gains in this respect will be very hard to come by, often with fantastic requirements for new research, for technical and engineering skills, and for enormous capital outlay.

As we study the world maps of the great soil groups, and the natural vegetation areas of the world, which reflect the interplay of soil and climate, we can see, at once, certain compelling facts regarding the agricultural capabilities of the various regions of the world.

One of the first and major facts is that the successful agriculture of the earth is concentrated heavily in the Temperate Zones, particularly in the North Temperate Zone, because that is where the great land masses of the earth are. The South Temperate Zone, as we know, is

largely ocean. The great land masses of Asia, Europe, and of North America have had the good fortune of temperate climate, which is not only beneficial in the plantlife cycle, of seed time and harvest, but likewise over the millennia of the soil-forming process itself.

We have to remind ourselves that the soil is not just inert matter. It is not just dirt. The living cube of soil is an infinitely complex biological and chemical womb, in which the life processes of generation and regeneration are constantly going on. Without this biological life in the soil there could be little or no life of any sort there or anywhere else. Man, through farming the soil, can improve it. He can attend its functioning in a midwife sort of fashion, or he can destroy it through ruthless methods of farming, rapidly and absolutely, as too often has been the case, and once it's gone it is not soon repaired or replaced.

The cycle of seasons in the Temperate Zones, the alternation of cold and warm, of wet and dry, of growth with dormancy and rest, has contributed to the evolution and development of the microscopic flora and fauna, which accounts for the natural fertility and productivity of the soil under the practice of good farming husbandry, as we know it.

It is, therefore, by no accident that the main densities of human population on the earth have developed in those regions of natural fertility in the temperate zones. The main regions of population concentration have developed, and they continue to grow, in the chief areas of cultivated lands of high natural fertility. These are, obviously, in eastern Asia, in the subcontinent of India, in Europe west of the Ural Mountains, and in North America east of the Rockies. These are the areas which are most favored by nature to support life through agriculture.

If we rapidly scan the earth's surface, in broad sweeps, we find that about 70 percent of the earth's surface is ocean. Of the 30 percent which is land, estimated at 33 billion acres, close to one-twentieth of it is under the polar icecap or tundra, with no promise or prospect to support life beyond the rudimentary and quite primitive forms of life which now exist there.

The great mountain chains of the earth, because of the extreme altitudes, also result in frigid conditions prohibitive to plant life, or terrain that is too rocky, too steep or too barren either to permit the development of soil or to support plant life. These mountain ranges account for about one-fifth of the landscape of the earth. Among these major mountain ranges are, notably, the Rockies and the Andes in our own hemisphere, the Alps, the Pyrenes in Europe, the Atlas in Africa, the Carpathians, the Caucasus and the Himalayas of the Far East. With the exception of a few enclosed fertile valleys and the occasional vegetative slopes used mainly for grazing, these mountain chains, can, for practical purposes, be dismissed as holding no potential capacity for agriculture.

As we leave the polar extremities of the earth, particularly in the north polar region, and move into the subpolar regions of Canada, Alaska, Russia, Siberia, we find great forests of pine, spruce, larch, and fir on the relatively weak soils laid down under these conditions. The severity of the climate in these subpolar areas for plant life, for man, and beast, the relatively short frost-free season, the presence

of giant boulders left behind by the retreating glaciers, all of these are combined to limit the agricultural potentiality of these cold regions and to multiply the difficulties and the complexities, and, I might say, the costs of developing adapted systems of agriculture.

Through genetic and agronomic research, running over a period of more than a century, our agricultural scientists and farmers have developed hardy, early maturing varieties of wheat, they have developed hybrid corn, and a number of other short-season crops, which have enabled a slow, inch-by-inch progress in pushing the agricultural frontiers northward. Any further gains in this regard will be very grudgingly conceded, and then only at great cost of time and scientific effort in research and in practical farming.

The soils experts estimate that perhaps 10 percent of the soil in these cool regions are capable of agricultural use, some major parts of which are already in such use.

Moving poleward from the Equator, in both the north and the south, we find vast and relatively barren deserts that account for another one-fifth of the earth's landscape. These deserts stretch across the continental land masses, usually in the 20° to 40° latitudes, in the path of the great terrestrial or trade winds, and on the leeward side of the coastal mountains. As the moisture-laden winds sweep in from the oceans over the hotter land masses the air is warmed up and expanded, and tends to take up rather than to release the moisture in the form of lifegiving rains.

Mr. TEAGUE of California. May I interrupt you there just for one second?

Mr. HAGGERTY. Yes.

Mr. TEAGUE of California. As you know, of course, there have been fantastic developments in southern California and in Arizona with desert land. In Arizona I presume that 50 years ago it would have been considered impossible to do much from an agricultural standpoint with the land there. These are regions of desert lands. They are barren. However, when water was put upon them, they grew good crops. They have brought water in there. There are significant areas throughout the world that are barren. They could be subject to development when you get water on them, are they not?

Mr. HAGGERTY. There are. I am about to get to that point in my text, and if you would permit me to proceed, I will cover that. And if there are still remaining questions, I will be glad to go into them.

Mr. TEAGUE of California. Very well.

Mr. HAGGERTY. In the Southern Hemisphere the great deserts are the great dead heart of Australia, the Kalahari Desert of South Africa, the Atacama and Patagonian Deserts of South America dominate the landscape.

In the Northern Hemisphere there is the Sonora Desert of Mexico and in our own Southwest of the United States, of which the Congressman has just spoken; the great Sahara Desert of Africa, the Arabian Desert, the Thar of Indian, Turkestan, the Gobi Desert of China, which occupy vast, desolate areas, which in the absence of water, hold no promise of agricultural use. It is only where mountain-born rivers cut through on their way to the sea, as in the classic example of the Nile River, and of the Colorado River in our own Southwest, or where underground streams can be found and tapped and

brought to the surface, that these desert soils have the opportunity to reveal and demonstrate their very substantial latent productivity. The limiting factor is, of course, water. The 1964 USDA Yearbook puts at one-half of 1 percent the availability of desert soils for agricultural development because of the limiting factor of water. Great hope, of course, is placed in the desalination program for sea water. When the breakthrough comes—and it has not yet—it will be of immediate significance only to those desert soils that lie reasonably close to the sea. Even if available, such water would still have to stand the enormous costs of distribution and transportation systems into the interior.

Another major category of land, sometimes referred to as the savannah regions, generally lie between the desert and the tropical rain forests. Examples are the Llanos of Venezuela, the Campos Cerrados of Brazil, the Sudan of north Africa, the veldt of South Africa, the tropical grasslands of northern Australia, all have this characteristic location. In position, they lie between the constantly wet and the constantly dry lands and tend to be like each, on their respective margins. On the equatorial margins of the savanna lands, the dry season is short, the rainfall is heavier and more prolonged, and vegetation tends to approximate that of the rain forests. As one moves away from the Equator the dry seasons become longer and more severe, the temperature range is greater, conditions in general approach those of the desert.

Among the more generously favored of the savanna-type regions are those characterized by the monsoon, or seasonal rains. Where the monsoon climate coincides with basalt or volcanic soils, as in Java, the eastern coast of India, Vietnam, et cetera, natural productivity in these areas may be of a high order. These areas support some of the densest concentrations of population on the earth. The chief limiting factor is the dry season. It follows that the prime opportunity for increasing crop output would be through water conservation and irrigation to enable the production of a second crop, in a system of double cropping of a basic commodity such as rice. This would, generally, require large capital projects and I might say a great deal of time in their development.

Generally, however, with regard to the so-called savanna lands, it is easy to overestimate their agricultural worth or potentiality. Not only do they frequently suffer from inordinately long, dry periods, sometimes for more than a year, such rainfall that does occur is generally torrential in character, resulting in excessive runoff and floods, as in northeastern Brazil, a region where in the midst of drought relief we may be presented with a problem of flood relief, because of these extreme vagaries of climate. Compaction of the soil is common, and excessive erosion is a constant danger. There is the formation of a hardpan layer of laterite under these subtropical soils which is a frequent barrier to the development of successful agriculture.

Our experts estimate that 20 percent of the savanna soils, on a world basis, or a maximum of about 800 million acres, can be developed for agriculture. Generally, such projects would count on the provision of supplemental water for irrigation to carry through the dry season, with major requirements for hydrologic studies, for engineering, and very substantial capital outlay.

The great remaining untapped land resource of the world, and perhaps the greatest enigma, is in the tropical zones, the tropical rain forest areas. This is a belt which occupies the great, vast Amazonian hinterland of Brazil, the Congo Basin of Africa, most of Central America, and substantial portions of Indonesia and Malaysia.

These areas are almost completely empty of human population, comparable for practical purposes to the absence of people in the great deserts and in the polar regions.

The tropical soils, consisting generally of latosols and red-yellow podzols, are thoroughly leached, as a rule, of any plant nutrient—they are deeply weathered—there is no accumulation of organic matter in the surface horizon, while the essential mineral salts, such as lime, phosphorus, and potash, if any accumulation does exist, is usually so deep down in the structure as to be beyond the reach of the roots of our regular crop plants.

The 1964 Yearbook of Agriculture credits these tropical latosols, which would imply some combination of tropical rain forest regions with bordering tropical and subtropical savanna regions, with the potentiality of 35-percent arable, accounting for 2.8 billion acres of the 6.6 billion in the entire world. Since 3.5 billion are already engaged in agriculture, this must mean that these tropical soils represent more than three-quarters of the earth's potential additional cropland, as estimated by such eminent authorities as our USDA and the FAO.

It is important to note, however, that in the estimates of the soil experts there is no time factor—they do not say how long it might take or what it might involve to bring these areas into agricultural production. It could, in fact, be a thousand years. Neither is there any estimate of the cost which would be involved.

In this regard, I want to refer to the conference at MIT in 1964, which Dr. Millikan mentioned in his testimony and, particularly, to quote the conclusions of the experts as regards these tropical soils. In the report on "Policies for Promoting Agriculture Development in the Underdeveloped Countries," the experts concluded, with respect to the tropical rain forest areas, and here I will quote:

Very little is known about the annual food and fiber crops beyond the accumulated wisdom of the traditional cultivators. No one has yet found a method of growing such crops successfully over a period of years except in the traditional bush-fallow manner. No one knows how to handle the latosols under culture of annual crops without disastrous losses in productivity and irreparable damage to soil structure.

Elsewhere in the same report, and I continue to quote:

The deficiency of knowledge on economic farm management aspects of developing a viable mixed cropping-livestock agriculture is equally great.

And later in the same report:

Faced with the existing vast deficiencies in knowledge, we concluded that only relatively minor improvements in food production can be made with what is now known. Under these circumstances we concluded that the single most important requirement at this time is a research program to provide the required knowledge and materials.

As we know, research is always a time-consuming business. And this is especially so in agricultural research. Moreover, much of the research we have done, like our practical experience in agriculture, has been in the Temperate Zone lands, not in the Tropics, and more likely

than not would have very little carryover into a program of research in tropical agriculture.

In summary, Mr. Chairman—and I think that this is my main thesis—when we review the genuine scarcity of additional potential agricultural lands in the world, together with the astronomical problems of research and engineering, the technical and capital requirements involved in the reclamation and development of such lands, the conclusion is inescapable that the increased food production which the world will so urgently require must be obtained for the most part from enhancing the productivity of soil already under cultivation.

This problem is greatly magnified by the fact that the areas of greatest population pressure are the underdeveloped regions of the world in Asia, Africa, Latin America, where, generally, the potentially tillable lands are already largely in use and very densely occupied. In these areas the relatively primitive levels of farm technology; illiteracy; the lack of knowledge or experience in the use of farm chemicals such as fertilizers and pesticides; the deeply embedded practices of traditional peasant farming; the inadequacy of all such institutions as farm experimental stations, demonstrations, agriculture extension services, and so on—all of these together and collectively constitute enormous obstacles to any rapid changes. The underdeveloped countries, by very definition, are the least equipped and the least capable of bootstrapping their economies into a faster rate of economic growth and production to meet their very imminent needs. Fortunately, there are major exceptions in the several regions, which I shall not need to cite in detail, because Dr. Millikan so ably enumerated them. I would only mention, for example, that Japan, since the war, has made a remarkable record of achievement, both in population management and agricultural productivity which might well be the envy of the other countries in the region.

Among the free countries, India and Pakistan present the most imminent problems, having one-fifth of the people in the world, and only one-eighth of the tillable lands. The spreading food riots clearly signal that at least the political crisis in this part of the world is already upon us. It will require enormous and prolonged efforts with very generous help from our society if India, in particular, can expect to pull herself up and to reestablish the posture of political stability and control so essential for continued economic growth.

As an aside here, Mr. Chairman, I think that we might well recall that in the 12 years, more or less, that we have been running food aid programs, including section 550 and Public Law 480, there have been numerous occasions in which it has been quite frankly stated that what we might call a statistical shortage of food might not actually exist but because of drought, or other cause of uncertainty as to food supply, hoarding would set in, and the withholding of foodstuffs from the market for price speculation or other reasons, causing a disruption in the food supply, which could threaten famine no less real than if the scarcity actually existed, and political turmoil which likewise would be no less real. We have been called upon, and we have acceded to requests to supply foods under those conditions, and this, I would like to emphasize in my testimony, Mr. Chairman, that if the statisticians say that the food crisis and the famine may not be as imminent as some may say, that we must take account of the uncertainties of supply and

the political and economic disruption which characteristically can take place under these conditions, and we must be prepared to meet these crises with food.

In Indochina and Indonesia, long known as the rice bowl of the world, the tide has strongly shifted since the Second World War from their traditional export position to progressively increasing dependence on rice imports, on a regional basis.

The great human tragedy of our times is that humanity can very ill afford the loss of time and the cost in human life, energy, and capital which is now necessarily being expended in conflict in that area. These are resources vitally needed, and urgently needed, to develop and amplify the means for sustaining life in that same region. Water conservation in the Mekong River Basin, for example, to enable irrigation in the dry season and a system of double cropping of rice, would do more to augment the basic food supplies than any other single project that comes to mind.

It is in the Communist bloc countries that the gravest threats exist, largely because of the ideological impasse that must be overcome before any genuine and substantial advance in agricultural production can be foreseen. From the beginning of communism, the compulsory collectivization of agriculture has tended to destroy the very incentives for progress and productivity.

In recent years, while food production in Western Europe, for example, has increased 14 percent, the U.S.S.R. and Eastern Europe have made less than half that rate of gain, while population continues on the march. In the U.S.S.R. the 1965 wheat crop is again reported to be less than the 1958-62 average, again necessitating heavy imports of wheat during 1966. Additionally, in mainland China the agricultural output is again far behind the levels of 10 years ago—1956. Per capita availabilities of food are disastrously low, requiring a volume of imports which collectively could threaten to exhaust the available world stocks of food, unless production plans in the surplus producing countries are drastically altered upward.

On the world scale, therefore, it is compellingly clear that an allout campaign to maximize food production, country by country, region by region, must be undertaken without delay if a common human disaster is not to overtake us all. If it is not, indeed, already too late, at least for some countries and some peoples.

The implications to U.S. agricultural production and trade policies are strong and clear. For compelling political reasons, if for none other, we must be prepared to continue to provide critical foodstuffs, on concessional terms and on an emergency basis, in support of friendly governments and peoples, probably on a scale greater than any we have experienced up to now.

It should be emphasized, however, that such food aid should in no case be regarded as a substitute for the self-help measures which each such country must take in working toward its own survival and progress. In fact, an essential precondition for such food aid would seem to be that each such country adopt the policies and initiate the programs to assure its economic strength and growth in the shortest possible time. In a sense, food aid would help to buy the interval of time for orderly progress to accomplish these changes, on a more permanent basis.

In addition to food, American agriculture has an enormous contribution to make in "know-how and show-how." Essentially, since in almost every situation, the need is to increase production on land already under cultivation, means must be found to teach and show how, and to persuade the farmers and peasants to do a better job of farming than they are now doing. My limited time in this hearing will not permit a complete cataloging of all that this would involve. As Dr. Millikan's testimony brought out earlier, it involves practically all of the disciplines. In the areas of traditional peasant culture, densely populated, with small and dispersed land holdings, where as many as 80-90 percent of the total population are directly engaged in agriculture, it will require a comprehensive revolution or evolution in the whole system of agriculture, the whole way of life.

Mr. Chairman, I will close my testimony at this point, but will try to answer any questions that you or the members may have.

The CHAIRMAN. I want to thank you for a very splendid statement.

Mr. HAGGERTY. Thank you.

The CHAIRMAN. You have had a long career in agriculture. I know that you have presented a very fine statement. I just want to ask one question. At the bottom of page 15 you state, "On a world scale, it is compellingly clear that an all-out campaign to maximize the food production, country by country, region by region, must be undertaken without delay if a common human disaster is not to overtake us all—if it is not, indeed, already too late, for some countries and some peoples."

Under the program that we now have in agriculture, under which we have already provided for the retiring of 60 million acres and we are now talking about retiring several million more acres, do you think that we can justify a program like that, faced with starving people, with starvation which is now prevalent in the world—or do you think we should put this land into production, so that we can raise more products and have a greater distribution to the starving people? I am sure that you would not believe that we should wreck and ruin our own economy, and that it would be foolish for us to produce food in greater abundance unless we are able to deliver it to these hungry people. And I know that you have traveled around the world enough to know that you do not have docking facilities and transportation facilities in many countries whereby to distribute the food if supplied.

Mr. HAGGERTY. Mr. Chairman, I really am not familiar with the present bill.

The CHAIRMAN. I am not addressing myself to that.

Mr. HAGGERTY. If I could address my comments to the situation as a whole as you outline it, it seems to me that one of the great advantages and virtues of American agriculture is that because of the high rate of technical progress we have achieved, the use of agricultural chemistry, mechanization, and the instant agricultural information service that we have, that the U.S. agriculture has a versatility—it has an adaptability to shift gears, to change them, as, perhaps, no other agricultural economy in the world has. I do think as my main testimony has tried to bring out that in the regions of hunger, in the underdeveloped countries, the primary problem is that they do not have this ability to shift gears, to achieve the rate of progress which they must somehow achieve if they are going to get the foods that they need. Therefore it falls on the developed countries of the world that have

this versatility, to help to meet the needs if, for no other reason, than for reasons of maintaining political stability. Therefore, I think that, to get back to your question, American agriculture should be prepared to pull out the stops and to try to give us again in some degree what I, personally, regard as an enormous advantage which we have had in recent years, in having the food reserves which enabled us to meet the needs of friendly governments and people as they were presented to us. And I would add that I think that if we permit ourselves to adopt agricultural policies which would put us in, let us say, a situation of scarcity economics, that we could not face up to this kind of crisis, we could not meet some of the political problems in the world with the same confidence and complacency that we have in recent years, when we had these very comfortable reserves of food to fall back upon.

The CHAIRMAN. Thank you very much. Mr. Callan.

Mr. CALLAN. Do you have any idea at what level we ought to maintain these food reserves? The surpluses are about gone. Should we start building them up again, in your opinion?

Mr. HAGGERTY. I, personally, would feel much more comfortable if we had a bit of a backlog for the unanticipated emergencies, be it in India or Brazil or wherever a drought or other disaster might occur.

Mr. CALLAN. We have about 50 million tons of feed grains, about 750 million bushels of wheat. Should we start building more inventory at this time?

Mr. HAGGERTY. This is somewhat less than an annual crop of wheat. Do we not produce something in the order of 1,250 million bushels of wheat per annum? I really would not be in a position to say whether we have enough or not enough or too much or too little. I would merely emphasize that many nations in the world today and in the predictable future would be very happy to face the kind of problems that we were facing with dealing with surpluses. For myself, speaking from my own point of view, I think that we in the United States can face the future with more complacency and confidence against a position of abundance than against a position of scarcity.

The CHAIRMAN. Mr. Dole.

Mr. DOLE. I want to thank you for your very fine statement. I would like to ask your opinion on one point. Do you think that it is possible for the agriculture attachés to play maybe a larger role in what you refer to as the "know-how and show-how" program? Some of us feel the attachés around the world could play a more important role in the "know-how and show-how" attitude.

Mr. HAGGERTY. I think, Mr. Dole, that they could. It is only a question of administrative policy as to what is the best way to provide for the total job and to achieve it. The attachés, as you know, have not been engaged in this activity to any degree. There was a time before our surplus situation when the agricultural attachés were really a part of what we might call our agricultural intelligence system on a worldwide basis, and it flowed both ways. I myself look back on a time when I helped to persuade the Yugoslavs that the use of hybrid corn might help them to get on with their problems, but in more recent years the agricultural attachés have become more in the nature of salesmen for American agriculture. Perhaps the pendulum swings too far. It might very well swing back in the other direction.

Mr. DOLE. Thank you.

The CHAIRMAN. The House is in session and has been for 15 minutes. Mr. Matsunaga.

Mr. MATSUNAGA. In line with the "know-how and show-how" policy that you recommend, I would propose the establishment of a research laboratory in tropical agriculture in Hawaii, to get the peoples from Asia and the Pacific regions to come there, to learn about tropical agriculture. Have you any ideas on this?

Mr. HAGGERTY. Certainly, there is a vast need for practical research in tropical agriculture. Most of the agricultural research and scientific work which has been done has been in the temperate zones. I think that such stations should be set up in several parts of the world, to get as near as possible to the particular combination of conditions that must be met and solved. I know that the University of Hawaii, which I had the pleasure of visiting some years ago, has an excellent agricultural experiment station. I recall some years ago, when Dr. Auchter, who had been in the position of Director of Agriculture Research in the Department of Agriculture here in Washington transferred to Honolulu to become Director of the Hawaiian Experiment Station. I know that you do have a very impressive research staff, and a resource of technology to build upon, and this is, of course, one of the most fundamental requirements.

Mr. MATSUNAGA. Thank you. As you know, Hawaii is the only place in the United States where tropical agriculture flourishes, not only on an experimental basis, but on a commercial basis as well. It has been carried on very successfully, and we feel that we can make a great contribution in this area.

Mr. HAGGERTY. I believe that is true.

The CHAIRMAN. Thank you again. The committee stands adjourned to meet tomorrow morning at 10 o'clock.

(Whereupon, at 12:15 p.m., the committee adjourned, to reconvene at 10 a.m., on Wednesday, February 16, 1966.)

WORLD WAR ON HUNGER

WEDNESDAY, FEBRUARY 16, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Jones of Missouri, Hagen of California, Olson, Matsunaga, Vigorito, Redlin, Bandstra, Callan, Belcher, Teague of California, and Dole.

Also present: Representative Paul H. Todd, Jr., Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; Francis LeMay, consultant, and Catherine L. Bernhardt, staff.

The CHAIRMAN. The committee will be in order, please.

We have as our first witness this morning Dr. J. G. Harrar. Dr. Harrar is president, the Rockefeller Foundation, and has been an officer of that organization since 1942. He is a biologist, holds the Ph. D. degree in plant pathology from the University of Minnesota, and taught at several colleges and universities before joining the staff of the foundation. He was a leader of the foundation's first agricultural program to Mexico and the prime mover in extending the program to other countries of the world. Subsequently, he became director for agriculture, vice president, and president of the foundation. He is the author of two books and numerous articles on the subject of feeding the world's growing population.

If you will come around now, Doctor, we will be very glad to hear from you.

We also have another witness who will follow Dr. Harrar, Dr. F. F. Hill.

I would like to say before we start the testimony that I, personally, do not believe that we can alleviate all of the agonies of humanity, nor can we feed all the hungry people of the world; but, at least, we can offer some relief in the nature of help for some of these poverty-stricken and hungry peoples in an effort to prevent their starvation which, we understand, is at the rate of about 10,000 a day.

We have not asked any of the witnesses so far, and we are not asking you, Dr. Harrar, to express your opinion on any particular bill. We are not considering any special legislation this morning, but we knew of your great knowledge of the problems we are discussing in relation to the food situation in the world.

We have had splendid witnesses here this week on this subject, and we are making a record of this that will be read by the members of the committee and considered by them, and when we have finished

this week, we will have further hearings, having before us officials of the Department of Agriculture who will present their views to us, to be followed by other witnesses throughout the industry who will come here to testify, such as the leading farm leaders, and everyone else who desires.

I might say that I introduced the bill on the 19th of January relating to this subject, and we have since received the President's message, which was last week—we delayed the hearings until we had received that—and which reemphasizes the President's concern, the general idea of which being presented in the bill which I introduced.

We believe we are engaged in a worthwhile effort.

Dr. Harrar, we will be glad to now hear you, and I will ask the committee members not to interrupt before you have finished the presentation of your statement. You can submit your prepared statement for the record, and then highlight it, or you can read it, as you see fit. We will leave that to you, the manner in which you desire to proceed.

Mr. TEAGUE of California. If I may, Mr. Chairman?

The CHAIRMAN. Mr. Teague of California.

Mr. TEAGUE of California. Before Dr. Harrar starts, I would like to say for the record what I said when these hearings opened, the fact that there are so few Republicans here today does not indicate at all any lack of interest on our part in this particular subject. At this particular time it has coincided with the Lincoln Day recess, and the Republicans are still claiming Abraham Lincoln as a Republican, and many of them are around throughout the country making speeches this week in celebration of Mr. Lincoln's birthday. I assure you that all the Republicans on this committee are greatly interested in this most important problem.

The CHAIRMAN. I might say further, for the Democratic members, that several of them have been called home and others are out of the city because of necessity, and there is no reason to believe that because they are not here they are not interested in this particular subject; I know that they are all very much interested in it.

Mr. BELCHER. I would like to say that the ranking member, Mr. Dague, has a very serious illness in his family.

The CHAIRMAN. All right, Dr. Harrar, you may proceed.

STATEMENT OF DR. J. G. HARRAR, PRESIDENT, THE ROCKEFELLER FOUNDATION

Dr. HARRAR. Mr. Chairman, and members of the committee, the rapidly widening imbalance between world population increase and food production is a worsening situation that can become catastrophic for mankind. The community of nations is already falling behind in the task of providing an adequate diet for all peoples, while making only infinitesimal progress toward population stabilization.

I understand previous witnesses have emphasized the problems created by an explosive population increase. Therefore, these remarks will be confined to a discussion of some of the difficulties involved in producing vastly greater quantities of food and its prompt and equitable distribution in response to the demands of ever-growing numbers of people.

We have often been warned that, if the disastrous effects of widespread and growing hunger are to be avoided, immediate and massive efforts to increase production of food by conventional means and to improve distribution patterns are essential. Unfortunately, efforts to understand and remedy this situation have thus been only partially successful at best. Today, approximately 50 percent of the world's population is suffering from some degree of malnutrition, and this condition could not be corrected even if all the food currently produced throughout the world were regularly and properly distributed. Thus, between total production and total requirements, there is already an absolute gap which can be bridged only through universal improvement in present methods of agriculture, coupled with significant progress toward population stabilization.

It would be unrealistic to believe that the current situation could be solved through some technological breakthrough which could bypass conventional patterns of agricultural production or make them unnecessary. Much has been said and written about the utilization of micro-organisms; i.e., bacteria, fungi, and algae, as potential major sources of protein; a breakthrough in the photosynthetic process has long been prophesied; greater and more efficient utilization of marine, brackish, and fresh waters for food production is often stressed; the conversion of certain petrochemicals to protein substances is a clear possibility; and there are many other ingenious ways to add substantially to world food supplies once the economic and technological obstacles have been overcome. All of these are potentially feasible. They merit investigation, experimentation, and, where economically feasible, application. Added together they cannot, however, be expected to reduce significantly demands on conventional agricultural practice in any foreseeable future.

If we could agree that immediate and major emphasis should be on rapid increase in the efficiency with which arable lands and related resources everywhere are utilized to expand world food production, then at least the problem is clearly before us. It is possible to reach a reasonably accurate estimate of the world's food production capacity under present conditions, and to measure this against the minimal nutrient requirements of current and projected future populations. The difference between the two figures will show that it would be necessary to increase world food supplies by approximately 5 percent a year just to keep up with expected increases in population and to begin to correct the existing deficit. Those countries with a highly industrialized agriculture will continue to improve the efficiency of their production patterns. It is in the less developed nations where major improvements in agriculture must be brought about if this food gap is ever to be closed.

It is a humanitarian proposition to suggest that the more advanced and affluent countries of the world should assume the burden of feeding the hungry nations through intensive agricultural overproduction to produce surpluses, but, taken alone, this course would place a continuing and growing burden on all of the producer nations involved and could at best be only a short-term expedient, as well as a force disruptive to the local economy. A more rational approach to the vital and alarming problem of providing adequate food for all nations would be a large-scale and well-organized effort toward overcoming the tremendous underproduction which plagues so much of the world today.

The highly developed nations recognize humanitarian problems and want to do what they can to alleviate them. Thus, donations of surplus foods—and occasionally even of some that are not surplus—may be necessary to prevent calamities such as famine, disease, and strife. Ultimately, however, this process, if unaccompanied by self-help, can result only in a trend toward a common economic denominator detrimental to all concerned. The only workable plan requires the mobilization of knowledge, methods, materials, and technology in a consortium of effort to bring about improvements in all aspects of agricultural technology in those nations whose production figures are substantially lower than their potentials.

In any modern society, those engaged in producing food must feed not only themselves but a large percentage of their fellow countrymen who are otherwise occupied, and as populations increase so must the efficiency of the agricultural industry. Failure to take maximum advantage of the various factors contributing to successful agricultural production now results each year in massive losses to society, not only in the form of production losses which can never be regained, but also in the waste of its manpower and investment in totally unsatisfactory yields.

Most affluent nations have learned that their prosperity is in no small measure a result of the care and attention paid to the business of agriculture—the one industry fundamentally important to the economic development of all nations. They have learned that agricultural land units must be of a size to permit economically sound agriculture. They realize that the farmer, in order that he may take full advantage of the land and help increase the supply of agricultural commodities, must be better prepared through improved educational opportunities; and through the provision of services such as up-to-date information, modern technology, improved varieties, essential agricultural chemicals and fertilizers, ready credit, and easy access to markets. Standing behind the farmer is a whole array of related business and industry which both contributes to the total process and profits from it.

It is a simple matter to suggest that all that is necessary is the rapid conversion of the agricultural resources of underdeveloped countries to the production levels achieved in much of the Western World. Unfortunately, implementation of this basic generalization immediately runs into complex and widely varying obstacles, all of them serious. Agriculture in many parts of the world is the product of many hundreds of years of traditional practices, and to bring about modernization within any reasonable period of time is a task requiring herculean effort and great ingenuity. Yet this enormous task must be essayed if succeeding generations are to have any hope of achieving the standards of living currently enjoyed by some but sought by others.

The first requirement is a clear understanding among the hungry nations of the nature of their problems and knowledge of what must be done with all possible speed to bring about improvements. Successful agricultural technology is today no mystery. Using available information, developing nations, with the will and the organization to do so, could make prompt and substantial improvements in their food production patterns with resultant economic and social gains.

Some rapid accomplishments are perhaps reasonably possible, given the desire and determination on the part of the nations concerned to effect change for the benefit of all their people. Some of these changes

may be painful, but all are essential and logical. When developing nations are determined and eager to modernize their agriculture, their friends with greater resources can engage with them in realistic plans to bring about required adjustments in agricultural production patterns which will lead to increased average yields and higher quality farm products. No nation really desires to live by the charity of its neighbors, and many nations could achieve far more in the future than they have in the past by building their economies upon a solid base of productive agriculture which will in turn contribute to national economic vitality.

There are many major obstacles to the modernization of traditional and sometimes primitive forms of agricultural production. In some cases, governmental activity related to the affairs of the agricultural sector is inefficient. In other cases, national investment in the agricultural industry is totally inadequate to encourage modern efficient practices, and all too often the problems underlying successful agricultural production are neglected. There is no single solution to the problem, but rather there must be a balanced attack, involving government, private enterprise, and the agricultural community, directed to eliminating bottlenecks and to improving technology and efficiency.

A fundamental condition for bringing about the transition from underproduction to a sound agricultural economy is a logical and carefully detailed national plan supported by legislation and public funds. With proper encouragement and fiscal support from government, it becomes possible to convert soundly conceived plans into effective action with visible and increasing benefits to production. Some of the most critically important steps which could be taken by local governments, or with their support, in order to assure the success of plans to modernize agricultural technology might be listed as follows:

1. Emphasize and reinforce agricultural research, education, and extension in order to interrelate the entire agricultural community and bring to it the current knowledge, improved materials, and other innovations resulting from research. The successful farmer must have at his command the information and materials which are the basic tools of the agricultural industry. This means that there must be substantial numbers of individuals trained in the agricultural sciences who will impart their knowledge to others. There must also be a growing body of qualified investigators seeking solutions to agricultural problems, and in turn it is essential that there be an organized extension service staffed by qualified specialists who assure that the farmer is constantly and currently informed on matters which will benefit his production. Those individuals serving the agricultural sector of the Nation should be attracted and protected by a well-planned and adequately supported career civil service, thus insuring a continuing supply of investigators, teachers, and administrators dedicated to the solution of national problems.

2. Provide supervised credit, permitting improved management and gradual escape from subsistence agriculture. In too many situations, farmers are condemned to subsistence levels of existence through their inability to obtain the credit which will enable them to improve their practices through the purchase of equipment, adding to their landholdings, increasing their flocks or herds, or otherwise improving

the efficiency of their operation. Careful and judicious use of supervised credit, along with price incentives where these are sound, are among the greatest stimuli to increased production.

3. Develop transportation and marketing facilities. All too often farmers find it difficult, if not impossible, to move their surplus goods to markets where they could be sold at fair prices. In fact, markets themselves are in short supply in many areas, thus discouraging the incentive to increasing production for cash accumulation. A byproduct of inadequate transportation systems can be a situation in which it becomes extremely difficult to receive and distribute food supplies provided by friendly nations, due to lack of port facilities, rolling stock, and adequate highways and railroads.

4. Make available vastly increased quantities of inorganic fertilizers and necessary pesticides through agricultural areas. Perhaps the single, most important, rapid, and effective way to obtain prompt increases in food production is the application of greatly increased quantities of inorganic fertilizer wherever indicated, coupled with plant protection through the use of herbicides, pesticides, and fungicides. Immediate and substantial improvements are possible if a determined effort is made to increase the annual production of fertilizers containing nitrogen and phosphorus; and the prompt and equitable distribution of fertilizers is an endeavor in which essentially all nations can participate to advantage. Inorganic fertilizers may be produced in many countries, and maximum effort should be made to develop the fertilizer industry in all nations which have the capacity. One of the most important single measures that can be undertaken by local governments to stimulate agricultural production is to provide adequate quantities of cheap fertilizers, perhaps even in the form of a subsidy to the farmer, in order that he may have the benefit of this powerful tool to increase his production.

There are many other factors to be taken into consideration in agricultural planning, but those listed above are of the most fundamental and immediate concern. Implied in them is the absolute necessity that landholding patterns be economically sound. Situations vary widely in different countries, but all agriculture which successfully supports a national economy requires landholding systems which permit the ready application of modern technology for efficient production. There is no single ideal system of land economies, but there are many possibilities for improvements in those areas where land units are too small or are otherwise unproductive.

The improvement of current agricultural patterns and practices is fundamental and vital to future food production. Coincidentally, however, it is possible to consider the inclusion of some of the land areas not now in a productive condition within the agricultural resource. In many parts of the world, vast expanses of the tropics, both wet and dry, as well as nontropical and semiarid lands, have not yet been brought under cultivation. New knowledge and modern methods suggest that slowly but surely some of these now essentially unused areas could become available for human benefit. Support for research and development and the prompt application of modern technologies and biological materials are the basic elements needed to convert unproductive lands into economic assets.

Clearly, the emphasis in this presentation is upon self-help in the belief that each nation must take advantage of every opportunity

and resource which will contribute to its own economic development. Aid from the more advanced countries should be temporary and, except in the case of extremity, in the form of programs directed toward the goal of local self-sufficiency. In return, recipient nations will have to take whatever measures may be necessary and to request the kinds of assistance which clearly are directed toward this objective. Success is predicated upon a series of small victories which together are synergistic and which could largely be accomplished through the measures listed in the foregoing numbered paragraphs.

There are not enough funds anywhere for indefinite assistance through donation. Rather, foreign aid funds should be directed toward a variety of productive enterprises. Nations wishing to assist their neighbors can be most helpful by joining with them upon request in bringing about the conversion of unsuccessful or partially successful agricultural and related industries into efficient and economically viable productive systems.

It is too much to expect that such an approach could be readily and promptly embraced by all the so-called hungry nations. It is perhaps not too much to expect that among them a number would be eager to embark upon the effort, given the opportunity and the required initial collaboration and support. In such case, it could be expected that their success would point the way to others, until in time there would be a significant and growing shift from the patterns of agricultural production which today contribute to what can only be called underproduction to those in which all nations will take ever-increasing advantage of their natural resources to emancipate themselves from the pangs of hunger which threaten increasing human degradation, disease, and famine.

Although some nations are hungry, all are inevitably concerned with the universal problem posed by explosive increases in population and the resultant widening gap between world food demand and available surplus. In the last analysis, success in correcting this undesirable and ominous situation depends upon the degree to which outside help from the advantaged nations and self-help combine to bring agriculture everywhere into a state of increasing production, with emphasis on both the quality and quantity of the product. If simultaneously, significant progress is made toward stabilization of populations, then the future will be brighter.

The CHAIRMAN. We thank you very much for your splendid statement. Might I ask you one or two questions?

Do you think our Nation should restrict the production of food at a time when friends of ours are starving at many different places in the world, with population increases and with many now on the fringes of starvation? Certainly, many of them are hungry. What we have in mind is some immediate relief and then to embark upon a long-range program. You know, and I know, we have the Food and Agricultural Organization in the United Nations which has been functioning now 15 years and more, and it is my understanding that that Organization was supposed to do the things that now appear to be necessary to be done. In other words, I do not think the FAO has accomplished what we had hoped it would accomplish. Many nations participate in the deliberations and the decisions of that Organization. That Organization was supposed to do the things necessary to

be done, such as to teach these people the techniques, the know-how in production and to make them more efficient in the production of food to take care of their own needs. Apparently, that has not been done.

As I said yesterday, and I will say again, I am going to make every effort that I can possibly make to get somebody from the FAO to tell us just what they have done and also to tell us what they have not done.

With starvation facing the free world as it is now and our production potential as great as it is now, it seems to me that we should recognize the moral obligation to do something about it. We are told that we are our brother's keeper, but we are not keeping our brothers very well if we permit them to starve. We are now engaged in conflicts which might or might not have been avoided if we had brought these people to a standard of living which would have kept them in the free world. This is a situation that does obtain, because we have heard it from all parts of the world.

We had here the other day in the city of Washington an organizational meeting organizing a committee to help in this world food crisis. There were 150 organizations that voluntarily came to Washington to participate in that meeting. Now, they have over 400 organizations in it, I am told. It is not to raise money, but to arouse the people of America to the importance of the problems before them.

We have been on an adjustment basis here for quite a long time in regard to our farmers, but our farmers want to produce and they can produce, and they can harvest more crops than any other farmers on earth. Out in the world somewhere is a man, a woman, a child who can consume every pound of our wheat, corn, dairy products, and everything else which we produce. However, we must recognize that in many places there is a lack of unloading and docking facilities; there is a lack of transportation, highways and railroads, and people are dying because they cannot even be reached with this food.

I would like to know what you think about whether our program should be further restricted or should we try to keep our farmers on the farm, keep them producing, but not to do anything that would impair the efficiency of our farm program or that would affect our farm economy.

Our farmers can produce far more than they possibly can consume—far more than the people of the Nation can consume. They are willing to do it if they can be assured a fair price for their product.

I would like to have you comment on this.

Dr. HARRAR. Mr. Chairman, my remarks were principally directed at the long-range projection of the problem of achieving international self-sufficiency in food production, bearing in mind the sorts of things to which you have just alluded. I think that any humanitarian would say that we also have to study the situation around the world where hunger and famine stalk the land and to decide what the role of this country should be in response to the demands of emergency situations.

I would like to urge that we do everything we can to stimulate the self-help process. Emergency assistance should be temporary and self-help a continuing process until hopefully it develops into an economically viable system.

With respect to our own production, I do not claim to be an agricultural economist. My colleague who follows is one. I would say that

our farm production ought to be encouraged to the maximum extent consistent with the capacity of world markets to absorb our products. This function of the agricultural industry should operate in a fashion similar to other parts of our industrial economy.

In addition, I would assume that we will have to decide how much extra effort must be made to help what we hope will be only temporary conditions of famine and misery in the distressed nations.

The CHAIRMAN. Thank you very much, Dr. Harrar. I want to thank you for coming here.

I also want to thank Dr. Hill in that respect.

We want to thank you for giving us of your time. We know that you are both informed people.

I am sure that this statement of yours will be considered by every member of the committee.

Mr. Hagen of California?

Mr. HAGEN of California. Dr. Harrar, I know that the Rockefeller Foundation has done a great deal in the area of assisting foreign agricultural development. Your statement is quite general. Do you have any specific recommendations in connection with Public Law 480 programs or any of the other programs?

That is, for using our foods and resources of the United States to achieve progress in self-help nutrition in foreign countries.

Dr. HARRAR. I would like, first, to refer to the investment of funds and technology directed toward the solution of critical national problems involved in food production.

You alluded to the fact that we have had some experience, sir. I might say that a number of years ago, when invited by the Mexican Government to collaborate with the authorities and the scientists of Mexico in a food improvement program, we learned through careful and detailed study that there were several situations which prevented satisfactory yields of wheat and corn. In wheat, we found that the rust disease, with which you are all familiar, was the principal limiting factor. Through an intensive effort to develop wheat varieties resistant to rust, it was possible ultimately to close the wheat production gap in that country.

This is an example of what I meant by a series of small victories which together add up to a figure greater than the sum of the individual parts, each part complementing the other.

There are ways to pinpoint those factors which contribute to underproduction and to gradually eliminate them as major deterrents to reasonable production levels.

We have tried to emphasize in our work the maximum utilization of available tools for increasing production. One of those factors which could readily be applied in almost all of the less developed nations of the world is the general utilization of inorganic fertilizers containing nitrogen and phosphorus to increase crop yields.

Mr. HAGEN of California. The U.S. Government has been playing around with this for quite a while and has not, apparently, gained any long-term results. Do you have any bold new suggestions that would be within the jurisdiction of this committee on this subject?

Dr. HARRAR. I would be very pleased if this distinguished committee should convince itself of the wisdom of urging a massive development of the world fertilizer industry so as to increase international agricultural production capacity.

Fertilizers offer one of the immediate ways to give the farmer the initial boost toward greater productivity. This is, again, what I have called one of the smaller victories upon which other advances can be built. I think that if this committee were convinced of the importance of the massive production and general application on an increasingly efficient basis of basic fertilizers, that this could be one of the greatest single factors toward building a stronger base under the agricultural productivity of the rest of the world. Obviously there would be some waste, there would be some maluse, but the gains in production would greatly exceed any negative factors.

Mr. HAGEN of California. This country in the past has dumped a lot of food and fiber into India, apparently with a rather small development in building up their own potentials. I am sure that you must be acquainted with those deliveries and the use made of them, and the use of the things generated by them. I was wondering, with respect to India, because we understand they will need more commodities, whether we should give it to them outright or acquire rupees and more closely direct their expenditure on agricultural self-help programs.

Dr. HARRAR. That is what has happened—until today a vast sum of rupees has been built up under our Public Law 480 program.

Mr. HAGEN of California. The question is that this accumulation of rupees is not doing anyone any good. Is there any way of utilizing them?

Dr. HARRAR. As you know, there has been an attempt to create in India a binational foundation which would utilize Public Law 480 rupees under the authority of a board of trustees, consisting of distinguished Americans and Indians. This board would have the power to utilize substantial amounts of Public Law 480 rupees for investment in projects directed toward institutional improvements relating principally to education in the broadest terms.

This could result, for example, in the strengthening of agricultural universities and experiment stations, the developing of seed-testing centers—a whole variety of related activities. This idea is, I think, an excellent approach; it would draw both Indian and American leaders, scholars, and scientists into the program and could spread the educational, research, and extension activities more widely. The rupees are available, and here, as in other countries, Public Law 480 funds could be wisely used in breaking the bottlenecks to agricultural production.

If, for example, India were to go more actively into fertilizer production, Public Law 480 funds could be utilized for all of the local costs, although obviously foreign exchange would be required for equipment and services obtained abroad.

The CHAIRMAN. Dr. Harrar, I would like to ask you a few more questions. One is about your experience in the Mexican wheat improvement program. Will you tell us a little bit about that?

Dr. HARRAR. Yes, sir. In 1941, the Minister of Agriculture and the President of Mexico asked Mr. Henry Wallace if there were any way that Mexico could be helped in improving its corn and wheat production, because these basic grains were in short supply, and Mexico was having to spend hardearned foreign exchange to buy bread from abroad. Mr. Wallace said that he did not know, but he knew somebody who might be able to help, and he referred the Mexicans to Mr.

Fosdick, who was then president of the Rockefeller Foundation. The result was that some time later the Rockefeller Foundation found itself engaged in a cooperative activity in Mexico directed to the proposition that the food gap with respect to the food grains in Mexico could be closed if we could find out what the bottlenecks were and find ways to correct them. And unless you want further details, I would say that a small team of foundation personnel, working with a much larger team of Mexican scientists, with the enthusiastic collaboration of the Ministry of Agriculture of Mexico, were able, over a period of years, to identify the most important factors limiting wheat and corn production and within a decade were able to close the existing gaps in production. Today, in Mexico a system has been developed under which the country can readily supply its own needs for wheat and corn. It now has the basic plant materials, the people trained to do the job, and a program of continuing research and its application directed to the needs of the future.

The CHAIRMAN. You, also, are familiar with the operations of the International Rice Research Institute, are you not? Will you tell us a little bit about that?

Dr. HARRAR. Yes, sir. Learning from lessons which were gained in Mexico, and later in Colombia and Chile, and more recently in India, the Ford Foundation and the Rockefeller Foundation agreed to work together in the establishment of a more ambitious enterprise in the form of an institute which, from the beginning, was to attack the entire problem of rice production in the rice bowl of the world. The plan was to mount a balanced attack on all of the problems of rice production in an effort to increase substantially the yields of this crop which provides a very high percentage of the world's total food calories. With the enthusiastic invitation of the government of the Philippines, an organization was established and named the International Rice Research Institute. The Ford Foundation provided capital funds, and initially the Rockefeller Foundation provided the staffing pattern. Today, both foundations share in the costs of the ongoing program. The institute has a world collection of rice varieties to work with, and carries along with its research projects a training program in cooperation with the University of the Philippines. An international extension program is underway which has now reached into six other countries within the rice bowl. It is hoped that through this institute, there can be substantial increases in yields of rice throughout this region and in other countries where rice is an important food crop.

The CHAIRMAN. We certainly thank you, Dr. Harrar, for your appearance.

Mr. Teague.

Mr. TEAGUE of California. Do you believe that we should use some of our Public Law 480 funds which are in India apparently under used to further a birth-control education program?

Dr. HARRAR. Yes, sir. What I would like to see happen would be for India to request a program for family planning with Public Law 480 funds with which we could enthusiastically concur.

Mr. TEAGUE of California. Thank you.

The CHAIRMAN. Dr. Harrar, I want to make certain comments with reference to the comments made by Mr. Teague. Mr. David Rockefeller, you know who he is?

Dr. HARRAR. Yes, sir.

The CHAIRMAN. This is such a good story that I would like to ask unanimous consent of the committee to put this news story into the record. I will hand it to the reporter to have it included in the record. Mr. Rockefeller comments along these same lines that you are talking about which deals with international credit to help this situation. I am sure that you would agree as we all agree that fertilization is one thing that we need, but in many of these areas of the world we must also have water. You can have all of the fertilizer in a desert, but you could not produce anything without water. They have to have water and fertilizer together. They must have some sort of equipment, too. And most of us know that they must have transportation facilities so that they can establish some sort of distribution system.

I think that is what Mr. Rockefeller had in mind when he talked about making some credits available to the people who could provide the irrigation and other fertilizer helps.

(The article referred to follows:)

[From the Journal of Commerce, Feb. 15, 1966]

BANK HEAD ASKS POLICY SHIFT IN AID

DETROIT, February 14.—David Rockefeller, president of the Chase Manhattan Bank, N.A., today called for greater concentration of U.S. aid on developing nations that follow "programs of family planning which are realistic, effective, and generally acceptable, and a pattern of economic development firmly rooted in the enhancement of their agricultural base."

In an address before the Economic Club of Detroit, the New York banker also stressed the importance of encouraging fully "the risks, the competition, the performance and the fruits of private enterprise."

PROBLEM MORE URGENT

"The increasing imbalance between people and food," said Mr. Rockefeller, "vastly complicates the continuing task of spurring economic progress in the lesser developed nations, and brings to that task a new note of urgency. It means that population trends must be taken fully into account in national planning. It means that greatly increased agricultural production must be given new emphasis in the allocation of national resources.

"It means that the industrialized countries must reassign the priorities by which they render assistance to undeveloped lands. In other words, the problem of population and the productiveness of agriculture must be given a new and far greater emphasis in all thinking and actions relating to the economic advance of the developing world, or that advance simply cannot take place," he said.

Mr. Rockefeller said: "I believe our Government should give incentives here at home to investments in the developing nations—incentives whereby U.S. business will be encouraged to help areas such as Latin America raise their per capita use of fertilizer, which is now less than one-tenth that in our own land; to help the developing nations acquire more than the mere 8 percent of the world's tractors with which they now struggle to accomplish a monumental job.

TAX CREDIT URGED

"Specifically, I urge that Congress adopt the proposal now before it which would give a 30-percent tax credit in the first year on investments in developing countries, and I most certainly believe such credits should apply to investments which relate to agricultural, as well as industrial improvement, although this is not contained in the proposal now being considered.

"It is also my conviction that, by broadening still further and simplifying the risk guarantees that our Government provides for qualified oversea investments, more businesses would avail themselves of venturesome opportunities."

The CHAIRMAN. We made a loan in India for fertilizer; that is, to build a fertilizer plant. It was from Public Law 480 funds—

funds generated by our Public Law 480, to build a plant by American businessmen. But they do not have sufficient water in some parts of the country.

In some parts of northeast Brazil at one time they did not have any water at all, and they could not get food or water to them. Consequently, many people starved and perished.

Dr. HARRAR. Perhaps I should try to deal with that. I think that if the planning and the attitude of Government toward the agricultural sector were such that the climate was attractive, then it would be easier for credit agencies to provide the kind of financial support which is tremendously important for the development of ports and highways, dams for water control, and other basic facilities, in the knowledge that they are part of a master plan for economic development. I would certainly agree with your comments as to Mr. Rockefeller's statement of the necessity for these major credits in support of sound enterprise.

The CHAIRMAN. Thank you.

Mr. Jones.

Mr. JONES of Missouri. Dr. Harrar, there is one question that I would like to get a little information on. It is a sensitive subject, I know, but is there any indication that there has been a trend that would affect the feeling of these people in India, say, as to the sacred cows and things like that? In other words, it has been expressed that they were, at least, dissipating a lot of their potential food supply because of their religious belief. Is there any indication that any progress is being made there? Maybe "progress" is not the right word. But what is the situation there—is there any indication of any change in that situation?

Dr. HARRAR. I think, Mr. Jones, that more and more Indians are coming to grips with the whole international scene and the entire production problem. As more of the Indian people have had a chance to exchange visits with other nations, they have focused their attention more sharply on some of the problems you mention, which are associated with what we could call the Indian traditional philosophy and beliefs. I think they are seeking ways to accommodate deep-seated patterns, rather than to flout them, and to attempt to adapt these patterns to modern efforts to correct the current situation of imbalance in population and food production. I fear that progress still slow, and it should be speeded up so that ways can be rapidly found to correct the situation you describe.

Mr. JONES of Missouri. There is one other thing that I would like to get your opinion on—not only is it true in India but it is true of some other countries—Mexico would be an example—I can appreciate the necessity and the desire of producing something that would generate dollars, but in the case of India do we not have a lot of productive land devoted to the production of sugar which they export for dollars which could be used for the production of foodstuffs that could be used by the people there in India? I understand they try to maintain some kind of dollar balance, but are they more interested in trying to get the dollars than they are in feeding the people?

Dr. HARRAR. I think that they are probably on the horns of a dilemma. If they are going to try to develop national industry, they have to earn dollars so that they will not have to depend completely on

donations. The dollars are essential for the purchase of heavy goods and other items from foreign markets. India cannot, in my judgment, expect in the near future to be able to produce manufactured goods which can be sold in the world markets for hard currencies. Thus, their principal dollar-producing products are agricultural commodities. As a consequence, they are squeezed between the necessity of providing more food and the necessity of growing cash crops for sale abroad. Under present circumstances, this is an extraordinarily difficult position.

Mr. JONES of Missouri. That is the way it has impressed me. As you say, they are on the horns of a dilemma, because their people need to be fed and yet they need dollars. And the question is which is the most important.

Dr. HARRAR. That is correct.

Mr. JONES of Missouri. Those are some of the things that I think we have to go into in this committee and study. The same thing happened down in Mexico where they were more interested in our Americans coming down there to produce cotton which was in surplus, and to produce it on land which could have been devoted to producing food. Those are things that I think the people are going to have to get more realistic about. I think we are going to point out to these people these facts. For instance, it is pretty difficult for the people that I represent to understand how we can pay to support programs to keep people in food who are producing on that same land commodities which we have in surplus and are underselling us on the market. That is one of the problems that I have to solve in my mind. It is a problem.

Dr. HARRAR. Yes, sir.

Mr. JONES of Missouri. Thank you.

The CHAIRMAN. Thank you very much, Dr. Harrar.

Dr. HARRAR. Thank you.

The CHAIRMAN. I will now call on Dr. F. F. Hill.

Dr. Hill's biography is as follows: Consultant on international programs, the Ford Foundation; vice president, the Ford Foundation (1955-65); provost, Cornell University (1952-55); professor of agricultural economics, head, Department of Agricultural Economics, Cornell University (1940-52); former Deputy Governor and Governor Farm Credit Administration; former president, American Farm Economics Association; former director, Center for Advanced Studies in the Behavioral Sciences, Palo Alto; chairman, International Rice Research Institute, Los Banos, Philippines.

We will be very glad to hear from you now. We thank you for coming before the committee.

You may proceed in your own way.

STATEMENT OF DR. F. F. HILL, CONSULTANT ON INTERNATIONAL PROGRAMS, FORD FOUNDATION

Dr. HILL. Mr. Chairman and members of the committee. I would like, with your permission, to read my prepared statement.

I start from the premise that future increases in population are going to be such that the United States, even with the help of other food-surplus countries, cannot possibly close the gap between the pros-

pective food needs of the developing countries and the amount of food they are currently producing. This means that these countries must increase food production quickly, and by substantial amounts, if their rapidly increasing populations are to be fed.

The first point I should like to stress is the critical importance of increasing output per acre of food crops in the developing countries. Nearly half the world's population live in developing countries, such as India and Pakistan, in which almost all of the land suitable for cultivation is already in use. These countries must look to increased yields per acre, and to multiple cropping where this is possible, for most of the additions to their food supplies. Even in countries with large areas of undeveloped land suitable for cultivation—and there are a number of such countries in both Latin America and Africa—it is often quicker and cheaper to increase food production by increasing output per acre on land already in farms than to open up new areas for settlement. In any case, prospective world food needs are such that both substantially increased output per acre and large increases in acreage are required if world food production is to match world food requirements in the years ahead.

Yields of grains and other food crops in the developing regions of the world are low. Grain production per harvested acre in 1960 in Africa was approximately 700 pounds, in Latin America 1,100 pounds and in Asia 1,200 pounds compared with 1,800 pounds in Europe and 1,900 pounds in North America. Although rice is the most important single food crop in South and southeast Asia, rice yields in 1963 in the Philippines, Cambodia, India, Thailand, Burma, Pakistan, and Indonesia ranged from 25 to 40 percent of yields in Japan and the United States.

Not only are yields low in the developing regions of the world, but they have increased relatively little during the past 25 years. Between 1934–38 and 1960 grain yields in Asia increased by 7 percent, in Latin America by 8 percent, and in Africa by 20 percent. During the same period yields in Western Europe increased by 37 percent and in North America by 109 percent. (Yield data adapted from Foreign Agricultural Economic Report No. 25, U.S. Department of Agriculture, entitled "Increasing World Food Output, Problems and Prospects" by Lester R. Brown, April 1965.)

As I see it, there are three basic requirements for substantial and sustained increases in crop yields in any country, whether developed or underdeveloped. These are:

- (1) Constantly improving production technology—by which I mean improved crop varieties, improved methods of plant protection and weed control, improved soil and water management practices, improved equipment, et cetera—capable, under good management of producing yields that are significantly higher than those currently obtained by the best farmers on the best land;

- (2) Ready access in all farming areas to improved seeds, fertilizers, pesticides, and other production inputs necessary to put improved production technology into practice;

- (3) Prices for farm products which, in relation to prices paid for fertilizers, pesticides, and other production inputs, are sufficiently attractive to stimulate the rapid adoption of improved technology.

In describing the foregoing requirements as basic, I am not overlooking the long-run importance of widespread education, a good marketing system, good transportation, effective agricultural credit, a good land tenure system, and other institutional arrangements and services affecting agriculture. But as I see it, the basic elements without which marked and continuing increases in crop yields and food output cannot be expected to occur in either a developed or developing country include (1) the continuous development and release of improved production technology tailored to fit the variety of environmental situations that exist in any country of substantial size; (2) the availability in every farming community of fertilizers, pesticides equipment, and other production inputs required to put improved technology to use; and (3) prices for farm products sufficiently high and assured to stimulate the rapid adoption of the improved technology. These requirements have been met by the United States, Japan, the United Kingdom, Canada, Australia, and a number of other developed countries all of which have achieved substantial and sustained increases in crop yields and farm output during the past 25 years. They have been met, or are well on the way to being met, in such developing countries as Taiwan, Mexico, and Israel which also have made important progress in increasing both yields and production of food crops in recent years.

I think it is fair to say that governments of developing countries and technical assistance agencies, with a few notable exceptions, have been slow to recognize that high-level adaptive research, systematically carried on in the developing countries themselves, is essential if these countries are to achieve substantial, sustained, and reasonably rapid increases in food production. The principles of plant breeding and of plant protection are well known and these are, of course, transferable. But in many underdeveloped countries, the job of developing or adapting crop varieties with high yield potential to a wide range of local environmental conditions remains to be done. This also applies to developing locally tested fertilizer recommendations; developing effective methods of reducing losses from local plant diseases and insect pests; developing improved soil and water management practices; and developing improved but inexpensive handtools and implements. It should be emphasized that the job to be done is one of developing and testing for local suitability, combinations of improved practices that together are capable of producing substantially increased yields. It is varieties with high yield potential and appropriate applications of fertilizer and good plant protection and improved soil and water management, et cetera, that pay off rather than one of these singly.

I am of the opinion that many of us in the technical assistance business have relied much too heavily upon the notion that it is both possible and relatively easy to transfer American agriculture technology and know-how to developing countries as a means of quickly solving their food production problems. Transfers of improved production technology from one country to another, directly or with adaptive modifications, are both possible and important. But such transfers are not easy and they take time. The introduction by Pakistan and India of improved wheat varieties developed in the Mexican-Rockefeller Foundation crop improvement programs may well mark the beginning of a revolution in wheat production in these two countries.

This also applies to a number of countries in Latin America. Mexican varieties of corn can and are providing the basis for significant varietal improvement programs in Egypt, Thailand, the Philippines, India, and a number of countries in Central and Latin America. There is every reason to believe that rice varieties developed at the International Rice Research Institute in the Philippines can be used to help revolutionize rice production in the humid tropics.

But problems and risks are always involved in transferring varieties and production practices from one region or country to another without adequate on-the-ground testing and adaptation by qualified agricultural scientists. Environmental conditions, both physical and economic, vary widely not only among countries but within every country of any substantial size. Combinations of improved practices that include the use of varieties with high yield potential, heavy applications of fertilizers, sophisticated pest and disease control measures, improved soil and water management practices, et cetera, must be tailored to fit a variety of physical and economic environments in each country if its agricultural resources are to be used to best advantage.

And the human factor cannot be overlooked in developing or adapting food crop varieties to new situations. As we all know, there are many kinds of consumer preferences that must be taken into account, including taste, color, cooking qualities, et cetera.

As I see it, a basic requirement in all developing countries desiring to achieve significant and sustained increases in food crop yields is a program of well-organized, high-quality agricultural research designed to produce locally tested production technology adapted to the climate, soils, and other environmental characteristics of each important food producing area. This is not an easy assignment and to achieve the desired results takes time—more time than is generally realized. A variety of wheat, rice, or corn that is resistant to the plant diseases of one region or area may be susceptible to the diseases, or strains of diseases, of another. If so, a breeding program may have to be undertaken to introduce resistance to the local disease or diseases. This not only takes time but the battle with plant diseases usually turns out to be a continuing one.

Many developing countries are not now equipped to do the kind of job that needs doing in agricultural research. Some of them do not have anything like the numbers of well-trained agricultural scientists required to staff a first-rate, fast-moving program of research. But this is not true of all of them. Failure of a number of less developed countries to make faster progress in developing improved production technology traces to other causes. In some cases the need for research to produce improved technology adapted to the variety of environmental conditions that exist in most countries is not fully appreciated at policymaking levels. The result is inadequate research budgets, the effectiveness of which is all too often reduced still further by bureaucratic procedures and redtape in administrative channels and lack of effective leadership at the research director level. Research staffs frequently lack some of the subject matter specializations necessary for a well-balanced team effort and seniority sometimes counts for more than professional competence. All too often research is not oriented closely enough to the production problems of farmers. Al-

though the research that is carried on may result in the publication of papers in scientific journals, it frequently has little influence on farm output. In the case of some of the new land-grant-type institutions in developing countries which are responsible for teaching and extension as well as research, there simply are not enough man-days available for research at the present time to do the research job that is needed.

Here is a problem to which I think both public and private assistance agencies might well give greater attention than most of us have in the past. I venture to suggest that what is needed at this time is a special and vigorous effort, perhaps limited at first to basic food crops in food crisis countries, to speed the development in these countries of greatly improved production technology tested for local suitability in all important food-producing areas in which it is recommended for use. Progress in developing improved production technology in less-developed countries is being made but it is not being made fast enough. What is needed, in my opinion, is a mobilization of domestic and foreign resources, including that scarcest of all items, first-class research personnel; provision for adequate research facilities; and provision for adequate operating budgets and sufficient budgetary flexibility to enable research staffs to get on with their assignments.

Any such program should be undertaken on the assumption that the job to be done will require at least 10 to 15 years and perhaps longer. Financing and personnel arrangements should be made accordingly. Part-time host country personnel supplemented with short-time American or other foreign personnel; inadequate research facilities; and inadequate, inflexible budgets will not get the job done.

In conclusion, I would like to comment briefly on the two other requirements which I believe must be met if developing countries are to shift to science-based, high-yield agriculture fast enough to avoid widespread starvation and malnutrition.

High yields usually involve heavy applications of fertilizers. This means that if high yields are to be achieved, governments of developing countries must arrange for the production or importation of adequate supplies of fertilizers of appropriate analyses and, equally important, see to it that fertilizers are available in all important food-producing areas as needed.

Many developing countries have been slow to move on fertilizers. Others have moved but indecisively and ineffectively in respect to both supplies and distribution. The same is true in respect to pesticides and other production items.

Lastly, governments in many less-developed countries have been slow to recognize the importance of incentives to increased production. Farmers in these countries are sometimes said to be unprogressive, bound by custom and tradition or unable to recognize their own best interests when they fail to adopt the production practices recommended to them. A large percentage of the farmers in many developing countries cannot read and write. But I have yet to meet one who cannot figure where his own personal interests are concerned. I strongly suspect that in the majority of cases when farmers in these countries fail to shift from the old to the new there is good reason to question whether it is in their best interests to do so, taking into account the risks of crop failure and low prices for farm products.

There are, no doubt, cases where tradition, custom, and ignorance result in failure by farmers to adopt new practices that would be in their own as well as the national interest. But I am persuaded that in most cases lack of really good production technology that has been carefully tested under local conditions; uncertainties concerning the availability when needed of fertilizer pesticides and other production inputs; the possibility of partial or complete crop failure due to drought or other causes; and risk and uncertainty concerning prices are the principal deterrents to increased food production in the developing countries.

In concluding, I would like to say that the emphasis I have placed in this statement on the need for substantially improved production technology; for adequate supplies and ready availability of improved seeds, fertilizers, pesticides equipment, and other production inputs; and for price incentives for increased production is not intended to suggest that I think these are the only steps necessary to enable developing countries to achieve yields comparable to those of the United States, Japan, and other developed countries. I do believe they represent essential first steps without which other measures are likely to prove ineffective. I also feel they have not been sufficiently emphasized in the past in most of the assistance programs designed to help developing countries increase food production.

The CHAIRMAN. Thank you very much, Dr. Hill. You have presented a very fine statement. I am sure that the committee will give it very careful consideration.

I will ask you one of two questions, sir.

I can agree with what you have said about the inputs and the technology and the know-how, fertilization, irrigation, and all of those things, but how could a farmer who only earns 20 cents a day ever avail himself of all of these modern techniques that we know about? This is what we have been up against. You have a mass of people struggling from hour to hour, from day to day, to live, and even then at best they are starving, they are hungry. It seems to me that through this international organization, FAO, we should have accomplished something in these 15 years.

You have presented a splendid statement. I think everybody on this committee will agree with everything you have said, but the fact remains that we still have the technical know-how, we still have the potential production. We have reduced the acreage of wheat and of corn and of peanuts and the other commodities at enormous cost. If we produce the commodities and put them into warehouses we still have to pay the storage costs on them.

Under the Public Law 480 program which we will consider soon, we have made food available under that program to everybody anywhere in the world who showed a need for it.

And Dr. Harrar and you have said, we have been confronted by lack of transportation, lack of distribution systems in many of these countries where the people are starving. We have people in this country who make more in one day, that is, working people, than the people in India and other places make in a year. I am not surprised that they have not been able to keep pace with America in the field of agricultural production. Where is the answer? We must find one. We must face up to this problem.

The things that we have been talking about here this week are more or less on the basis of a long-range program. I can agree with every word that has been said by every witness who has been present here before us this week. They have taken an interest in the problem, and have come here voluntarily to give us the benefit of their information and knowledge, but we are faced with the fact now that this problem is on our doorstep.

Notwithstanding what we have been able to do in this great land of abundance, which has been blessed as no other nation in all history has been blessed, we still have hungry people here at home.

Much to my surprise, the last year a survey in my own county, which is not a distressed area nor a poverty-stricken area, showed that our welfare people found over 8,000 people in my home county, including schoolchildren, old-age people who are going hungry. So, we put the food stamp program into operation to aid these hungry people, and without that food stamp program they, too, would have been hungry. We, certainly, cannot forget all the hungry people around the world.

And because of our local situation, we approved the food stamp program, trying to help the people here at home, to make food available to our people.

I think that in Vietnam we have ships loaded with food that we cannot unload due to a lack of facilities.

If you could give us any idea about this, it would be helpful. I am not trying to get you to endorse any bill or any particular program, but we would like to have your views, and whether or not you think we should further reduce the production of food here in this great country of ours when our friends abroad in the world are starving.

That is what we are faced with.

Dr. HILL. Mr. Chairman, let me respond to what seems to me to be the short-run and the long-run aspects of your question.

As I said in the opening part of my statement, such figures as I have seen on prospective rates of population growth and increases in food production lead me to the conclusion that the United States cannot possibly meet the long-term food needs of the developing countries even if we wanted to. This poses the question: What can the United States do to help developing countries meet food emergencies, such as the one now confronting India, and what can the developing countries do, with U.S. help, to substantially increase their own production of food as quickly as possible?

For some years now, we have been providing food under Public Law 480 to meet emergencies in developing countries. I think we should continue this program. But we should make it very clear to recipient countries that we expect them to get on with the job of increasing their own production of food and that they cannot look to Public Law 480 shipments as something they can count upon indefinitely.

In response to the second part of the question, I would repeat that I do not think sufficient attention has been given to the development of high-yielding crop varieties and improved production practices suited to the wide range of environmental conditions that exist in every developing country of substantial size. Nor do I think sufficient attention has been given to making fertilizers, pesticides, and other pro-

duction supplies available in all farm communities in these countries or to price incentives to farmers for increased food production. This failure applies to governments in developing countries, to governments providing financial and other kinds of assistance and to technical assistance agencies—public, private, national, and international.

If food production in the developing countries is to be substantially increased, the production technology available to farmers in these countries must be substantially improved. Improved technology cannot be exported without modification from Iowa or Nebraska to India or Pakistan. There must be staffs of agricultural scientists with good research facilities and adequate operating budgets in the underdeveloped countries themselves constantly working to produce improved crop varieties and production practices suitable for use in these countries. This has been basic to the increases in farm production that have occurred in such countries as the United States, Japan, Taiwan, and Mexico since 1940. It is basic to speeding up the rate of increase in food production in developing countries where it is now lagging.

There are, of course, agricultural scientists in these countries, many of whom are well trained; but research institutions frequently are not as fully and competently staffed as they should be, research facilities are often poor, and operating budgets inadequate. Here is a problem to which private and public assistance agencies should give more concentrated and sustained attention in the future than they have in the past.

Although there are many farmers with inadequate amounts of land and other resources in the developing countries, all farmers are not in this category. There are always some, and usually a substantial number, with farms of economic size. And there are farms on good land as well as on poor land and some farmers have funds, or access to funds, with which to buy improved seeds, fertilizers, and other production items. I have observed that if crop varieties capable of producing really substantial increases in yields, fertilizers, pesticides, et cetera, are available, somehow they get put to use; not by all farmers at once but by the better farmers on the better farms. Then their use spreads to other farms. This, of course, is the way improved agricultural technology spreads anywhere, including the United States.

The CHAIRMAN. If fertilizers are there?

Dr. HILL. Yes, sir.

The CHAIRMAN. You mention, on page 4 of your statement, "inexpensive handtools and implements." Where will they get these implements and handtools?

Dr. HILL. I think this will be slow. I would expect much more rapid progress on improved varieties and use of fertilizers.

The CHAIRMAN. What do you think that we created FAO for? In my opinion, it was created for doing exactly the thing that you said should be done now. They have been functioning for 15 years. I have attended their meetings here in Washington and in other places. It is a worldwide organization. It is supposed to be doing what you say, to carry the know-how and the techniques to these backward nations, and to tell them how to do it, and how we have done it. But if they have not done it, and I do not know whether they have or not, what should we do? I am absolutely convinced that there is something amiss when I am told a FAO representative cannot come before

this committee to tell us. We are put in the position of not being able to tell the Congress what is going on in FAO. And it does not make sense to me—to be put in that position.

Mr. JONES of Missouri. Do you think that one of the reasons that we have gotten into this trouble is that the people in Government who are responsible for this policy were motivated by what they considered to be the highest principles, but, on the other hand, do you think it is possible for us to accomplish these jobs that we are trying to do unless we impose some requirements on the people that we are trying to help?

I have heard people in this committee room who have come before us tell us that all of the aid that we gave that there were no strings attached to it. We could not afford to compel other countries to adopt certain practices. In that respect, I think we have thrown a lot of our money down the rathole, so to speak.

If I am a banker, for example, and I loan a person money, he puts up collateral, but I think that as the banker I still have the responsibility and I have the privilege of supervising the way that he is going to spend that money, to insure that he can get the return back for it. To what extent can the American Government, the U.S. Government, when they say, "We are going to give you certain sums, we are going to send you certain personnel, but, on the other hand, we are going to require you, the recipient country, to comply with certain requirements"—are we not entitled to do that?

Dr. HILL. I think that is a question for the State Department. All I can say is that unless the things I have described get done by voluntary agreement or otherwise—not just one of them, but the whole package—I do not think the necessary increases in food production are going to be obtained.

No doubt some increase in yields can be obtained in developing countries by using more fertilizers on existing varieties of crops but that is not the way we got the big increases in yields in the United States that have occurred since 1940. Nor is it the way Japan, Mexico, and Taiwan obtained their increases in yields. Our scientists developed new varieties capable of using much heavier applications of fertilizer than our old varieties. As a matter of fact, what we mean today by an improved variety of wheat, corn, or rice is one that, among other things, can efficiently use up to 100 or 120 pounds of nitrogen fertilizer per acre rather than 35 or 40 pounds, always assuming the necessary moisture is available. The point I want to emphasize is that both improved varieties and fertilizers are essential if crop yields are to be substantially increased. One without the other will not produce the desired results.

Farmers in developing countries cannot do much about variety improvement. This is a job for agricultural scientists whose work must be supported by government. And this work takes time—at least 5 to 10 years. Neither can farmers do much about inorganic fertilizers. Governments must assume responsibility for seeing that they are imported, for manufacturing them, or for policies that will result in their manufacture by private firms.

Mr. JONES of Missouri. I think you have hit upon a point there, if I may interrupt you. You mentioned the State Department. I think they are the key to it. I have stated to the chairman that I think that the State Department has been the one that has been responsible for

preventing the FAO to come here and to give us the information that we ought to have and an explanation of why they have not done the job.

I am not trying to get the chairman involved, but I will say this, that any time you shut the water off, they will come in here.

The CHAIRMAN. I do not think that a United Nations organization is in that position.

Mr. JONES of Missouri. I think that if we cut the money off they will change their regulations.

The CHAIRMAN. You are right; I agree. If somebody comes up here and they cannot tell us anything, I think we will have to have an executive session to get the information we need.

Dr. HILL. May I come back to the question of agricultural research?

It may sound as though I am putting research forward as the only requirement for increasing food production. I do not mean to imply this, but I do say it is basic. Without the publicly and privately financed agricultural research that has been carried on in the United States for 75 years or more, we would not have our present abundance of food to share with a hungry world. It is my view that if the developing countries are to solve their food problems, they, too, must develop effective agricultural research organizations to develop constantly improving production technology for their farmers.

I should like to mention one other matter. In tropical countries with enough water, it is possible with quick-maturing varieties of rice, wheat, and other crops, and with fertilizers, to grow more than one crop during a 12-month period. Whenever additional water can be made available in these countries at reasonable cost so that two crops can be grown each year instead of one, or three crops instead of two, there is, of course, a big increase in output.

Technical assistance agencies, including private foundations, cannot, of course, solve all the problems we have been talking about, but with the cooperation of governments in the developing countries, they can help solve some of them. They can provide limited numbers of experienced scientists to help develop improved production technology. The U.S. Government and international financing agencies can help get fertilizer production and distribution moving. Only the developing countries themselves can deal with the matter of price incentives to farmers to stimulate increased production. But governments providing assistance can perhaps negotiate package deals with governments of developing countries in which one of the items in the package concerns farm prices. Many farmers in developing countries cannot read or write but they can all figure and, like farmers in the United States, they look at the prices they have to pay for fertilizers and other production items in relation to the prices they receive for their crops. I think it is fair to say, that in a number of developing countries governments have, so far, been primarily concerned with the cost of food to consumers. This is necessary and understandable. But these governments are going to have to decide whether they want low prices to consumers and not enough food to go around or somewhat higher prices and an adequate food supply. They may have to subsidize the cost of food to low-income consumers to solve the problem.

The CHAIRMAN. Some of the best farmers that I have ever known could not read and write, but I do not think that you have to give a farmer a Ph. D. degree to make him a good farmer.

Dr. HILL. That is my point. In some developing countries, elite groups, including people in government, seem to think that because a farmer does not know how to read and write he cannot possibly know how to farm, a point of view with which I disagree.

The CHAIRMAN. But, as we know, in some countries the whole agricultural economy is controlled by large landholders and the poor people till the land and do not get anything. The poor people are the ones that pay the taxes and do the work. Some of these big landowners do not just own tracts of land, they own whole communities, hundreds of towns. One man runs the whole business, and, in many instances, he has his own army. He is the tax collector; he levies the taxes. That is about what we have got in many countries, and they will have to do a lot of internal improvement; there is no question about that.

Mr. JONES of Missouri. You go right back to what I said. One of the things that we have failed in is by leaving the impression with these people that there are no strings attached to our help. I think we have got to convince these people over there so as to have them come to the realization that they have not been successful in solving their problem, that now they are now going to be in a position if they want to improve themselves where they will have to accept some changes. They will have to accept the recommendations of the people that we are sending over with this money to do. We cannot send money over there and let them keep on with the same practices they have followed in the past, because it will be a waste of our money—they will not accomplish anything. There has to be a complete turnaround in this thing.

I think it is a duty of the State Department to let them get adjusted to the fact that they have to have strings attached. I am getting sick and tired of this thing, of the State Department saying: "We are going to give them this, but there is no requirement."

And they do not even have to be a friend of ours. To me that is all poppycock, that we will help people who are not even our friends. I think the only way to keep it under control is to know that they will have to follow our instructions and that they are going to have to be our friends or they will not get any money.

The CHAIRMAN. I think that you said that you felt that the immediate situation could be taken care of partially by Public Law 480 programs or programs under Public Law 480?

Dr. HILL. What I have in mind is this, Mr. Chairman: I favor Public Law 480 shipments of food in emergency situations. I think we should continue such shipments. But I also think we should make it clear that we do not propose to continue these shipments indefinitely and that recipient countries should get on with the job of increasing their own production of food as quickly as possible. Otherwise there will come a time when we cannot meet their food shortages even if we want to and large numbers of people will go hungry.

The CHAIRMAN. Mr. Teague of California?

Mr. TEAGUE of California. Dr. Hill, I understand that in Japan they have done a magnificent job.

Dr. HILL. Japan?

Mr. TEAGUE of California. Yes, sir. In achieving maximum food production and, also, in population control.

Dr. HILL. Yes, sir.

Mr. TEAGUE of California. Is there any means of their transferring of this know-how at all to other countries in Asia? Is there anything being done along that line?

Dr. HILL. I am not familiar with Japan's technical assistance programs, but I do not believe they are doing very much in agriculture. You will realize, of course, that following World War II they were not politically acceptable for a time in a number of countries in south and southeast Asia. I know that Taiwan has a number of rice production teams in developing countries. I have the impression that Japan is beginning to move in the direction of greater assistance to developing countries but I have no hard information.

Mr. TEAGUE of California. I am not for the moment saying that it was a good idea, and I would not want you to comment on this, but if Japan had been wise enough to leave us alone, had they gone ahead and perhaps conquered Asia, the problems we now have would be considerably less than they are, to put it that way, in other areas.

The CHAIRMAN. Mr. Dole?

Mr. DOLE. I would say, as to the FAO, that their total budget for the next 2 years is only about \$130 million, and of this amount our part is about one-third. I think that the total budget for the special programs over a 2-year period is only about a little less than \$82 million. We are not talking about a great amount of money when we consider that we have 112 member countries in the FAO.

I was interested in Dr. Hill's statement on page 4, where he indicates it is not easy to transfer improved production technology from one country to another or to transfer know-how from one country to another.

You did not mean by that statement to say that we should not make the effort?

Dr. HILL. No. Could I try to clarify what I did have in mind?

Mr. DOLE. Yes. I have been working for some time very seriously on what I refer to as a bread-and-butter corps idea, to work through the land-grant colleges and through the extension services under the jurisdiction of the U.S. Department of Agriculture, on an intensified and accelerated program to train technicians, not Ph. D.'s, as the chairman pointed out, but practical farmers and others in agriculture with 1 or 2 years of specialized training, to go into these countries and attempt to transfer the know-how we have. In response to some 150 letters, I have had some very good responses from the land-grant college presidents and State extension directors. I believe such a program should be kept under the direction of the U.S. Department of Agriculture, to avoid the very problem Mr. Jones has mentioned.

Do you have any offhand comments on that? Do you feel that we must continue our efforts to transfer the know-how, as was said yesterday, "our know-how and show-how," which are very important.

Dr. HILL. Let me say this, Mr. Dole: I do not think that in most cases the problem is simply one of transferring crop varieties and farming practices without modification from the United States to, say, India. It is not as easy as that. What is needed are high-yielding crop varieties that have been developed and carefully tested for their suitability to Indian conditions. These conditions differ in important respects from ours. The development or adaptation of improved varieties for use in India is a job for highly trained, experienced plant

breeders. Also needed are fertilizer recommendations based on carefully conducted trials throughout India and other developing countries using improved crop varieties. This also is a matter for trained scientists as is the development of methods of protecting crops against local plant diseases and insect pests. As I see it, if we want to help increase food production in the developing countries as quickly as possible, rather than trying to export U.S. agricultural technology, what we need to do is to make available during the next several years the services of some of our experienced agricultural scientists to help underdeveloped countries develop production technology what is suited to their particular conditions of soils, climate, and so forth.

Let me go back to Dr. Harrar's statement concerning the work of the Rockefeller Foundation in Mexico. This is exactly what they did. They did not try to transfer wheat varieties and farming practices directly from North Dakota or Kansas to Mexico. Instead, they sent to Mexico a small but highly qualified group of agricultural scientists. Some of them are there yet although the program was started more than 20 years ago. These scientists undertook to develop improved varieties of wheat, corn, potatoes, and other crop suited to Mexican conditions. It was this approach that laid the basis for the substantial increases in crop yields that have occurred in Mexico during the past 20 years. The Rockefeller Foundation also helped to train Mexican agricultural scientists so that Mexico now has a good agricultural research organization of her own. The training part of this program has been extremely important from the long-term point of view.

What I am suggesting is the need for this approach to the problem of helping developing countries increase their production of food. Because of prospective increases in population, we need to make it clear that we cannot meet their emergency food needs by 1980, much less by the year 2000, unless they greatly increase their own production of food between now and then. We need to negotiate a package deal that includes not only Public Law 480 shipments of food to meet emergencies but agreement as to "who does what" in developing improved production technology, arranging for necessary supplies of fertilizers, providing price incentives for increased food production, and so forth. We need to say, "Study your situation to see what you have and what you can do, and we will see what we can do toward filling in the gaps."

Mr. DOLE. That is precisely the point that I make. We cannot solve the problem immediately.

Dr. HILL. Yes.

Mr. DOLE. With much less cost to our Government and to the taxpayers.

Dr. HILL. Right. I share your view concerning the need for a clear understanding as to what the United States is willing to do to help the developing countries solve their food problems and what the countries themselves are going to have to do.

The CHAIRMAN. May I interrupt?

The FAO operates on a very limited budget, as Mr. Dole has said. They were not supposed to be spending enormous amounts of money in the 112 nations in which they are working. What I want to put on the record here is the fact, that in one country, India, a few years ago we had a Public Law 480 transaction with India that involved \$2,200 million. I do not know what that money has been used for.

We gave India 45 percent of it—we loaned them 45 percent of it. That is an enormous amount of money, \$2,200 million in one country, one transaction. That covered a period of 3 or 4 years, but we have spent billions of dollars under Public Law 480 programs. You are familiar with the program. We have had it under each administration, whether Republican or Democratic, and they have had tremendous authority. In fact, we have passed every authorization they have ever asked for of this committee and the Congress, and yet we are still facing starvation and hunger in these countries. That is the reason we started these hearings, to find out just what our role is in this situation and what it should be. I appreciate all you have said. I agree with all you have said. But I do not know whether we can, by just talking here, do anything or not. I think it is up to the members of this committee to explore it fully, and that is what we intend to do.

Mr. DOLE. I want to ask one other question. I do not know the answer. Maybe you do. There is much work being done now by land-grant universities and colleges and agricultural colleges, by your foundation and by other foundations.

Dr. HILL. Yes.

Mr. DOLE. And by the Peace Corps, and AID, and FAO, who are working on these problems. It occurs to me, without knowing that there may be some duplication, perhaps there should be more coordination of all of these programs with the idea in mind the chairman touched upon, to really accomplish something. What are we accomplishing? Is there too much duplication, in your opinion, or not?

Dr. HILL. Let me say two things about that, Mr. Dole: First, there has not come to my attention what I would call serious duplication. You usually can depend upon the head of the U.S. AID mission, representatives of the foundations, and other assistance agencies to get together and agree as to, "Who will do what." In some cases, the agencies will work on separate projects. In others, one agency will undertake one part of a project and another agency another part. I have no doubt that if one were to carefully review the history of technical assistance during the last 20 years, instances of duplication would be found. But I doubt if it has been really serious in many countries.

With respect to the overseas operations of land-grant colleges, I think it is fair to say that emphasis so far in the field of agriculture has been largely on the long-term problem of developing agricultural colleges and universities in underdeveloped countries. I am now of the opinion that in countries facing food crises we need to supplement this kind of help with full-time research teams working on problems of food crop production.

I should think the land-grant colleges could do this sort of thing in countries where they have AID-financed contracts. I would emphasize, however, that in most countries it will take 10 years or more to do the kind of job that needs doing. Personnel and financial arrangements should be made accordingly.

Mr. DOLE. I feel we might be able to come up with, something in this committee, as to the land-grant colleges, following that technique and providing the technicians needed.

Dr. HILL. Yes, sir.

Mr. DOLE. Thank you very much, sir.

The CHAIRMAN. Thank you very much, Dr. Hill. We certainly appreciate your coming here and giving us this information.

The committee stands adjourned until 10 o'clock tomorrow morning. (Whereupon, at 12 noon, a recess was taken until 10 a.m., Thursday, February 17, 1966.)

WORLD WAR ON HUNGER

THURSDAY, FEBRUARY 17, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Jones of Missouri, Olson, Matsunaga, Stalbaum, Vigorito, Redlin, Greigg, Callan, Teague of California, Findley, Dole, and Walker.

Also present: Representative Paul H. Todd, Jr., Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; Francis LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

We are honored this morning to have the Honorable Don Paarlberg with us who is very well known to the members of this committee.

We are very delighted to have you with us, Dr. Paarlberg. We have had some most interesting people during this week. We have had witnesses from Princeton, Harvard, MIT, Kansas, Rockefeller Foundation, and the Ford Foundation. I have never heard more interesting statements than those that have been made this week. What we are interested in is the world food crisis, the world population explosion which has contributed to this.

We are blessed by having a great abundance of everything in the way of food and fiber, and yet we are living in a hungry world. We are not asking you or any of the other witnesses who have testified—we did not ask them—to express their views on any particular bill. I have a bill that I introduced on January 19. And we have since received the message from the President. We have other bills that have been introduced on this subject which will be considered by this committee.

I know that the committee has a very high regard for you, and we are delighted to hear you and I am sure that we will be interested in anything that you have to say. You have a prepared statement, I see. You can place it in full in the record, or you may proceed just as you desire to proceed. We appreciate your coming here.

STATEMENT OF DR. DON PAARLBERG, HILLENBRAND PROFESSOR OF AGRICULTURAL ECONOMICS, PURDUE UNIVERSITY, LAFAYETTE, IND.

Dr. PAARLBERG. Mr. Chairman and members of the committee, it is a real pleasure to be here. I thank you for inviting me. This is a subject in which I have a very deep personal interest and it is, therefore, all the more appreciated by me that I have this opportunity. I think, Mr. Chairman, that I will read my statement. It is not a lengthy one. And after that, if you have questions I will be glad to respond to them.

The factual situation with respect to world food supplies and world population growth has already been laid before this committee by people with special competence in these fields. I will address myself only briefly to the factual situation and will devote most of my time to an interpretation of the facts.

I commend to you two recent and, in my opinion, excellent publications of the Department of Agriculture on food and people. Very likely these have already come to your attention. This is the publication. One is Foreign Agricultural Economic Report No. 28, titled "The World Agricultural Situation, Review of 1965 and Outlook for 1966," released January 3, 1966. The other is Foreign Agricultural Economic Report No. 27, titled "Changes in Agriculture in 29 Developing Nations, 1948 to 1963," published in November of 1965.

Much of the factual material I shall present is taken from these two publications. The following table, taken from publication No. 28, provides a summary of the relationship between food and people in various parts of the world during the last 6 years.

(The table referred to follows:)

Indexes of world agricultural production, total and per capita by regions, calendar years 1960 to 1965¹
[1957-59=100]

Region	Total					
	1960	1961	1962	1963	Preliminary 1964	Estimates 1965 ²
Canada.....	109	96	119	128	119	130
United States.....	106	107	108	112	111	116
Latin America.....	104	110	112	116	114	123
Western Europe.....	108	107	112	116	115	117
Eastern Europe.....	107	104	104	110	115	111
Soviet Union.....	101	107	107	101	117	108
Far East ³	110	113	114	118	122	123
Western Asia.....	100	107	114	119	122	125
Africa.....	109	106	114	116	119	120
Australia-New Zealand.....	108	110	117	122	126	119
World ⁴	103	104	108	111	113	115
Region	Per capita					
	1960	1961	1962	1963	Preliminary 1964	Estimates 1965 ²
Canada.....	104	90	109	116	106	113
United States.....	103	102	101	104	101	104
Latin America.....	98	101	100	101	97	101
Western Europe.....	106	104	108	111	109	110
Eastern Europe.....	105	101	101	106	110	105
Soviet Union.....	97	101	100	93	106	96
Far East ³	105	106	104	106	107	105
Western Asia.....	95	99	103	104	103	104
Africa.....	104	99	104	104	104	103
Australia-New Zealand.....	104	103	108	110	111	103
World ⁴	99	98	100	101	101	100

¹ Revised series. The index for Canada is that computed by the Dominion Bureau of Statistics, with the base period shifted. The index for the United States is the official ERS index of farm output. For Western Europe, Eastern Europe, and Soviet Union the indexes have been computed by ERS, using regional commodity production totals and Western European regional price weights. For other regions the indexes have been computed by ERS using production data and price weights for individual countries and averaging the country indexes together in proportion to production in the base period. Production statistics for corn, cotton, rice, and sugar published by FAS have been adjusted as closely as possible to calendar years. FAS statistics on other commodities have been used without adjustment and have been supplemented by data from various sources for commodities and countries not covered by FAS estimates of production.

² These estimates for 1965 may be revised in the regional agricultural situation reports by using later data.

³ Excluding Communist Asia.

⁴ Including estimates for Communist Asia.

As will be seen from the table, agricultural production has increased in all major parts of the world during the past 6 years, though the rate of increase varies from one area to another. On a per capita basis, agricultural production in the free world has generally risen during this 6-year period, though the rate of increase varies. During the past year there has been a slight reduction in per capita food supplies in the Far East and in Africa. The Communist countries have generally lagged.

As for the immediate situation, total world agricultural production in 1965 was about 1.5 percent higher than in 1964, a smaller gain than in each of the preceding 2 years. Food production—dominated by the cereal crop, which increased only 1 percent—rose less than the rise in world population. While production in the Western Hemisphere rose faster than population, the reverse is true in most of the rest of the world. Total production fell in Eastern Europe and in the U.S.S.R., dropping output per capita significantly. In Asia, including China, total agricultural output was larger than in 1964 but, as has been said, output per person declined.

As to the prospects for population growth, the best estimates available, in my estimation, are those provided by the United Nations. The present world population is estimated at slightly in excess of 3 billion. Projections to 1980 range from 4.1 to 4.6 billion, with the higher projections perhaps the more realistic. About 85 percent of the increase anticipated by 1980 is expected to be in the less developed countries of Asia, Africa, and Latin America. Continuation of current growth rates would indicate a doubling of the world population to 6 billion or more by the year 2000.

The expanding population will place a tremendous burden on the world's food-producing capacity. The need for family planning becomes increasingly evident; in the absence of some check on population growth, no effective longrun solution to the food problem is possible. I look on our assistance in the world food picture as a means of buying valuable time within which some effective control over population growth may be attained.

The world food problem is no new thing, though it takes on new forms and responds to new influences. Throughout history, unknown to most American people, a considerable share of the earth's inhabitants have lived on the borderline of want. Thomas R. Malthus wrote, 168 years ago, that the population tends to outrun the food supply. This is a very old and a very great problem, properly arousing our compassion.

Not for a moment would I gloss over the problem of food shortage and malnutrition, or the burden which the population explosion places upon world agriculture. Clearly, the world food situation is now very difficult in India and in a number of other countries. Our help there is constructive and welcome. The world picture, however, is far better than one might think from reading the headlines. Consider these facts:

- (1) During the past 20 years, agriculture around the world has generally kept ahead of the population explosion, so that the average person in the less developed countries though still poorly nourished, now eats better than his father did.

(2) There has been no major famine in the world during these postwar years. There is no known previous period of equal length of which this could truthfully be said.

(3) Prices of agricultural products have been declining in world markets, having fallen about 9 percent since November of 1963. This is hardly an indication of a serious general deterioration in world food supplies.

(4) Per capita real incomes have risen in almost all of the countries of the world. Of the 26 countries for which data are supplied in publication No. 27, previously referred to, real per capita income increased in all but one, Argentina. A part of this increased income has been spent, as one would expect, for increased quantities of food. The concern regarding food in many parts of the world is in part a reflection of the greater purchasing power and hence greater effective demand which result from economic development.

What I am saying, in summary, is this: While the world food supply is very short relative to nutritional needs, this is not a new problem and in most of the less developed countries it is not a worsening problem. We are, fortunately, more aware of it and more concerned about it than formerly. But our concern should not blind us to the fact that in most countries agriculture has more than kept up with the population explosion, and that people are better off nutritionally than they were some years past. A part of the overall improvement is a result of our food-for-peace program, which has increased food supplies in countries where production has been disappointing.

Concern about the world food problem is a reflection of the fact that ours is the first generation to dare think in terms of food enough for all. This arouses in me more hope than despair.

To treat the present and prospective situation as a "crisis" is both too alarming and too reassuring. It is too alarming because, measured objectively, the situation is better than it has been. It is too reassuring because to consider it a crisis infers that some sudden act could solve the problem. The problem calls not for short-run dramatics but for compassion and prudence, wisely blended and of longrun nature.

The relationship between people and their food supply is highly complex and poorly understood. Several myths have arisen. To these I now address myself.

Myth No. 1: The myth that the needy countries want all the free food they can get.

One would think that a country with hunger and malnutrition would gladly take all the free food that would be made available. To the amazement of many people this is not so.

How much free food will a needy country take? It will take as much as it feels it can absorb without sharply depressing farm prices and without seriously injuring its own farmers. To take more than that would reduce its own agricultural production and make it dependent upon continuing gifts from the United States. To become thus dependent would be to lose its freedom of action. In the great majority of cases, the foreign officials responsible for the programming of food under Public Law 480 make the hard, soul-searching decision to accept a certain amount of hunger and malnutrition in order to re-

tain their country's independence. The limitation on the amount of food programed under Public Law 480 is not so much our unwillingness to supply as it is their incapacity to receive.

If this seems inconceivable, one can turn the thing around. Consider an official responsible for the food supply of the United States, and suppose our food supply were short. Would such an official accept unlimited quantities of free food from abroad, depress farm prices in the United States, inhibit our own agricultural production and make us dependent upon continued gifts from overseas? He most certainly would not. Nor, if he is wise, would the minister of food in some other country.

We would be doing a disservice both to the receiving nation and to ourselves if we were to force upon them more than their good judgment indicates they should take. The relationship between donor and recipient should not be such as to create a permanent relief client and to build a situation of dependence so great that neither party could break it. This is a good principle in public as well as in private giving.

The countries in which there is major concern about food supplies today—India, Egypt, and, perhaps, a few others—are countries which may, with our acquiescence, have made themselves excessively dependent on our special food exports. They may have thereby inhibited their own agricultural development to some extent. If this is indeed the case, the remedy would be to take actions which would help them increase their own agricultural production.

Let me make my position clear. I think the food-for-peace program is a good thing. I believe it has done much good. This committee is to be commended for having developed this program 12 years ago, fashioning it so well that no major change has been necessary from that day to this. The reason it has been helpful is that for the most part it has been used with restraint, with concern for the needs of those who receive as well as those who give. And I think the program can helpfully increase, gradually, from its present level, as the receiving countries improve their port facilities and their distribution system and as they develop their own agricultural potential. The criterion for volume should be not just our capacity to supply but also the capacity of the receiving nations to use wisely.

Myth No. 2: The myths about American food supplies.

American capacity to supply food under our special export program is surrounded by two conflicting myths: one, that if we wished to do so we could feed the world; the other, that we find ourselves suddenly helpless because our surpluses are gone.

Neither of these is correct. Although the flow of food from North America to the less developed countries in future decades is likely to be larger than at present, it will be small when compared to the growing needs of these regions. Cereal grains are the backbone of the world's food supply. Our total grain production in 1965 was about 186 million metric tons, 20 percent of the world total. If we were to remove all acreage restrictions, our grain production might rise to something like 226 million tons, which would increase the world total by only 4 percent. Our additional capability, 40 million tons, would be a significant amount but would not bring world food supplies up to the minimum levels established by the nutritionists. Apart from questions of shipping, port facilities and impact on agriculture in the receiving countries, we are not physically able to feed the world.

While our food will be very important in certain areas, to feed the world from the United States is manifestly impossible.

Not that I do not include cost to the American people as a major factor inhibiting an expansion of our food-for-peace program. The reason is that to produce and ship abroad a bushel of grain under Public Law 480 is not much more costly than to persuade the farmer, by payments, to refrain from producing that bushel. We have just completed a research project at Purdue University which shows that, all things considered, it costs about \$1.03 to prevent the production of a bushel of corn in the Corn Belt.¹

The farm price of corn in Indiana in January was \$1.10 per bushel.

Rivalling the myth that we could feed the world is another myth, that we are helpless because our surpluses are gone. This is also an error. We anticipate a carryover of wheat on July 1, 1966, of about 750 million bushels. While this is down sharply from the 1961 peak of 1,411 million bushels, it is still very large. The Secretary of Agriculture says our supplies are adequate.

We could sharply increase our production of wheat if it were needed in the food-for-peace program. More and more we look at our surplus in terms of our production capacity rather than in terms of existing stocks in the hands of Government. This committee wisely provided, last year, that our special export program for dairy products need not be limited to stocks on hand, making it possible to go directly to the market and purchase nonfat dry milk for donation overseas.

We are neither omnipotent nor are we helpless. To forgo assistance because our help must be limited would be to evade both opportunity and responsibility. To assume that we could, through the food-for-peace program, remove all production restraints from American farmers and dispose of the surplus by wrapping the flag around it and shipping it abroad is an error. We might think that this would simultaneously placate our farmers, serve the country's foreign economic policy, satisfy our desire to go good in the world and win us applause from the recipient nations. But that is too much to expect, more than our able legislators and administrators have been able to achieve during the 12 years that the program has been in operation.

Myth No. 3. The myth that technical assistance to foreign agriculture will hurt American farm exports.

There is a deep-seated belief that if we help the less-developed countries with their agricultural production we will reduce exports of American farm products. That there are individual cases in which this is true, I have no doubt. But the great weight of experience and evidence is to the contrary. Consider these facts:

(a) American agricultural technical assistance to the less-developed nations really began with the point 4 program. During this period, from 1948 to 1965, commercial agricultural exports for dollars increased from \$2 billion to \$4.6 billion.

(b) Our best commercial export markets for agricultural products are those countries whose agriculture is the most advanced—Canada, Western Europe, and Japan.

(c) A number of countries to which we have given both technical assistance in agriculture and food for peace have "gradu-

¹ R. J. Edwards, "An Analysis of the Land Retirement Provision of the Feed Grain Program," unpublished thesis, Purdue University, January 1966.

ated" from the food-for-peace group and are now taking American farm products for dollars. Among them are Japan, Italy, and Greece.

There was a day when it was thought that one could do best if he ignored the poverty of his neighbors. We now know, as individuals, that we do better if our neighbors are also reasonably well off—they then are better customers. We are in the process of learning that this principle applies to nations as well as to individuals.

I turn now from a discussion of myths to three positive recommendations:

1. I recommend that Public Law 480 be altered to authorize the procurement, in the market as well as from Government stocks, of the agricultural products and production goods needed in the food-for-peace program. I am thus recommending that the entire program be changed, as you have already changed it for dairy products, from a surplus disposal operation to an effort intended to meet the needs of our foreign economic policy. I see no reason why, in our programs of foreign assistance, Caterpillar tractors and International trucks can be bought in the market but food procurement must be limited to supplies unintentionally acquired by the Government as part of its price support operation.

2. I recommend that the technical assistance part of our overseas agricultural programs be greatly expanded, so as to help these people to help themselves. The greatest asset we have to help meet world food needs is the technical capability which you gentlemen of this committee have brought into being. I speak of our agricultural science, our system of agricultural education, our agricultural credit institutions, our marketing methods, our regulatory concepts, our knowledge of land tenure, our managerial capability, our ideas of the interrelationship between operating farmers, agribusiness firms and government. In these great assets we lead the world. They have been built during the century since the establishment of the Department of Agriculture and passage of the Land Grant College Act. The committees of the Congress, particularly this committee, have shaped their concepts and provided the funds with which to develop them. This great resource is now ready to be sent overseas, not in the exact form that we have developed it, but transformed to meet the needs of the people in the developing countries. This will be a very difficult undertaking, but it will be highly rewarding.

3. I recommend that when we supply short-term food assistance and long-term technical assistance we also require of the receiving nations that they commit an increased amount of their own resources to improving their agriculture. Much effort of this kind is already being expended. The magnitude of this effort should be greatly increased and we should use our position as suppliers of food and technical assistance to help bring it about.

In conclusion, I offer the judgment that of all the things this committee might do, no other action would better meet the prospective world food situation than to use wisely, in the mutual interest of ourselves and our friends abroad, the agricultural capability we possess. In part this consists of food presently in Government stocks. In part it consists of food which might be procured in the market or food which might be grown. It also consists of fertilizer, insecticides, and other production items which might be purchased and made available.

Above all, it consists of American knowledge, American institutions, and American technicians, our most useful agricultural resources. If these resources are made available, it is my judgment that the historian will judge this to have been an act of enlightened self-interest, helpful to ourselves and our friends abroad.

The CHAIRMAN. Dr. Paarlberg, I want to congratulate and to commend you upon your fine statement. I am certain that it will be considered carefully by all members of this committee. You have made a great contribution to our deliberations.

I would just like to state that I know no member of this committee believes for 1 minute that we can feed all of the hungry people in the world. The fact remains, however, that we have a potential production capacity which is enormous.

We have already retired 60 million acres of fertile farmland and now it is proposed that we retire several million acres more of fertile farmland. That was the program which came up in the last session, which was authorized in a bill which was enacted into law and signed by the President.

Now, I understand that there is some confusion about just where we are, because in the President's food message he said something about bringing into production some of the 60 million acres that we have already retired. It just does not make sense to me that we should be bringing back some of the 60 million acres, and at the same time embark upon a program which is to retire more acres of farmland, at a gigantic cost to the taxpayers.

You have made a splendid statement here. You brought out one point about production cost to the effect that——

Dr. PAARLBERG. That is on page 9.

The CHAIRMAN. Yes, on page 9.

Dr. PAARLBERG. Rather, pages 8 and 9.

The CHAIRMAN. You state that you have just completed a research project at Purdue University which shows that, all things considered, it costs about \$1.03 to prevent the production of a bushel of corn in the Corn Belt. The farm price of corn in Indiana in January was \$1.10 per bushel.

Dr. PAARLBERG. That is the market price.

The CHAIRMAN. That is right. Now I know and I am sure you do that the Communists have been using our farm program for propaganda, saying that we are destroying vital food and fiber, in a hungry and naked world. Now they are saying that we are retiring 40 million more acres of fertile farmland. I do not know what we will come out with in these hearings, but we hope to bring out something, we hope to have somebody tell us just what the difference is between the cost of producing food and giving it away, and to retire farmland, and to let the farmers go to the seashore, to sit in the sunshine and rest while other people are suffering the agonies of starvation. I know that we cannot feed the world.

I said the other day, and I would like to repeat it, maybe we can help some of these poverty-stricken areas for a short while, until they themselves can become more efficient in the production of food. And we would still have an abundance if we sent out our surpluses.

I think every witness who has testified has agreed with your statement that we must increase the production abroad.

Dr. PAARLBERG. Yes, sir.

The CHAIRMAN. To give them the benefit of our know-how, and to give them a little "show-how"—as one witness put it in his testimony. But I do not think that we should retire land by the millions of acres with people in India and in other places in the world suffering.

I will not ask you to endorse any bill. I have not asked any other witness to endorse any bill. That is, my bill, or the President's bill, or anybody else's bill. But I think that you have endorsed the idea that we share under Public Law 480, as we have been sharing in our food-for-peace programs, our abundance with other less fortunate people.

Mr. PAARLBERG. That is right.

The CHAIRMAN. It is a problem of great magnitude. It is something that has much merit. And while I agree with you that this is not new, the situation that we are now in, we must do something to dramatize the importance of the problem—we should let people know that some thousands of people are dying every day of starvation—that one-third of the population is overfed and two-thirds of the population of the world is underfed.

I want to thank you again for coming here and giving us of your valuable time. I know that your views will be carefully considered, along with the views that have been expressed by the other witnesses we have heard this week. We thank you.

Mr. Teague.

Mr. TEAGUE of California. I want to thank Dr. Paarlberg for giving us this excellent statement.

As the chairman has said, we have had some outstanding testimony this week, in the form of witnesses who have done a splendid job of pointing out the problems. Some of us thought that with some of them that there was a lack of decision in way of recommendations. I am particularly grateful to you for pointing up the problem and giving us some specific recommendations which to me make very good sense.

Dr. PAARLBERG. Thank you, sir.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. I want to commend Dr. Paarlberg for his fine statement, a very helpful statement, and a very practical one. It has been a privilege to be here to hear it.

The CHAIRMAN. Mr. Findley.

Mr. FINDLEY. Dr. Paarlberg, on page 12, under No. 3, you said:

I recommend that when we supply short-term food assistance and long-term technical assistance we also require of the receiving nations that they commit an increased amount of their own resources to improving their agriculture.

Could you amplify that, be more specific about what requirement we should logically impose upon a recipient government?

Dr. PAARLBERG. In the negotiations that would precede a program or an agreement we would require of them, as a condition of receiving this food and this technical assistance, that they step up their own research and education and extension; that they improve their facilities in agriculture; that they invest in fertilizer plants; and that they themselves put forward a greater effort than they have in the past. Some of these countries have felt that economic development meant industrial development, and they have given agriculture as a sort of a second position.

It is my feeling that this has been an error; that for them agriculture should not be second, it should be first.

Some of them feel the need for short-term help in the form of food, and for our long-term help in the form of technical assistance. We can use those as levers to get them to agree to commit more of their resources to their own agricultural development. We have some leverage over them in the negotiation process regarding the writing of the program. I think we should use it. I know we have used it in the past. I think we should use it increasingly.

Mr. FINDLEY. Dr. Paarlberg, one of the very important and complicated questions that this committee will face is how this expansion which you propose and which I feel is very much in order would be financed. You have had experience as a leader in the Department in previous years.

Would you recommend that it be financed through the Commodity Credit Corporation or by the appropriations route?

Dr. PAARLBERG. I do not have a clear preference on that matter. The Commodity Credit Corporation has immense experience, knowledge, and capability. And these are real assets in this business. I know that there is cooperation between the people in the Commodity Credit Corporation and the people in other parts of the Department and in other departments of the Government concerned with these international programs.

I think that a rather effective degree of cooperation has been worked out. I do not have any clear view of how this should be changed or whether it should be changed.

I think the important thing is not the administrative matter of precisely who has final judgment in the things. The important thing, I believe, is that some of the concepts be broadened so as to look on our agricultural capabilities as an asset, rather than as a problem. I think that it will take some transformation in the thinking of people in various departments, in various parts of the Government, but I am heartened by the increased indication that this transformation is coming about.

Mr. FINDLEY. Dr. Paarlberg, it has been suggested that this expansion program might have some adverse effect on our market system if the purchases are handled through the Commodity Credit Corporation as opposed to direct procurement for specific programs overseas. Do you feel that there might be a serious adverse effect upon our marketplace merchandising system if reliance is placed on the Commodity Credit Corporation in place of direct procurement in the marketplace?

Dr. PAARLBERG. Well, as you know, I would not limit our programming to those commodities that the Commodity Credit Corporation has.

Mr. FINDLEY. I understand that.

Dr. PAARLBERG. Whether the acquisition of the commodities, not owned by the Commodity Credit Corporation, is done through the administrative machinery of the Commodity Credit Corporation, or whether it is done in some other fashion I do not consider to be a major point. The people in the Commodity Credit Corporation go in the market and buy products for distribution in the school lunch program or elsewhere. They know how to do this.

It seems to me that they might, also, acquire products that would be programed for overseas. Their expertise in this matter could be a very useful thing.

On the other hand, I can see that it could be run privately without drawing on the capability of the Commodity Credit Corporation. I do not have a clear view that one is preferable to the other.

The market impact could be felt equally, whether this is done through the Commodity Credit Corporation personnel or whether it is done through completely private purchases.

Mr. FINDLEY. I want to compliment you on your excellent statement.

At a recent food conference here in Washington the statement was made that India has enough land and water resources to feed not only its present population, but twice its present population. Would that seem to you to be a reasonable estimate?

Dr. PAARLBERG. I think that this is a reasonable estimate. They have good soils. And, generally, they have a rather satisfactory amount of rainfall. Agricultural resources, basically, are good. Their technology is at a very low level.

In rice, the yields per acre are about one-third of what we have in Japan. And Japan's agricultural resources are not as good as those in India.

It is not an easy matter to lift the yields. It is very, very difficult, but their agricultural resources are such that with good technology they could provide much more food, conceivably twice as much food.

Mr. FINDLEY. I read in the farm journals occasionally that there has been a promising development of artificial meat, in which animals are bypassed. The process transforms grain into products that are almost identical with red meat.

Dr. PAARLBERG. Yes.

Mr. FINDLEY. Has that possibility been taken into account in the estimate of the food need situation?

Dr. PAARLBERG. It has been taken into account by some, but not by others.

Mr. FINDLEY. That could have a tremendous impact upon food?

Dr. PAARLBERG. It could have. There are a number of things that might occur. That is one very important one.

Another one is genetic changes in our food crops that could vastly improve the nutritive quality of the food grown. For example, at Purdue University we have a new corn that has about twice the normal amount of lysine, one of the critical amino acids in corn, which would vastly improve the protein of the corn. This is a crop used around the world for food, in Asia, in Africa, and in Latin America. If this would work out, this single development might greatly lift our agricultural capability in the world. And then there is food from the sea, many other things—desalination of sea water.

We should keep our minds open to the fact that a whole new technological area might be opened up. Large parts of this is based on research which you gentlemen in this committee have supported and sponsored. It might turn out to be one of the most valuable assets that this country has.

Mr. FINDLEY. So that some of the rather wild predictions of imminent food shortage and starvation due to inadequate food supplies are unsound?

Dr. PAARLBERG. I believe this is true. If one projects the present level of technology and takes no account of the changes that may come along he can come out with a bleak and dismal picture of mass starvation. If one takes account of the agricultural capabilities of these countries, what could be done within present technology and of the new technology that might come over the horizon, then one might come out with a much more reassuring picture.

I think that the latter is more realistic than the former, because a revolution in agriculture technology is going forward at a very substantial rate, lifting the capabilities of the various countries of the world at different rates from different levels. And I think that it is unrealistic to project technology at a constant level.

Mr. FINDLEY. Thank you.

The CHAIRMAN. Well, not only the agricultural capabilities, but the transportation facilities should be increased?

Dr. PAARLBERG. Yes, sir.

The CHAIRMAN. And the distribution systems must be improved. A man who is earning 20 cents a day cannot hope to make much headway in agriculture. That is what we have in some of these countries where they work from early in the morning until late in the evening and earn 20 cents per day average. And here a workman makes more in 1 day than they make in a whole year.

I think every witness who preceded you this week has suggested that we must do something to give them some technical assistance in a long-range program. We have an immediate situation, as you said, which is not new, but people are starving throughout the world.

Dr. PAARLBERG. The new thing, Mr. Cooley, is, I believe, our awareness of it and our concern about it. These are the new things.

The CHAIRMAN. That is it exactly.

Are there any further questions? Mr. Callan.

Mr. CALLAN. The present budget is about \$4 billion for foreign aid and around \$2 billion for economic assistance and about \$1,500 million for food for peace. Do you think that these figures should be effectively reversed at this particular time? Maybe we should put more money into the food-for-peace program and a little bit less into the other parts of the program.

Dr. PAARLBERG. I think that the food-for-peace program can grow gradually. It has been running around a little over \$1,500 million, I believe, in the past years. I think that in the coming year it will have to be, at least, as large as in the previous years and, perhaps, a little bit larger.

I would expect the food-for-peace program to increase at a relatively modest rate. It has been doing that during the 12 years of its existence. I would expect it to continue to be true. I would hope that the short-run help in the form of commodities would be accompanied by increasing amounts of technical assistance, so as to help the receiving countries to become more self-reliant.

As for the other part of the foreign-aid program I, myself, think that it would be unwise to reduce the amount of economic assistance to these countries. I do not think that we can substitute food aid for economic assistance. They need some capital goods in order to improve their industrial plant, in order to produce the agricultural raw materials that they need, and I think that the economic assistance that we have given on balance has been helpful, it has been use-

ful, it has been used effectively by these countries with a few noteworthy exceptions. I would not propose a cutback in the nonagricultural part of the foreign assistance program. And I would not, certainly, feel that the agricultural part of it should be reduced. In fact, the level of \$1,500 million seems to me to be a bit short of the probable real needs.

Mr. CALLAN. You think that we should spend more money. The budget is about \$4,800 million for the total. Your statement is that there should be more money in both?

Dr. PAARLBERG. That is what I am saying.

Mr. CALLAN. Thank you.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. It is good to have you back with us.

Dr. PAARLBERG. Thank you.

Mr. GATHINGS. You are at Purdue University; is that right?

Dr. PAARLBERG. Yes, that is right.

Mr. GATHINGS. Since we have a daughter at our house who is of college age, we had been looking around at some of the universities over the country where she could take her master's degree and we took a good look at Purdue. It seemed to be a mighty fine school for her to go to in view of the fact that there are more male students than female students. [Laughter.]

How do you account for that?

Dr. PAARLBERG. Well, we are working on that ratio. We are getting it down a bit now. When I went to Purdue we had seven males for every female. Now this is down to about four males per every female. That is still a pretty good opportunity for your daughter.

Mr. GATHINGS. I agree. Something ought to be done about it. [Laughter.]

Dr. PAARLBERG. The reason that we are heavily male is that we have long been an engineering and an agricultural institution, and these are predominantly male students. We are now increasing our number of students in the humanities and the liberal arts, in the social sciences, and so we are getting that ratio improved.

Mr. GATHINGS. Thank you.

The CHAIRMAN. I would like to make one observation. I would like to suggest to my friend to send his daughter to North Carolina.

Mr. TEAGUE of California. If you will yield, if you are looking for something like that, I suggest that you send her to a school where they have many more young men. If you cannot get your daughter into North Carolina, you might consider a little school out in California called Stanford. Their ratio is quite high.

Mr. GATHINGS. She decided to attend George Washington.

I just wanted to point out that you have given us a most enlightening statement, particularly on page 3 where you deal with the population growth. Would you say that by the year 2000 that the population growth will be doubled over the world? The most amazing of all is that you say that some 85 percent of this increase between now and the year 2000 will come from three particular areas of the world, Asia, Africa, and South America. Do you think that in view of the question of the gentleman from Illinois, Mr. Findley, that the present productive plant is going to be adequate to take care of the needs of this many people by the year 2000? Do you think that we will

have to bring in additional land over the world to get the necessary production?

Dr. PAARLBERG. Yes, I do. I think that we will need to bring in additional land. I think that we will need to improve our yields per acre, and lift the whole level of technology in agriculture in this country and around the world in order to meet this.

Mr. GATHINGS. That is the point that I want to get at. Is it your view that there is a limit, that is to say, that we can go only so far and that is as far as we can go in this world to bring in good productive land for food and fiber?

Dr. PAARLBERG. I think that most of the best land has already been brought into production. But there are substantial tracts of land around the world that could be brought into production, in the Amazon Basin, for example—in parts of Africa.

And, as you have said in this committee, we have some productive acres of our own that are not now in use.

I think that the big advances we will make in the years ahead will come not primarily from bringing in new acres, but from improving the production per acre on land already in use. I think we will do both.

Mr. GATHINGS. Thank you.

The CHAIRMAN. Mr. Stalbaum.

Mr. STALBAUM. In light of that, you point out on page 4 of your statement:

During the past 20 years, agriculture around the world has generally kept ahead of the population explosion, so that the average person in the less developed countries, those still poorly nourished, now eat better than his father did.

And at the top of page 4 you talk about the need for family planning.

Assuming that the underdeveloped nations continue to improve their agriculture on the basis of what they have done in the past 20 years without family planning programs, do you believe that the growth in their food production potential in these areas, Asia, Africa, and South America, would be sufficient so that in the year 2000 people would be eating better than they are today?

Dr. PAARLBERG. I think that there is the capacity for doing that.

Mr. STALBAUM. This I recognize from your statement. But not without the stimulus that we talk about?

Dr. PAARLBERG. I know. If neither they nor we take the step necessary to improve their practices in agriculture, then there could be nothing but the gravest difficulty in the world with food.

Mr. STALBAUM. Some have used the expression that we are on a collision course by the year 2000 with regard to food. Do you feel that this is true? That is, that we are on a collision course between population growth and food production unless we do something to improve this situation?

Dr. PAARLBERG. I do not really myself like this phrase "collision course"; the only way that I can chart a collision course is to project the level of agriculture technology around the world at about its present state or at a level substantially less than I think can be achieved. I think to say that we are on a collision course is, in effect, saying that we will not in the future lift the level of agricultural capability around the world. And this is a thing that I myself am not

ready to accept or to resign myself to. I am a little more optimistic, shall I say, than those people who talk about a collision course between population and food supply.

We have been very resourceful in the past. It would have been inconceivable 25 years ago that we would be able to feed 3 billion people, but we have done it, and it is possible that in the next 25 years we will improve agriculture sufficiently to take care of the food needs of the additional numbers of people who will be born if we are wise and resolute.

Mr. STALBAUM. Thank you. I want to thank Congressman Gathings for yielding. I want to take this opportunity while I have the chance to express to you my thanks for a very outstanding statement.

The CHAIRMAN. Just one statement that I want to make. You remember the program that we had here a few years ago?

Dr. PAARLBERG. Yes, sir.

The CHAIRMAN. We were told then that by the year 1975 that we would need to put into production by that time 50 million more acres of fertile farmland to take care of the situation.

Dr. PAARLBERG. Yes.

The CHAIRMAN. Now we are told that that is exactly the opposite—that we are to take out 40 million more acres. And that makes us confused.

Dr. PAARLBERG. One may prove to be as wrong as the other.

The CHAIRMAN. Yes. Mr. Dole.

Mr. DOLE. Like the other members of the committee, I, certainly, thank you for a very fine statement. I was curious about the statement you made on page 9:

We anticipate a carryover of wheat on July 1, 1966, of about 750 million bushels.

Is that based on the most recent figures?

Dr. PAARLBERG. I got that from the Wheat Situation, published by the U.S. Department of Agriculture.

Mr. DOLE. Do you think that it will be this high?

Dr. PAARLBERG. I am not sure. There may have been some developments since the time that this estimate was published. I do not place firm reliance on that specific number.

Mr. DOLE. And, also, I note that in point 2 of your recommendations you touch somethings I believe is worthwhile; that is, technical assistance. I have been working on an idea very seriously which I have called for want of a better name, "A Bread and Butter Corps." This would be a program of intensified, accelerated training through the land-grant colleges, to train technicians on a large scale to go into developing countries. It would be under the jurisdiction of the U.S. Department of Agriculture.

Do you feel it could be coordinated with the programs now in operation? You apparently believe that technical assistance is the very key to the entire problem and, perhaps, will offer some suggestions on my proposal.

Dr. PAARLBERG. I agree with you on the importance of additional training for people who would do this kind of work.

Mr. DOLE. I have indicated it does not take a Ph. D., in other words, we have people who are dedicated, who, may be, with 1 year of technical advice and training, and maybe more, in a land-grant college,

qualified to go into the developing countries and offer the assistance needed. Do you think this is possible?

Dr. PAARLBERG. I do, I do. I think that there is danger in sending overdeveloped scientists to underdeveloped countries. [Laughter.]

The CHAIRMAN. I think that is a classic statement, as classic a statement as you have made.

Mr. DOLE. And, also, I feel such a program should be under the jurisdiction of the U.S. Department of Agriculture. This would take care of what Mr. Jones has stressed frequently—not to get it into the hands of the State Department. As you have stated, to send overdeveloped people into underdeveloped countries does not always benefit. And as you indicate the food aid should be used temporarily, and technical assistance on a long-range program basis.

Dr. PAARLBERG. Yes, sir. The land-grant colleges are increasingly interested in this. I am sure that as you work on this proposal, Congressman Dole, that you will find that the land-grant colleges will be interested in contributing what they can along with the Department of Agriculture.

Mr. DOLE. I have written every land-grant college in America, asking their comments on this type of program. I have had a tremendous response and a lot of interest from land-grant colleges concerning the "Bread and Butter Corps."

I thank you.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. I want to ask two questions. One is with reference, Dr. Paarlberg, to your statement on page 6 where you talk about the myth needy countries want all the free food that they can get. I think that your reasoning about why they should not is good. But could you indicate some country that has been turning down food?

Dr. PAARLBERG. When I was coordinator for the food-for-peace program some years past we were working with the people from India on a long-range program. And we had tremendous stocks of wheat at that time. They were unwilling to take as much as we would offer them. We would have been happy to relieve our storage problem and to have provided this wheat for them, but they, having their own long-range interests in mind, were willing to take only a lesser amount than we would have been happy to have supplied.

I know in negotiations with other countries, at least during the time that I had the responsibility in this operation, we found again and again that we were more willing to supply than they were willing to receive.

The CHAIRMAN. About the same thing happened in Brazil, in the northeast section a few years ago when they were starving by the thousands. We offered everything that we could offer them. And we got into what you say are these political or international political conflicts. The politicians were not willing to let the food be sent in to Brazil.

Dr. PAARLBERG. Yes.

The CHAIRMAN. Because it might conflict with their own local markets.

Dr. PAARLBERG. Yes.

The CHAIRMAN. And with their local farmers. In that way, we have encountered all sorts of difficulties—no matter how generous we

are, no matter how magnanimous we are, you cannot give food to people if the people in charge of the Government fail to help you.

Dr. PAARLBERG. I certainly agree with that.

The CHAIRMAN. And there were no transportation facilities in the northeastern part of Brazil—there was no way to fly it in there because they had no airfields.

Talking about now, I think that we should try to dramatize our generosity by flying something in to save these people in India, although it would only be a short-range proposition.

Mr. JONES of Missouri. What I was getting at is with reference to what you say on the next page, Dr. Paarlberg, where you say:

The countries in which there is major concern about food supplies today—India, Egypt, and perhaps a few others—are countries which may, with our acquiescence, have made themselves excessively dependent on our special food exports.

As I understand it, they are asking us for more wheat now than we are probably going to be able to furnish, are they not?

The CHAIRMAN. I do not know what they are asking for, but you know that we had one program under Public Law 480 with India in which we provided \$2 billion worth of wheat.

Dr. PAARLBERG. That is right.

The CHAIRMAN. And that was within one program. You do get into all of these conflicts, conflicts not only political but economical.

Mr. JONES of Missouri. I think what he has said is good. I think that we have not impressed on those countries what they are getting into, and that they should not permit themselves to become totally dependent. I agree with what you say, but I do not agree that that is taking place.

Mr. PAARLBERG. Well, it has been in some instances of which I have personal knowledge. I know there are some commodities that they want. They wanted rice—and we did not have rice. They wanted nonfat dry milk, and we did not have it. But the majority of the cases, of which I have personal knowledge, have been such that our willingness to supply was greater than their capacity or their desire to receive it.

Mr. JONES of Missouri. Just one other thing. It seems to me that I recall—I do not remember the exact date, 30 or 35 years ago, we were hearing it generally predicted that by the year 1970 we were going to face a food shortage in this country. Of course, that has not come about. And we cannot see that in the foreseeable future.

Do you think that there is a possibility that if this continues between now and the year 2000, as it occurred between 1930 and 1966, this population explosion, that that might exist?

Dr. PAARLBERG. It is possible that there may be a serious general food shortage. I do believe that. I do believe it is possible—not assured, but, certainly, possible.

Mr. JONES of Missouri. Particularly in other parts of the world, other than the United States. I think that even here we are not going to it. For instance, I was reading just last week about a gentleman who was harvesting his 35th crop of soybeans. And he was getting the same yield this year that he got when he first started 30 years ago. While we have improved the varieties like wheat and corn, in soybeans

we do not have the spectacular increase in yields that we have had in these other two, corn and wheat, and, in cotton and other commodities.

Dr. PAARLBERG. That is true.

Mr. JONES of Missouri. So that I think that sometimes we paint a more dismal picture than we will have, and we still need this research to go ahead to see what we can develop.

Dr. PAARLBERG. I agree with that.

Mr. JONES of Missouri. Thank you. That is all.

The CHAIRMAN. Thank you very much, Dr. Paarlberg.

Mr. TEAGUE of California. I would like the record to show, however, that this progressively oriented and yet extremely practical testimony was brought to us by a very, very prominent former member of the last Republican administration.

Dr. PAARLBERG. Thank you. [Laughter.]

The CHAIRMAN. We will take official notice of that. [Laughter.]

The Chair now recognizes Mr. John Heimbürger, counsel, to make a statement.

Mr. HEIMBURGER. Mr. Chairman, the next witness is Dr. W. H. Sebrell, Jr., of Columbia University. Of all of the doctors we have had here this week, Mr. Chairman, I think that this is the first medical doctor who has appeared before the committee. Dr. W. H. Sebrell, Jr., is the R. R. Williams professor of public health nutrition and director of the Institute of Nutrition Sciences of the School of Public Health and Administrative Medicine of Columbia University. He received his M.D. degree from the University of Virginia School of Medicine and holds honorary D. Sc. degrees from Rutgers and Alfred Universities. He had a long career in public health as a commissioned officer in the Public Health Service, including 5 years as Assistant Surgeon General and Director of the National Institutes of Health. He is a member of the executive committee of the Food and Nutrition Board of the National Academy of Sciences-National Research Council and chairman of the Williams Waterman Fund for the combat of dietary diseases. Most of his career has been spent in nutrition research, for which he has received several awards, including the Joseph Goldberger Award of the American Medical Association. He has been active in international nutrition programs for many years, during the course of which he has served as nutrition consultant to the United Nations Children's Fund and as technical adviser to the World Health Organization. He is past president of the American Society for Clinical Nutrition and the American Institute of Nutrition and has participated in nutrition studies in various foreign countries.

The CHAIRMAN. Dr. Sebrell, we are delighted to have you with us, and we appreciate very much your coming here to give us the benefit of your views on this subject that we are discussing. We will be glad to hear from you now.

STATEMENT OF DR. W. H. SEBRELL, JR., PROFESSOR, PUBLIC HEALTH NUTRITION, AND DIRECTOR, INSTITUTE OF NUTRITION SCIENCES, SCHOOL OF PUBLIC HEALTH AND ADMINISTRATIVE MEDICINE, COLUMBIA UNIVERSITY, NEW YORK, N.Y.

Dr. SEBRELL. Thank you very much, Chairman Cooley. It is a great privilege to appear before this committee to present some information on the problem of the increase in the world's population and

the food supply. As has been indicated, for many years I have been a student of malnutrition from the medical and public health point of view. And from this point of view this problem which your committee is considering is much more serious than most people realize. It constitutes a major crisis which is already upon us and which is going to continue for many years to come. Actual famine is already here in some parts of the world, as indicated by the current food crisis in south India, and we are faced with the prospect that famine almost certainly is going to appear in other parts of the world, even in our own hemisphere within the next 10-20 years, unless we are able to make the fullest use of all of our resources.

We are engaged in a race between the increase in the world's population and the increase in food production. As of today, we are losing the race. The famine in south India, which is attributed largely to the drought, is one which would have occurred anyhow in the next few years. The drought merely brought it on a little earlier by causing an unexpected decrease in the amount of rice available at the fixed government price. The rapidity with which the population is increasing will create a similar shortage in the next few years in other areas without the assistance of a drought.

As you are all aware, the production of food all over the world is increasing. However, the population is increasing so rapidly that the per capita increase in food is not keeping up. Many countries have less food per person today than they had a few years ago. Furthermore, the areas in which food production has increased most, such as in our own country, are the areas in which the population increase is creating the least pressure. Those nations that are leading in food production are increasing their available food per person while those countries that have the poorest food production are undergoing the largest increase in the number of mouths to be fed.

Although it took all of human history up to about the year 1850 to produce a world population of 1 billion people, it took only 75 years to produce the second billion, 35 years to produce the third billion and at the present rate of growth, it will take only 15 years to produce the fourth and then only 10 years to produce the fifth billion. Furthermore, of special interest to us is the fact the population of Latin America is growing even faster than the world rate and is actually the most rapidly growing major area in the world. Its population is increasing about one and a half times faster than the rest of the world.

This rapidly increasing world population is the result of our progress in medicine and public health which has greatly decreased the death rate while the birth rate has not correspondingly decreased. The food supply problem is intensified by the fact that the major decline in the death rate has occurred primarily in those countries with a low per capita food supply and with economies based on subsistence agriculture.

The total food production in Latin America has risen by 69 percent in the last two decades. This represents a tremendous effort and is a great credit to those who have worked so hard to bring it about. I think everyone will agree that an increase of 69 percent represents a commendable agricultural growth. However, the benefits of this accomplishment have been largely nullified by the population growth. The population of the area has increased so that the food supply per

person has decreased and the amount of food per person in many countries today is less than it was before World War II.

Another serious factor in the spread of malnutrition is the movement of large numbers of agricultural workers into the cities looking for better economic opportunities for their families. This results in overcrowding and the growth of slums. It overloads the city's services, particularly in health and sanitation. Since industry is not yet capable of absorbing this surplus labor economic hardship is created that leads to a grossly deficient diet. This movement of population may tend to decrease agricultural development while the slums proliferate. This situation creates a serious nutrition problem in that food must somehow be brought to the individual from a food-producing area. He is no longer so readily able to barter his labor and services directly for food and there is little or no opportunity for him to produce any food of his own. This imposes a special requirement on food transportation and technology in providing nutritionally adequate supplies for big city dwellers of little economic means and makes our food for wages program of such great value, if the food supplied is nutritionally good.

We are faced in much of the world with the prospect of a gradually worsening per capita food supply, with an accompanying increase in malnutrition. This is a most serious matter and some have predicted that the entire world will soon be in serious difficulties because of a shortage of food. Others believe that we may be able to just get by. The expectation in any case is not a bright one, ranging from famine to bare subsistence at the best for much of the world's population. The food supply is never evenly distributed and in the race between food and people, in some areas food will not be available at all. Many people will undoubtedly go to bed hungry. Malnutrition will be contributing to the death rate. Some countries will have to depend on the importation of food. There undoubtedly will be local famines but large-scale famines are now more amenable to controls than in the past and they excite great sympathy and emergency food supply measures are taken with the assistance of every humane nation. The tragic thing is that as the food supply per person decreases the result will not be mass famine or obvious starvation but, instead, a rise in the death rate especially in children which will go on year after year and cannot be corrected by any emergency feeding program, since a permanent improvement in the food supply will be required.

There are some basic facts about human nutrition which must be taken into account. The first is that the body must have, above everything else, a supply of energy. This is measured in units called calories. If the supply of calories is insufficient, the individual develops hunger pains and becomes desperate for food. As starvation progresses, the body quickly wastes away and the drive to obtain a source of energy will lead the individual to eat anything that is available. This has been proven time after time in serious famines. The required energy is furnished primarily from two types of nutrients—carbohydrates and fats. These nutrients are the basis of the energy supply of all mankind. However, there is another type of nutrient that is equally important for survival and more often is a critical factor in health and development. This is protein. Protein is made up of nitrogen containing compounds known as amino acids and is vital because

the body must have a supply of nitrogen as well as energy. In addition to an adequate supply of nitrogen, some of this nitrogen must be furnished in the form of eight specific amino acids that the human body cannot manufacture and which must be obtained from food. If any of the eight essential amino acids is missing, the body cannot make tissue, it cannot function effectively and degeneration begins. Therefore, we must have not only an adequate supply of protein but some of this protein must contain an adequate quantity of the eight essential amino acids. A lack of protein does not produce hunger pains nor the drive to secure food that occurs in starvation. Thus, a population may be weak, undernourished, underdeveloped and unable to produce to capacity, without realizing the cause of the trouble, and will live on an inadequate supply of protein without protest. When death occurs, such deaths are not recorded as starvation and since they do not occur in large numbers simultaneously, and since there may be plenty of carbohydrate food on the farm or in the market, the need for emergency assistance is not recognized.

If there is not enough energy available from carbohydrate and fat, the body will use protein to supply energy. Therefore, the problem of calories cannot be separated from that of protein. Thus, to make the most effective use of protein, there must be enough calories from carbohydrate and fat.

Although calorie-protein malnutrition is the world's greatest nutritional problem, we cannot ignore the vitamins and mineral nutrients which also are necessary for the normal functioning of the body. Anemia due to iron deficiency is an enormous worldwide problem, and vitamin A deficiency which causes total and permanent blindness is often found in children with calorie-protein malnutrition. In many parts of the world, deficiencies in the B vitamins, thiamin, riboflavin, and niacin also are serious problems.

It is not enough to look at the world's food deficit in terms of the number of calories available per capita, we must look at it also in terms of protein, the eight essential amino acids and the vitamin and mineral supply.

A lack of protein is most serious in the young child because the young child is building new muscle and tissue very rapidly. If the young child does not get an adequate supply of protein, it will become weak, sick, waste away and die, or its development will be stunted.

Protein calorie malnutrition is actually one of the largest causes of the death of children. It is estimated that 70 percent of the children in developing areas suffer from malnutrition and upward of 3 million children die annually from malnutrition, largely of this type. This fact is hidden because these deaths often are recorded as being from diarrhea, parasites, and infectious diseases. If these children were well nourished, they would not die of the intercurrent diseases.

The largest group of victims is within the age group of 1 to 5 years, referred to as the preschool child. In this age group there is the greatest need for adequate nutrition. Equally—and with distressing consequence—there exists for this age group the greatest neglect in providing adequate nutrition.

The growth potential of children afflicted with malnutrition and disease is never reached.

Malnutrition in the mother may handicap a child from birth. The fetus, however, does have first priority on the mother's resources and will achieve normal birth weight and normal development at the expense of the mother.

Growth of underprivileged children is accelerated with improved nutrition and environmental care. The evidence indicates that under optimal environmental conditions, growth of children is similar in most areas of the world. In those millions which it does not kill, malnutrition permanently impairs their growth and probably causes irreversible mental and emotional damage. Thus, malnutrition is not killing and maiming the children of today but through physical, mental, and emotional damage, it will handicap our society of 1985 and will have its effect on the social, political, and economic life of the future. It is, therefore, one of the most serious deterrents to progress in developing countries in that the irreparable damage which is suffered in early childhood weakens the productive capacity of the adults who survive.

The mother's ignorance is of the greatest importance to the nutrition of the small child in that she does not recognize that the child is suffering from malnutrition. The mother is not aware of the child's nutritional needs and that its food supply should be different from that of the adult members of the family. Locally available high quality protein foods may be traded by the family because of ignorance and economic factors without realizing that this may be the difference between life and death for the child.

I would like to use the present situation in south India as an example of what I mean. Protein calorie malnutrition is widespread and serious in the state of Kerala. It is resulting in the death of large numbers of children there. Yet Kerala has a long seacoast and there is a large seafood industry. This seafood is a rich source of good protein and if fed to these children would cure or prevent the malnutrition. However, the shrimp and lobster tails are frozen for export. Many are shipped to New York. This income is used to purchase rice. Since rice is now in short supply, the fisherman needs more money to buy rice at black market prices in order to meet his energy requirements and is, therefore, under more pressure than ever not to feed the seafood to his family.

The solution to the nutrition problems in developing countries must be based on combating ignorance and making the nutritionally required foods available within the economic limits of the people who require them.

Today the health of the food producer must be improved by improved nutrition so that he has the energy, alertness, and mental capacity to be a greater asset in the economic welfare of his country by being more productive. The vicious cycle of malnutrition, ill health, low productivity, and poor economic status, can be broken in part by the proper use of U.S. food commodities designed to control and prevent malnutrition so that the individual will become stronger and healthier, produce more, and improve his economic status.

One of the greatest handicaps to a program to combat the world food deficit is the lack of trained personnel capable of recognizing the problem and who can appreciate the difficulties and the scope of the solution. Nutrition and food production programs, both international and national, have tended to look at small facets of the problem, when

actually they cannot be isolated from the remainder of the community's problems. They must be part of a total program involving total development of the community. More training programs are urgently needed. The need is especially great for highly trained personnel who grasp the important underlying causes of the problem, organize national programs to make the best use of available resources, plan the integration of the concessional transfers of U.S. food commodities, and serve as teachers of other nationals. It is necessary first of all to train U.S. personnel to understand the full extent of the problems and the possible solutions, to carry out U.S. programs in the field and to assist in the organization of national programs. There is a serious shortage of such people since there are literally only a handful who understand the medical, public health, nutritional, economic, and agricultural aspects of the problem. The training of selected individuals should be started immediately in order to implement these programs. At the same time, selected foreign nationals, especially from newly developing countries, must be trained to understand the problem and make the best use of their natural resources. They, in turn, must teach city, village, and rural leaders how to participate in the programs locally for their own welfare.

The problem of making the necessary foods available to the individuals who require them is, of course, intimately bound to the problems of ignorance and price. However, looking at the question of availability alone, this may be a problem of transportation, in that there is no means of moving the food from the place of production to where it is needed. It may mean that the simplest forms of food technology are not used to conserve the perishable food supply and lengthen the season at which certain foods are available, or it may mean lack of suitable storage facilities and that large quantities of food are lost to rodents, insects, and other pests. A great deal must be done in these areas of technology, in which the United States is particularly advanced and one in which U.S. assistance can be immediate and of great benefit.

All of the food that every nation can produce is going to be required. However, the problem is complicated by the fact that it is not going to be enough just to produce more of the same foods that are being produced today. A demand has to be created for foods of high protein and high nutritive value and this demand has to be met in a sound economic framework. This involves not only large amounts of foods now in short supply or unavailable in many areas, but the use of modern food technology as well, in order to improve the nutritive value of foods and to prepare food mixtures that are both acceptable and of improved nutritive value, particularly in protein.

Government and public health nutrition programs often have neglected the food industry in their planning, although the industry has played an important role in the success of many nutrition and public health projects as the addition of vitamin D milk, for the prevention of rickets; thiamine, riboflavin, niacin, and iron in wheat flour, white bread, rice, and cornmeal; iodine in salt; and vitamin A in margarine and dried skimmed milk. It is necessary that we enlist the further assistance and cooperation of industry in planning to introduce new foods or to alter current food habits. The food industry knows the problems involved in the public acceptance of a new food product and

the regular channels of food trade furnish established routes for getting food to people. Furthermore, the best use of our food supply under modern conditions requires the application of all we know in food technology. The food industry knows food technology and is geared to make the most efficient use of what is available to it. Many programs are government or relief sponsored, so that the food moves outside of the regular channels of food trade. Such procedures may be necessary in an emergency and to reach people who are unable to obtain food through the regular channels. However, even in many of these situations good use often can be made of regular food trade channels through subsidies, food coupons and similar methods, thus avoiding the expense and difficulty of setting up a duplicate food supply line.

The great increase in population is increasing the demand for food through regular food channels, as well as through the channels of relief distribution.

Educational methods should be used to direct this demand toward nutritionally desirable products, creating new and larger markets. This has the added advantage of having the right nutritional foods move through the usual channels of trade and become part of the established food habits of the country.

Every country must develop a market for low-cost nutritionally desirable and tasteful foods. Any permanent improvement in the nutritional status of the people of developing countries requires not only a change in dietary habits but an ability to secure nutritionally adequate foods without Government or charity feeding programs.

In planning for increased food production, consideration must be given to the food habits and customs of the countries concerned, as well as to the production of protein, calories, and vitamins in an acceptable form. It is difficult to get a population that is accustomed to using rice as a staple food to accept wheat as a substitute even when they are hungry. Therefore education is required to assist in creating a situation where there is a demand for the necessary food at a market price which the individual can pay and which makes it profitable for the producer to meet the demand. In spite of the importance of the economics of the situation, ignorance is the basis of much of the serious malnutrition and by using trained technicians from the United States, the situation in many countries could be greatly improved just by more efficient and better use of what they have available to them.

We cannot possibly meet the urgent world food deficit by increased production in the United States alone. The demand for food in developing countries is steadily increasing at a rate which indicates now that we cannot possibly meet the demand 20 years hence. It is courting disaster to increase the dependence of the developing countries on food imports from the United States instead of building up their own agriculture to meet their food requirements.

During the past several years, there has been a great distribution of surplus foods from the United States. Enormous quantities of food either have been donated or provided at a very low cost to needy populations. Such programs should, of course, be used to relieve emergency situations and to alleviate as much malnutrition as possible. However, it must be recognized that this is not a permanent solution to the problem. It is one thing to distribute accumulated surpluses and

it is another deliberately to produce nutritionally needed food for use overseas. There is an urgent need for a rapid increase in food production abroad as well as stepping up our own food production with a program designed to meet overseas food needs within an economic framework that will permit the growth of our own food production to its capacity. Increased production of foods in developing countries designed to meet their own food requirements, rather than removing them as potential markets, would open the way for many larger and better markets for our products, as a result of their better health, increased production, and economic growth.

Long-range programs for permanent improvement must be considered in relation to the development of entire communities. They must consider the motivations, the wishes, and the economic limitations of the population concerned. Nutrition must be part of a program involving the total welfare and development of the community.

The United States leads the world in the ability to produce food, in advanced food technology, and in our knowledge of nutrition and its relation to health. We have an obligation and an opportunity to show the rest of the world how this knowledge and ability can be used to raise the health and economic status of other countries so that the productivity and dignity of their people can be maintained. Failure to meet the challenge will exact an intolerable price in human suffering and degradation.

The CHAIRMAN. I want to thank you for your statement, Dr. Sebrell. Frankly, I believe it is the best I have ever heard. It should be presented to the American Medical Association and published in all of the medical journals.

Dr. SEBRELL. Thank you.

The CHAIRMAN. The public would be interested in reading this statement, it has been so well prepared.

I agree with everything that you have said in the paper with regard to the food situation. You have given us in this statement many facts which are the result of a medically trained mind. I think that every pediatrician in the country should, especially, read what you have to say about the growing child.

I know that the committee is indebted to you for coming here and giving us this information which I am sure that all of the absent members of the committee will consider when they return to Washington.

Are there any questions? Mr. Poage.

Mr. POAGE. I would like to express my appreciation for the statement. I would, also, like to ask Dr. Sebrell a question. What do you think of the prospects of maintaining this upward development of food production, not only in the United States, but everywhere in the world and at the same time protect the human population from the use of insecticides and other poisons? And before you answer that, let me make it plain that I recognize that there are dangers, but I think that I, also, recognize that you cannot increase the food production without the use of pesticides and insecticides. Certainly, if you tried to eliminate the use of chemicals, we would find a tremendous reduction in our food production, rather than an increase.

Do you think that we face a situation right now where there is the kind of conflict between the use of these pesticides, insecticides, and human health that some of our governmental agencies seem to believe

exists or do you think that we are about to break through on some other type of pesticide, et cetera, some other approach to insect control, because unless we can continue the use of pesticides, I cannot see how we can expect to increase our production—and then unless we have a reasonable prospect of developing new ones, there is no hope of producing increased food in anything like adequate quantities, is there?

Dr. SEBRELL. Mr. Poage, I think that it is essential that we use these insecticides and pesticides to the fullest extent. Losses of food that are occurring in many of the developing countries through rodents and insects and pests is simply enormous, as well as a limitation on production that occurs because of the failure to use these.

It is my understanding that in this country there has never been a case of poisoning or injury from insecticides or pesticides used as directed. It is important in using any modern food, modern technological development, that you must do it according to the instructions. So it will be necessary to teach people how to use these, but if they are used as they should be used, I think that there is literally no danger involved to the people concerned.

Mr. POAGE. There seems to be a feeling by some people over the country today that as long as you can measure a residue that there is some kind of danger involving the human race. I do not know whether that is true or not. If it is true, obviously, we do not want to deliberately absorb something that will kill us, but if it is not true it seems to me that it is high time that the medical profession and the public health authorities speak out against what may very well be an unwarranted attack on one of our most effective tools in our war on hunger.

We have increased the sensitivity of our measuring instruments in the last few years. Things that we could not measure 10 years ago are easily measurable today. Consequently, when 10 years ago we passed legislation against measurable residues, today that carries a long, long way beyond what was originally intended.

Do you feel that every bit of this measurable residue is dangerous to the public?

Dr. SEBRELL. Not at all. Any chemical substance is toxic if you use too much of it. Ordinary table salt, or sugar, or plain water, for that matter. It is the quantity that is concerned. I am sure that if my body fat were analyzed you would find some DDT in it, perhaps. And I think that this is true of most people.

It has never been demonstrated that this does any harm. The problem is one of establishing a minimum toxic dose. And that is the responsibility of the Food and Drug Administration.

I feel that the levels of toxicity that they have established are reasonable and, certainly, seem to be safe, since nobody has ever been demonstrably harmed by these products used in accordance with their regulations.

I think it would be a calamity if we tried to stop the use of these products with the great need for food existing today and that the millions of people who would die of malnutrition would far outweigh any theoretical hazard of the small residue of a pesticide or an insecticide in the tissues.

Mr. POAGE. Thank you so much. I think that you have given us some good and much needed information.

The CHAIRMAN. Thank you very much. Mr. Teague.

Mr. TEAGUE of California. Dr. Sebrell, thank you for your excellent testimony. I cannot be here tomorrow, but I would like to get a little something into the record which, as I recall, has not been put in so far, and that is simply that it seems to me that this committee, certainly, is justified in doing anything we can to stop the very serious problem which is before us, and not only for humanitarian and economic reasons as has been pointed out, but also because if we can solve this problem it will be a big blow against the growth of communism. In my view communism and the Communist governments thrive upon areas where there are hungry people. And with hungry people throughout the world they will be for communism.

Thank you.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. There is a thing that has been plaguing me for some time. We read from time to time in the papers about the use of synthetic juices—the development of synthetic juices. We have observed, I think, the expanded use, for instance, of different varieties of so-called fruit juices which do not contain any part of the fruit; in other words, it will be an orange drink—it will be a grape drink—and there will be no orange juice or no grape juice in it. And yet the manufacturer says that it does contain all of the elements that you get from the real product. Have you anything to say in the process of the development of the carbohydrates and the other products, the development of synthetics, that they would help sometime in the future in the food shortage?

Dr. SEBRELL. Very much so. There is a tremendous amount of research going on in the area of food technology, improving the nutritive value of the foods, but in the specific area that you are asking about, one of the interesting situations is that one of the essential amino acids is lysine, one of those eight essential amino acids that I mentioned.

It happens that wheat is particularly deficient in lysine. If you take wheat flour and add lysine to it the protein value of the wheat becomes nearly as good as milk. Lysine can be made synthetically and is being made synthetically. It could be made in enormous quantities where if the situation required the lysine could be added to the wheat in an economic framework that would make it feasible. And this would accomplish the same results that Dr. Paarlberg mentioned with his lysine corn that has been developed genetically at Purdue University.

So you can develop these things genetically, or you can make chemical substances that would greatly improve the nutritional value of the foods.

The vitamins—practically all of them—can be made synthetically and they can be added to deficient foods at very reasonable prices. It is economically feasible to add thiamin to all of the rice in Asia and prevent beriberi.

Mr. JONES of Missouri. What I am getting at is that years ago we read Buck Rogers in which they were predicting all of the space things that we are now seeing take place. We also read years ago that maybe a few years from now I would just reach into my pocket, get out a little tablet and have a steak dinner. Is that in the realm of things to such an extent that we have to discount that it will ever happen?

Dr. SEBRELL. I think so, because you are ignoring the food habits and tastes of the people. Even if you could get things from a tablet, I think that you would still want to sit down to dinner somewhere. The people in the world are going to sit down to food.

Mr. JONES of Missouri. I do not want to interrupt you, but it seems that over the years we are all eating less food in volume than we did, say, 20 years ago. And that process, if it would continue on the same trend would mean, I believe, if I live that long, maybe 20 years from now I might be having 50 percent of the intake that I have today and still get along very well. I would like to explore it but I know that we do not have the time to do it here, but that is a thing that intrigues me with this food shortage, the matter of synthetics.

Dr. SEBRELL. You just look at the calories alone—the amount of food that you and I take needs to be considerably less than that of a man who is working hard physically. Most Americans are eating too much food, because they are not working as hard as they used to work. That is, working physically. And our national calorie intake is a little bit too high because we tend to get fat from this, and getting fat is not good from a health viewpoint.

You cannot go below about 2,000 calories, because you have to have a certain amount of energy to keep your heart beating and to sit up and to breathe and so on. Around 2,000 to 2,400 calories is about an absolute minimum for a person who is moving and walking around with normal development and so on. So that you are never going to get below this level.

Then you have to bring in all of these other things I have mentioned about protein, amino acid, and vitamins and so on. The amount per person can always be reduced to this level. You cannot reduce it any lower than that.

Mr. JONES of Missouri. Can you not get the proper intake of calories without getting the volume? That is what I am trying to get at.

Dr. SEBRELL. The only way that you can get the caloric intake up is to take fat. You see, fat has for a given weight of fat nine calories per gram; for carbohydrates and proteins it is four calories per gram. There is no way of changing this. You have got to have this energy. And the only way to increase it in smaller weight is to take in more fats.

Mr. JONES of Missouri. Thank you.

The CHAIRMAN. Thank you very much, Dr. Sebrell. It has been a very fine presentation, and we are grateful to you for coming.

The committee stands adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 12:10 p.m., the committee recessed to reconvene at 10 a.m., Friday, February 18, 1966.)

WORLD WAR ON HUNGER

FRIDAY, FEBRUARY 18, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, the Honorable E. C. Gathings presiding.

Present: Representatives Gathings, Jones, Olson, Matsunaga, Stalbaum, Vigorito, Redlin, Bandstra, Greigg, Callan, Hansen, Findley, and Walker.

Also present: Representatives Paul Todd, of Michigan, and John Hansen, of Iowa.

John Heimbürger, Kitty Bernhardt, Hyde Murray, and Frank Lemay, staff counsel.

Mr. GATHINGS. The committee will be in order. Chairman Cooley may be here any minute. Apparently he is en route here now. He has a plane that leaves at 11:30. He has asked me to temporarily fill in here for him.

The vice chairman is necessarily out of town due to the funeral of our colleague in Texas.

We are pleased to have with us Dr. Raymond Ewell, vice president for research, State University of New York. I would like to call on our general counsel to introduce Dr. Ewell.

Mr. HEIMBURGER. Thank you, Mr. Chairman. Dr. Ewell, as you said is vice president for research at the State University of New York. He had a B.S. in 1928 from the University of Toledo; M.S. in 1930 from Purdue; M.A. in 1935 from George Washington University; Ph. D. in 1937 from Princeton; during World War II served as technical aide in the National Defense Research Committee and as operations analyst in the U.S. Air Force; chemical economist for Shell Chemical Corp. (1945-48), moving to Stanford Research Institute where he became manager of the chemical economics section and founder and first editor of the Chemical Economics Handbook; served as consultant with the Indian and Philippine Governments; authored more than 70 articles on various aspects of both chemistry and economics.

Mr. Chairman, might I add at this point that we have temporarily run out of the statements of Dr. Schultz, but some more are being mimeographed and they will be available within an hour or so.

Thank you, Mr. Chairman.

Mr. GATHINGS. Thank you so much, Mr. Heimbürger.

Dr. Ewell, if you will come up to the table, we will be so glad to hear you at this time. We are proud to have you with us today.

**STATEMENT OF DR. RAYMOND EWELL, VICE PRESIDENT FOR
RESEARCH, STATE UNIVERSITY OF NEW YORK AT BUFFALO**

Dr. EWELL. Mr. Chairman, members of the House Committee on Agriculture, my name is Raymond Ewell. I am vice president for research of the State University of New York at Buffalo, but my statement today is a personal statement and does not represent an official view of my university. I am a chemical engineer by original training and an economist by professional evolution. I have been a consultant to several U.S. Government agencies, international organizations, and foreign governments.

It is a privilege for me to appear before this distinguished committee today and present some views on the world food-population problem.

My conclusions and recommendations regarding this problem are based on observations in most of the countries of Asia and some in Africa and Latin America, extending over the past 25 years. I am particularly familiar with India, Pakistan, the Philippines, and Egypt. India, I know very well. I have been to India many times. I lived there. I traveled 150,000 miles in India to every nook and corner in the country. I have been personally acquainted with all three of the Prime Ministers of India, Prime Minister Nehru and Prime Minister Shastri, whom I worked for several years ago, and now Prime Minister Mrs. Gandhi.

Mr. GATHINGS. When were you in India last?

Dr. EWELL. The last time was 2 years ago.

Mr. GATHINGS. And you lived there for a time?

Dr. EWELL. Back in 1955 to 1957 I lived there. I traveled very widely. I have been back there almost every year since then. I am also personally acquainted with most of the members of the present Indian Cabinet.

If I may come immediately to the most crucial point—the world is running short of food. This situation is developing gradually at present, but it cannot continue for very many years without resulting in severe social and political dislocations in a number of countries.

The world food problem is of such massive proportions and of such complexity that it is difficult to grasp it until one has observed it and studied it over a period of years. Moreover, it is almost impossible to understand this problem unless one has spent at least some time in Asia, where poverty and undernutrition reach their greatest depths.

It has become quite clear during the past 5 years that the developing countries, including most of the countries in Asia, Africa, and Latin America, are losing the ability to feed themselves. During the 1950's food production in Asia, Africa, and Latin America made fairly good progress, running a little ahead of the population growth. But since 1960 there has been an ominous slowing down in food production while the populations have continued to increase at an even faster pace.

Without going into detailed statistics, the general picture is that since 1960 agricultural production in Asia, Africa, and Latin America has been growing at rates of around 1 percent and 2 percent per year while populations have been growing at 2.5 percent per year in Asia and Africa and nearly 3 percent per year in Latin America. This means that the per capita production of food has been declining at

1 percent to as much as 2 percent per year. This is the world food problem in a nutshell.

If these trends continue for the next 10 to 15 years, mass starvation will inevitably result, and this would be famine on a scale never before experienced in the world's history. There have been many famines in history involving millions of people, but none involving hundreds of millions of people. Not only will such famines be widespread, but they will be persistent and probably get worse year by year.

I might interject that many of the points I am making have been made by previous witnesses.

These witnesses all belong to the same club.

Mr. GATHINGS. There would be an awful lot of repetition, we understand.

Dr. EWELL. I will introduce two or three points that I do not think have been covered so far, if I understand the previous testimony. This is the biggest, most fundamental, and most nearly insoluble problem that has ever confronted the human race. The problem is massive and therefore programs to solve it will have to be massive if they are to have any chance of succeeding.

In my opinion, the food-population problem will be the overriding problem of the last quarter of this century. Indeed, I believe the food-population problem will in a few years dwarf and overshadow such political problems as Vietnam, Cuba, the Congo, Cyprus, Kashmir, Berlin, and others, which occupy so much of our attention at present. These current problems will fade into the background as the enormity of the world food problem becomes apparent.

The political and economic consequences of widespread famine in Asia, Africa, and Latin America are certain to be massive and far-reaching. It seems unlikely that stable governments can be maintained in countries where a large part of the population is starving.

Mass starvation in Asia, Africa, and Latin America will probably, or may, develop into a force majeure or major force. A force majeure is a force of such magnitude that it forces a government, or an individual, to make decisions and take actions that they do not want to take. In other words, it reduces the number of rational alternatives open to a government. I believe the world food-population problem will develop into such a force majeure within the next few years.

During the past 20 years there have been two major forces that have shaped American foreign policy; namely, communism and the nuclear arms race. Practically all of our foreign policies and actions have been determined by these two major forces. But the food-population problem is now rising as a third major force—and it may be the most powerful of these major forces.

The disparity between food production and population growth varies a great deal among the 90 or more countries of Asia, Africa, and Latin America. The most vulnerable countries include India, Pakistan, Communist China, Indonesia, Iran, Turkey, Egypt, Colombia, Peru, and several other countries of Latin America.

Mass starvation seems likely to hit these countries within the next 5 to 10 years, or even sooner. I will discuss India in more detail in a few minutes. Some other countries appear to be in better shape foodwise at present, such as Burma, Thailand, the Philippines, Mexico, Chile, and many of the countries of sub-Saharan Africa, but these

countries all have high population growth rates and they will be in serious difficulties, too, in a few more years. Still other countries such as Japan, Taiwan, Israel, South Africa, Argentina, Uruguay, and Paraguay seem to have an assured food supply for the foreseeable future.

We are beginning to get a preview of this situation in India. India has long been recognized as the country in the world most vulnerable to famine. I could see this very clearly when I first went to India over 10 years ago. I have predicted in several articles during the past 5 years that India would experience mass starvation in the late 1960's or early 1970's, unless effective measures were taken to speed up agricultural production or to slow down the birth rate, or both. The recent 100-year record drought has caused India to come to the brink of famine even sooner than I had forecast. India is now short about 20 percent of her basic food supplies for the coming year, or about 20 million tons of grain. One ton of grain is about 40 or 45 bushels. Congressmen are accustomed to thinking in terms of bushels. But if you are going to think clearly on the world food problem, one should get his thinking geared in terms of tons because this is the international lingo in food.

The U.S. food for peace program is trying desperately to ship 10 or 12 million tons of wheat to India during the next 10 months, but it is not at all certain whether this is logistically possible. Even if this is accomplished, India would still be short several million tons of grain in order to maintain the nutritional level of the past year, which is an appallingly low level by Western standards. There are already food riots in some parts of India, but the real pinch will not come until next September and October when the present crop has been eaten and the new November crop has not yet been harvested.

Recent newspaper accounts have stated that 10 or 12 million people may die of starvation in India during 1966, and I would agree that this is quite possible. That many people would not die of starvation if they had adequate medical attention. It is very difficult to starve anybody to death even if you try it, as has been shown by a number of cases in history. If people have modern medical attention they do not starve to death. They can be kept alive almost indefinitely, almost no matter how low the nutritional level is. For instance, for 2 years the people of Leningrad in World War II had a diet which was much less than India's diet today or is likely to be for a number of years. While they did have a lot of deaths in Leningrad, the point I am making is that with good medical attention people do not die of starvation. People die of the infectious diseases that attack them when they are weakened by starvation.

This is the most crucial year in the history of modern India. India this year will be under the most severe social and political stress ever experienced by any nation in peacetime. I would go even further to use a vernacular term and say that India will go through the meat grinder this year. Mrs. Gandhi's problems are so much bigger than the problems our President has on his hands that there is just no comparison.

However, India will survive this crisis. India has the capacity to endure no matter what happens, but it is problematical what political changes may result in India from the extreme crisis she will go through this year. But India faces an even bigger problem than the immediate

food crisis; namely, how to feed her people during the next 5 to 10 years.

Mr. GATHINGS. May I interrupt you right there, Doctor? I noticed in the paper just a few days ago, within the past week, where the Prime Minister had stated that the ration would be increased by one ounce in India of rice.

Dr. EWELL. In one State.

Mr. GATHINGS. That is what I would like for you to explain. What area would that affect and what is the significance?

Dr. EWELL. They have been having these food riots in the State of Kerala which is a small southern State; it is the smallest State in India. It is the Rhode Island of India, you might say. The smallest in area and the smallest in population. But it is a rice-deficit State. They have traditionally in Kerala had to import rice from the surplus States of India such as Madras and Andhra Pradesh. Andhra Pradesh and Madras have not been willing to send any of their surplus rice to Kerala so Kerala is extremely short of rice. There are lots of Communists in Kerala. It is the only State in India that has a substantial number of Communists and these riots they have had there are purely Communist-inspired. The rice ration is very small. I think it was four and a half ounces and they have increased it to five and a half ounces of rice a day. This is not very much to eat. In addition to rice they eat tapioca in Kerala. These riots in Kerala are not significant. They are just a superficial phenomenon instigated by the Communists there. Yesterday in the paper was a much more significant statement that there were food riots in Calcutta. When you get food riots in Calcutta, you are getting into real trouble.

Mr. GATHINGS. Explain why, please.

Dr. EWELL. Because Calcutta is a big city. It is 6 million population. The Bengali people that live there are very volatile, excitable people. Calcutta has always been a hotbed of political unrest in India. Just because Calcutta is big and more influential than Kerala, what goes on in Kerala does not matter so much. What goes on in Calcutta is of extreme importance in India. It would be like having mass riots in New York City. That would attract more attention than having some riots in Key West, Fla.

Mr. GATHINGS. Pardon me for interrupting you.

Dr. EWELL. Yes, sir.

India's population will probably increase by 200 million people during the next 15 years—from 500 million in 1965 to 700 million in 1980—and India cannot possibly feed 200 million more people by 1980. Just imagine the problems the United States would have if our population increased by 200 million in 15 years, and the United States is infinitely better prepared to take care of 200 million more people than is India.

The United States has many resources, land, minerals, petroleum, a good railway system, education system, everything, and India does not have these things.

In fact, India may never again be able to feed her population unless and until the birth rate is greatly reduced. The race between agricultural production and population growth has probably already been lost in India—at least for a generation. In fact, I would go even further and say that the race between agriculture and population was

last in India about 5 years ago. The best that can be done by India and other nations willing to help her is to reduce the severity of the oncoming famine during the next decade.

What is the answer? What is the solution? There are obviously two approaches:

(1) Reduce the population growth rate, which means reducing the birth rate,

(2) Increase agricultural production.

In fact, both these approaches should be used and will have to be used if population and food supplies are going to be kept in balance during the next 5 to 15 years.

Here I am talking about Asia, Africa, and Latin America in toto and not just about India.

What are the realistic possibilities of reducing the birth rate enough or increasing agricultural production enough, or both, to bring population and food supplies into balance? My observations in a number of countries have convinced me that both these developments are bound to be slow. Reducing the birth rate and increasing agricultural production are both basic social changes and social changes always move slowly.

Birth control alone cannot do the job. And improved agriculture alone cannot do the job. Both approaches will have to be used and used on a massive scale. In the short term of the next 10 to 15 years, birth control cannot have a really major impact. I am quite familiar with the status of birth control programs in many countries in the world and have visited a number of them, and I keep in touch with them through correspondence and reading.

While birth control is making significant progress in many countries, it is slow progress. Therefore, improved agriculture will have to be the principal solution to the food population problem during the next 10 to 15 years. Birth rates will probably drop significantly during this period, but not enough to have a major effect on the need for food and other agricultural products. However, after 1980 or 1985, birth control will have to become the major factor since improvement of agriculture cannot keep up with the growth of population beyond that time, no matter how optimistic one is about improving agriculture.

There are, therefore, two separable problems: a short-term problem and a longer term problem. In the short term of 1966-80, the primary approach to feeding the world's population must be improvement of agriculture. In the longer term beyond 1980, birth control is the only answer. The most optimistic appraisal of future trends in agriculture indicate to me that agriculture cannot keep up with present population growth rates much beyond 1980, and this would be most optimistic.

However, even though birth control is not likely to have any major effect until the 1980's, it should nevertheless be pushed with all possible vigor right now in order to reduce the severity of the food crisis in the 1980's and hopefully may have some effect even in the 1970's.

Fortunately, there is great potential for increasing agricultural production in most of the countries of Asia, Africa, and Latin America. Agricultural yields are very low in these countries; in many cases yields are two-tenths to five-tenths the yields of North

America, Europe, or Japan. However, increasing agricultural yields on a broad front is a very slow and difficult process. Basically, this is so because of the low educational levels of farmers in Asia, Africa, and Latin America, but shortages of capital and technical manpower are also important. The vast bulk of the farmers in Asia, Africa, and Latin America are illiterate; they cannot read and write; they cannot do simple arithmetic; they do not understand the elements of plant biology. Under these circumstances the introduction of scientific agriculture is a slow process. Also, there are vast organizational problems involved in disseminating the knowledge, materials, and equipment needed to make the change from traditional agriculture to scientific agriculture.

The question is sometimes asked: If the United States can send a man to the moon, why can't we help India to improve her agriculture? The answer is that improving the agriculture of India is a more complicated problem than sending a man to the moon. The problem of sending a man to the moon can be solved by scientists and engineers using computers and drawing on the vast store of scientific knowledge. Improving agriculture in the developing countries is more complicated because it involves people and education and social change—particularly since it involves over 2 billion people.

We have made pretty good progress in sending a man to the moon and so have the Russians, and there are two reasons why we have done a better job of sending a man to the moon than we have on helping India and other countries improve their agriculture. The first reason is that sending a man to the moon is a simpler problem. We do the easy things first. The second and more fundamental reason is that we have put much more resources into sending a man to the moon than we have to improving agriculture—much more. This can be illustrated even further by the fact that while the Russians have not been able to grow wheat very well, yet they have been able to send a television set to the moon.

Historians of the future may remark on whether it was more important for the United States and the Soviet Union to have devoted their resources during the 1960's to putting a man on the moon or to have devoted their resources toward averting the world famine of the 1970's. Perhaps we can do both.

However, agriculture in Asia, Africa, and Latin America can be improved. And the time required to do this can be shortened if the United States and other advanced countries are willing to put enough money, materials, and manpower into it.

Here are some specific suggestions for action programs:

1. *Step up shipments of food under the food-for-peace programs.*—The immediate crisis in India will have to be met this way. Probably other food crises will have to be met this way during the next decade. But the United States cannot expect to make up the food deficits of Asia, Africa, and Latin America indefinitely. Other food-surplus countries do not have enough food to do this either. The food deficits of the underdeveloped countries are today of the order of 25 million tons. In another decade they will be 50 to 75 million tons. There are only about 10 food-surplus countries in the world today, and the United States produces about 60 percent of the total world food surplus.

I might enlarge a little on this. In my analysis of world agriculture, there are 10 countries that produce more food than they can eat. These are the United States, Canada, Australia, New Zealand, South Africa, Argentina, France, Rumania, Burma, and Thailand. In any analysis I cannot find any other countries that produce more food than they eat. There are a number of other countries that are about balanced and there are some 60 to 75 countries who have food deficits year after year. Of the food surplus produced by all 10 of these food surplus countries, the United States produces about 60 percent. This varies a little from year to year.

2. *Send fertilizer and other agricultural inputs to food-deficit countries.*—Agricultural inputs include fertilizers, improved seed, pesticides, and farm equipment. This is probably cheaper than shipping food. For example, 1 ton of nitrogen or other plant nutrient will produce about 10 additional tons of grain.

3. *Help food-deficit countries to produce their own agricultural inputs.*—This means helping food-deficit countries to build factories to produce fertilizers, pesticides, and farm equipment. It also means helping these countries to develop and produce improved seed varieties themselves. It also means helping them with irrigation, drainage, and land clearance projects. In order to build enough fertilizer factories in Asia, Africa, and Latin America to supply the fertilizer they will need would take about \$5 billion investment between now and 1980. Half of this would have to be dollars, half could be in local currency. This much investment would produce 30 million tons of plant nutrients in 1980 which would correspond to about 300 million additional tons of grain. These figures are all very approximate, of course.

Fertilizer, of course, is not the only part of the agricultural equation. There have to be the right kinds of seeds, the right amount of water, the right type of cultivation equipment and all the other factors of scientific agriculture. But fertilizer is a very important factor and is a minimum essential.

Plants to make an adequate supply of pesticides and farm equipment might cost another \$2 or \$3 billion. This is not just in India, but all three continents.

4. *Supply technical manpower.*—All these efforts toward agricultural improvement would take a lot of technical manpower besides money and materials. All of the developing countries are short of experienced technical manpower in the agricultural field. They need agronomists, plant breeders, plant protection specialists, agricultural economists, agricultural extension experts, and just plain farmers with a lot of experience and flexible minds.

The flexible mind aspect of this is very important. Agricultural technology cannot simply be transferred from one country to another. You can transfer the general approach to solving agricultural problems, but you cannot take corn technology in Iowa and transfer it to Indonesia or India and Brazil and expect it to work. The general approach to agricultural problems can be transferred. That is why flexibility is highly important. Much of the efforts to help tropical countries with their agriculture have failed because of a rigid attempt to transfer temperate zone technology to a tropical situation.

How much such specialized manpower is needed? I would say that all the countries of Asia, Africa, and Latin America could use effec-

tively 5,000 to 10,000 agricultural specialists. This compares with less than 1,000 such specialists at present in all the developing countries from all the advanced countries. This includes people not just from the United States, but people from Western Europe and from the Communist countries and Japan. If all these people are added together it represents, in my belief, less than 1,000 agricultural specialists trying to help 2 billion people in the underdeveloped world to improve their agriculture. This is a drop in the bucket.

To take India as an example, there are 150 to possibly as many as 200 agricultural experts in India trying to help India improve their agriculture. India could certainly use 2,000 or 3,000 or maybe 4,000 or 5,000 and use them effectively.

The efforts now being put forward by governments and private agencies to improve agriculture in the developing countries are much too small for the size of the problem.

5. *Step up research on agriculture in the food-deficit countries.*—This means more research on agriculture in the tropics. It has been estimated that of all the money ever spent in agricultural research, 95 percent has been spent on temperate zone agriculture and less than 5 percent on tropical agriculture.

Also, time does not permit me to discuss (1) the potential of food from the sea, which is possible but more expensive than land agriculture. All the food that we get from the sea today comprises about one-half of 1 percent of all the food eaten in the world, or maybe six-tenths of 1 percent. So if this food from the sea were multiplied by four or five, it would still be a very small amount of food compared with the overall picture. I think food from the sea should be pushed for whatever it can contribute. But I do not think you can count on food from the sea as an important contributor to the world food problem.

The second one is the potential of agriculture in tropical jungle land. This is, in my opinion, greatly overrated for a number of technical reasons. All the evidence indicates that the tropical land in general is not as productive as temperate zone agricultural land. There are many technical reasons for this, including the very heavy rainfall in tropical areas.

The third item is the potential of synthetic food based on petroleum and other basic raw materials. I believe this has important long-range possibilities and that synthetic food developed from petroleum will probably become a large industry before the end of this century.

Mr. GATHINGS. Thank you so much.

Dr. EWELL. Members of the committee, thank you for your attention.

Mr. GATHINGS. You have presented a very fine statement. The outflow of dollars from this country is a serious problem. We have had difficulty in our balance of payments for a number of years. You state that in order to cope with this problem by 1980 someone would need to build some \$5 billion worth of fertilizer plants and some \$2 billion of pesticides and other types of plants in these various areas of the world where there is a shortage of food supply for the people.

Where will we get some help from other countries to enter upon such a program as that?

Dr. EWELL. I have no doubt there will be help from the Western European countries and from Japan. While the Communist countries

have this ability, I do not think you can count on them for any help. The Communist countries, for reasons nobody has ever fully explained, have never gone in for helping the underdeveloped countries with their agriculture. They go in and build steel mills and oil refineries and powerplants, but have never gone in for agricultural aid.

However, building fertilizer plants or insecticide plants in these countries does not really have much of an effect on the balance of payments, because we would not send dollars to these countries, we would only send them machinery, machinery made in the United States. So it really would not have any effect on the balance of payments. However, the sending of large amounts of U.S. and European technical manpower would, of course, cost dollars and other forms of foreign exchange. If you send an American technologist to India, he expects to get at least part of his pay in dollars. However, building a fertilizer plant in India does not represent much of an outgo of dollars. We only send machinery, and this machinery is made in Buffalo and several other cities that I know about. Several of the fertilizer factories in India are equipped with machinery made at the Worthington plant and others in Buffalo.

Mr. GATHINGS. Some 5,000 to 10,000 agricultural specialists, according to your statement, would really be needed.

Dr. EWELL. I think they are not only needed, but they could be used effectively. These would be expensive. The total cost of such technical manpower would probably run into \$30,000 or \$40,000 a year per man, including transportation, family and living allowances and all that, plus some overhead costs. It is not cheap to send high-class technical manpower abroad.

Mr. GATHINGS. So it is your view that Western European countries and Japan would interest themselves in this problem and be helpful.

Dr. EWELL. I am sure they would. What the exact magnitude would be, I do not know.

Mr. GATHINGS. Mr. Findley?

Mr. FINDLEY. Mr. Ewell, in your statement you referred to mass starvation and specifically in India. I would like to know what you consider to be the main reason for this impending starvation. Is it a lack of food supplies through conventional market sources or is it lack of purchasing power to buy food?

Dr. EWELL. I believe it is lack of food. After all, food is such a large commodity that nobody hoards food very long. It just isn't economical. If you stockpile a million tons of grain, you might keep it for a little while, but—

Mr. FINDLEY. Is there sufficient currency in the hands of most Indian people to buy food with if food were available in market channels?

Dr. EWELL. As in any economy, the rich people will get the food first. You have rich people, middle class, low class, and real low class. The people higher up on the economic scale are going to buy the food first and the people at the bottom of the economic scale are not going to get any food.

Mr. FINDLEY. But there is purchasing power beyond available supplies; is that the case?

Dr. EWELL. I am sure this is true. I would underscore this by saying that India may arrive next September or October with all the food

in the country gone. After all, nobody is going to hoard food. The price may go up. The Government will try to keep the lid on the price, but it is doubtful whether they can.

Mr. FINDLEY. Why are there not more imports through conventional market channels? Is it an absence of dollars?

Dr. EWELL. Of course. India is broke.

Mr. FINDLEY. They have nothing to exchange?

Dr. EWELL. Japan is a different story. Japan has plenty of dollars and they can buy the food they need.

Japan's need is about the same as India's, but they have dollars. They buy our wheat and they buy rice from Communist China and pay dollars for it, but India has no dollars and India is perpetually broke. The reason they are broke is that the markets for their export products are not very good. They haven't been getting any better though they have not been getting any worse, either. The market for their exports, tea, jute, textiles, iron ore, and so on, is no better today than it was 10 years ago.

Mr. FINDLEY. It is my understanding that of some \$2 billion or more in grain which we have supplied to India over the past 5 years under Public Law 480, about 95 percent of it has been under title I and so far as I know all of that grain has been fed into market channels rather than distributed without charge to destitute people in India.

Dr. EWELL. It is distributed through what the Indian Government calls fair-price grain shops.

Mr. FINDLEY. The people who get the grain have to pay for it.

Dr. EWELL. Yes, they do. Personally, I think this is a better mechanism than just having a free handout. But there is a big difference in price between the price of wheat in a fair-price shop run by the Government than there is on the black market. There may be a factor of 2 or 3 in the price.

Mr. FINDLEY. What is the difference, approximately?

Dr. EWELL. I haven't been in India for 2 years, but I would guess today in the black market wheat would run at least double what it would be in the fair-price shop, the controlled price.

Mr. FINDLEY. I daresay most of the American people, when they think about the food that has been given to India, also make the false assumption that the grain actually is distributed without charge to the destitute people of India.

Do you think that is a fair interpretation of the public attitude here?

Dr. EWELL. It may be. I couldn't vouch for that, but the Indian Government has to distribute it somehow or another and personally I think selling it at a controlled low price is better than giving it away.

Mr. FINDLEY. Yesterday Professor Paarlberg made the statement that in most countries agriculture has more than kept up with the population explosion. He didn't single out India, of course, and I doubt if he would include India, but recently an expert in the agricultural field made the assertion that India has the land resources and the water resources to feed twice its present population. Is that a fair statement?

Dr. EWELL. I would agree with that. I have traveled all over India and India has some of the best farmland in the world. The State of Andhra Pradesh has farmland better than anything in Iowa.

They have 350 million acres of farmland in India and at least half of it is really first-class farmland.

Mr. FINDLEY. Do you feel it would be practical for the U.S. Government flatly to require a certain achievement in birth control programs in exchange for the donation or gift of food resources?

Dr. EWELL. Well, this is a rather undesirable form of coercion, I think you would have to agree.

Mr. FINDLEY. If you face mass starvation, you are going to have to think about some pretty tough measures.

Dr. EWELL. The Indian Government is 100 percent behind birth control. They are pushing it to the ultimate limit of their ability to organize and finance it.

The Indian Government family planning program has 75,000 people on the payroll. They have an annual budget of \$15 million or \$20 million a year for this.

The Indian Government has been, in principle, in favor of Government-sponsored birth control programs for at least 10 years, almost 15 years. Due to various cultural roadblocks, they didn't finally decide 100 percent that they were in favor of birth control until last July. Prime Minister Nehru was too busy with other things and when Mr. Shastri became Prime Minister he had six or seven children and was hesitant to come out flatly for birth control when he had six or seven children, but last July Shastri came out and said, "I am now in favor of birth control and we have to give it everything," and they have been pushing it very hard ever since last July. The tempo of the birth control program has gone up rapidly every month.

Mr. CALLAN. From a practical standpoint, the budget shows about \$4 billion for foreign aid. Now, I doubt if the Congress will vote any more money than that and they may vote less. In that budget there is about \$2 billion economic and about a billion and a half in the food-for-peace program. How do you think this Government can most effectively support this overall problem of the underdeveloped countries under such a limitation? I don't think there is any actual limit to what we can put into a program, but I think there is a practical limit because I don't think the Congress and the people of the United States will go over \$4 billion.

How should this be spent, in your opinion?

Dr. EWELL. Well, many Members of Congress have made the point that our foreign aid program doesn't seem to have done much good. These countries are still in bad shape; they don't love us any more, and I think the reason is that foreign aid has never been big enough.

You send a boy to do a man's job. The foreign aid, big as it may seem to the Congressman, to appropriate \$3 billion or \$4 billion, it is just too small for the job. In fact, it is very small compared to the amount of foreign aid that we put into the Marshall plan.

The foreign aid in the Marshall plan was many times as large in relation to the need as the foreign aid we are now putting into the underdeveloped countries.

Mr. CALLAN. You agree with Dr. Paarlberg. I think he said yesterday we should spend more money, is that right?

Dr. EWELL. I think this is the only conclusion you can come to. If you are going to solve the problems or even partly solve the problems of the underdeveloped countries, it is going to take more foreign aid than has yet been put into it—much more.

Mr. CALLAN. Let's say you did have a \$4 billion top, though, would you say you could use more money in the food-for-peace program and less in economic assistance at this particular time in history?

Dr. EWELL. Well, food for peace, as I understand it, is simply a matter of giving away grain, essentially. This is good for the short run, for emergencies like India. After all, India is under this enormous stress. It is just as if your son had just been hit by an automobile. You wouldn't stand by with your hands in your pockets and say, "Now, I will pay somebody a quarter if they will take this boy to the hospital."

India is in that situation today. They are in a crisis situation and naturally we are going to do anything we can to help them because anything can happen in India. You are accustomed to political stability here in the United States, but India is under this enormous political and social stress, and I can say that anything could happen in India in the next 10 months.

Mr. REDLIN. Doctor, I was interested in your suggestion when you said those of higher economic status will perhaps get more food sooner.

I wonder, with your tremendous experience on the scene in India, could you give the committee a brief description of the type of rationing system they have in India? I think our people are quite concerned that the rationing system be rigid and strict so that it does go to the hungry people and the channels can be followed through.

Can you enlighten us on what the rationing system is and how tight it is?

Dr. EWELL. Not having been in India for 2 years and even in 1963 I was only there very briefly, I am not intimately familiar with it, but the Government has a system of fair price shops all over India where they sell grain, wheat, and rice, at controlled prices. Then there is a black market.

During World War II we had substantial black markets in the United States. In most of the underdeveloped countries they have big black markets. In the Communist countries they don't have black markets. Not much, anyway.

India is not a particularly well organized or well disciplined country so that I would guess that the black market would be pretty big there.

Mr. REDLIN. Doctor, I recall during World War II, of course, when we had stamps for this and that in America. Do they use a system something like this?

Dr. EWELL. The same system exactly, yes, but even in the United States we had lots of trouble with it. There were plenty of black markets during World War II, as you can recall.

Mr. REDLIN. I realize this, but I was concerned that after all each person would get so many stamps to buy so much food and it is hoped somebody or everybody would get some food before somebody got too much.

Dr. EWELL. The situation in India in the next few months will be that there won't be enough to go around and the first in line with their ticket will be the first ones to get some.

Mr. MATSUNAGA. Following the line of questioning here, Dr. Ewell, I was in Calcutta in December of last year, just a few months ago, and what disturbed me was that in the so-called New Market, and you are familiar with that I'm sure——

Dr. EWELL. Yes.

Mr. MATSUNAGA. There was an abundance of food there. Eggs especially. Hundreds of eggs.

I talked to one of the shopkeepers there and he said he had to really lower his price in order to get rid of his eggs; that he doesn't know what to do with the eggs. And yet right outside of the market there were hundreds of people begging and looking as if they had been taken out of the closet and had human skin put over them.

I am somewhat bothered about this, the mass starvation that goes on in India now is among those who can't afford to pay for any kind of food.

Dr. EWELL. Maybe you were impressed with the number of eggs in the New Market there, but the number of eggs in India is infinitesimal. Perhaps a dozen eggs per person per year for India.

Mr. MATSUNAGA. But these eggs were right there in the market, and plenty of fish, too. But those starving couldn't buy them.

Dr. EWELL. But they were high priced in relation to the amount of money that most people have.

Mr. MATSUNAGA. What I am getting at is this: we are shipping food grains over there, and they are quite short. The minimum requirement is 90 million tons and they produced only 60 million last year. They are short 30 million tons. But to ship food out there and to have the Indian Government sell instead of distribute free to the ones who are really starving and who can't afford to pay for it, would seem to me to be less helpful than we would want.

Dr. EWELL. Well, if it gets to the point where there are a lot of really starving people, I have no doubt the Government will distribute some of the grain free. But for the time being at least. I think it is just as good to sell it at a controlled low price, as against a real emergency situation where they may give it away.

I don't think it is more reprehensible to sell it than to give it away because the Government of India needs rupee revenue anyway. If they didn't get the rupee revenue from selling American grain, they would have to get it by raising taxes.

Mr. MATSUNAGA. There must be some balance struck there.

The other thing I would like to ask you about, Dr. Ewell, is this: I noticed there was a great divergence of opinion on how to attack the their food production sooner than if they were to open up new lands? and get more people on the land to cultivate the land, and this was the view of Nehru, as I understand it. But then Shastri was sold on the idea by our experts, American experts, that rather than opening up new lands, we need to concentrate upon providing for greater yields within the same acreage and it is my understanding too that this has worked much better than opening up new lands.

Last year India produced, I think, a half a million tons of fertilizer. This year they expect to increase it to a million and a half tons of fertilizer.

Dr. EWELL. Don't believe it.

Mr. MATSUNAGA. They opened up two new factories out there. They will triple the production of fertilizer. At least this was what they told us they were going to do.

You spoke of idle fertile lands but if they went into this system of fertilizing lands now under cultivation would they not be likely to increase their food production sooner than if they were to open up new lands?

Dr. EWELL. Well, both approaches should be used, but as far as I know there is very little unused agricultural land left in India. I would doubt if the overall increase could possibly be over 5 or 6 percent.

Now, during the fifties, they did put a fair amount of additional land, maybe 10 or 15 percent additional land, under cultivation in the 1950's, but I don't think there is more than 5 percent left that could be put under the plow, no matter how hard they looked. So I think the possibilities for new land are relatively small, but when you come to yields, the possibilities are enormous because India's yields are among the lowest in the world. For example, in most agricultural products, India's yields are about one-fourth of Japan's.

Wheat, rice, peanuts, beans, almost any staple product, Japan will get four times as much per acre as acre in India will.

Mr. MATSUNAGA. Dr. Ewell, one other point I was happy that you brought out. This is relative to the research that has gone on in agriculture. You stated that 95 percent has been spent on temperate agriculture and only 5 percent has been spent on tropical agriculture. While there are many countries in the tropical area—southeast Asia—where we could really improve agriculture, we haven't done much to improve tropical agriculture. In this connection I might point out that Hawaii is the only State in the Union which is within the tropical zone. We believe we could really help to develop tropical agriculture.

Do you have any views on this?

Dr. EWELL. I am sure what you say is true. Tropical agriculture is amenable to research the same as temperate zone agriculture. If we put enough scientists and laboratories to work on tropical agriculture, probably great things would develop, but research is a slow process too.

If you launch a new research program in almost any area, it is at least 5 years and usually 10 or more years before you start getting any really concrete results out of it.

Mr. MATSUNAGA. On long range planning, would you go so far as to recommend the establishment of a research laboratory in Hawaii?

Dr. EWELL. Yes, I think that would be fine. We have a very fine research laboratory in Mayaguez, P.R., too, which has done a lot of tropical research.

Going back to your eggs, Mr. Matsunaga, Americans like to think that eggs are an important part of the diet. And meat and chickens and things like that. But actually, these types of foods are so expensive in most of the underdeveloped countries, particularly in India, that most people don't even think in terms of eating these things.

As far as India is concerned, if they had enough rice and wheat and beans, they wouldn't worry about things like eggs and meat and chickens. Rice, wheat and beans, that is what these people want. In South America you can add corn to that.

Mr. MATSUNAGA. But throughout the area you can see thousands of Indians starving in the streets, and you see all this food in the marketplace.

Dr. EWELL. Perhaps you saw 10,000 eggs and you have 6 million people in Calcutta.

Mr. MATSUNAGA. 10,000 eggs could relieve 10,000 starving.

Mr. WALKER. I was interested in your concern about giving this nation the food and then having them turn around and sell it. It looks

to me like the wealthy people and the people who are fat, get fatter, while the poor only get poorer.

Also, I notice that you say you need to give more aid to these people. We talked about friendship with these people a moment ago.

Do you feel we should continue to feed this group of people that are really promoting and helping the Vietcong, when we are losing so many boys over in Vietnam?

Dr. EWELL. Are you speaking of India?

Mr. WALKER. No, sir, I am talking about any of the people. What I am really trying to ask you is this, sir: According to some of the answers I heard you give today, do you feel we should continue to help the people who are causing the death of lots of American boys in Vietnam today?

Dr. EWELL. I don't think we are helping any country which is aiding the Vietcong.

Mr. WALKER. According to all news media we have today, over 50 percent of the ships carrying food and supplies to the Vietcong are allied ships, and, as you know, we are helping many of those people.

Dr. EWELL. Some of our allies are selling things to the Vietcong. After all, they are businessmen. I don't know what we can do about that. I thought you meant in terms of foreign aid.

Mr. WALKER. Sir, we are giving foreign aid to many of these people that are carrying the supplies.

I can't see how the American taxpayer is going to believe your situation of "Let's try to help the poor people of India, or any other country" when the poor are not getting food at all. Only the wealthy people are getting food because they are able to buy it and the poor can't.

Dr. EWELL. I think there are all grades of poor people in India. Some of them I am sure are getting this food. I don't think it really matters whether that food is given away or whether it is sold at a low price. As I said before, I think if the situation becomes enough of an emergency that the Indian Government probably will have some sort of a giveaway program for the extremely poor people.

Mr. STALBAUM. Doctor, I first wanted to commend you on a very fine statement which is an addition to many fine statements we have had here this week. There are two or three points I feel should have a little more clarification. I refer to page 5.

Under item 1 you mention that the food deficits today are of the order of 25 million tons. The question I would like to ask you is, deficient to what point? In other words, would 25 million tons merely bring them above the starvation level or would this 25 million tons provide a minimal, adequate diet?

Dr. EWELL. No, what I am referring to is maintaining the dietary level of the last 2 or 3 years, which in some countries is quite low and in other countries it is almost adequate.

Mr. STALBAUM. In each specific country?

Dr. EWELL. Yes.

Mr. STALBAUM. In other words, we are 25 million tons short because of the population growth of maintaining a level that has existed in the recent past?

Dr. EWELL. The same nutritional level as in the recent past.

Mr. STALBAUM. In item 4 you touch first on all kinds of experienced technical manpower, including just the plain farmer—the rural Peace

Corps that some of us are discussing but further on you mention 5,000–10,000 agricultural specialists.

Did your 5,000–10,000 total intend to include your “just plain farmers”?

Dr. EWELL. Yes. After all, a plain farmer is an agricultural specialist, certainly. I have the very highest regard for them.

Mr. STALBAUM. In other words, probably up to 10,000 people who could give assistance and technical advice regardless of their own basic technical training, that could be helpful?

Dr. EWELL. Certainly. There are situations where an intelligent farmer from Iowa could do a lot more good than a Ph. D. in agronomy.

Mr. STALBAUM. I agree with you on that.

At page 6 where you discuss the potential of food from the sea and the small amount available from this source, or the small amount we now obtain, isn't the major item to consider in marine sources of food the fact that it is a high protein source?

Dr. EWELL. Yes.

Mr. STALBAUM. And therefore will be disproportionately high in cost and, second, would fill a very crucial lack, as Dr. Sebrell pointed out yesterday. Isn't it true that the mere stating of the percentage might improperly reflect the desirability of the need for marine sources—

Dr. EWELL. Yes. The relatively small amount of food that does come from the sea is of very high quality. While it provides less than 1 percent of total food, it provides about 3 percent of total protein.

Mr. STALBAUM. Thank you very much.

Mr. VIGORITO. Somewhere in your statement you mention one of the changes as social changes. What social changes do you believe India should make?

Dr. EWELL. First, and foremost, is education.

Many of India's problems stem from the low state of education in India, including industry, agriculture, public health, and birth control too. You have to have a certain amount of education.

So this is the biggest social change that India needs in my opinion; more education.

Mr. VIGORITO. Would there be any need for change in their religion where they have 200 million sacred cattle?

Dr. EWELL. No.

Mr. VIGORITO. Don't they have 200 million cattle grown in the country?

Dr. EWELL. Two hundred and fifty million cattle. Half as many as there are people.

This is a highly unfortunate situation and this does have religious implications. Many people have tried to figure out what to do about the cow problem in India and it is a very complicated problem and it would take the rest of the day to discuss it in detail.

They do need a lot of cattle, of course, for draft purposes. If you are going to plow a ricefield, you have to have a bullock to do it.

Mr. VIGORITO. Do they use sacred cows to work with?

Dr. EWELL. There is no such thing as a sacred cow that doesn't do any work. All cows and bullocks are either draft animals or they give milk. Of course, when they get old and can't do anything, they still live. It is a very complicated situation, but bullocks are the main

motive power in India. Also they have to have the cows to produce the dung to cook their dinners on. I have slept out in the villages in India and I have eaten many a dinner cooked on a cow dung fire. That is the only fuel they have in the villages.

Mr. VIGORITO. You say 10 countries now have a food surplus. Has the number of countries in the last 25 years with a food surplus been decreasing in number?

Dr. EWELL. Very much, yes. Many Asian countries and many of the Communist countries were food surplus countries 25 years ago and now they are food deficit countries.

Mr. VIGORITO. Of the 10 that are remaining now, in the future some of them may go from surplus to deficit?

Dr. EWELL. Yes. I think Burma and Thailand will be food deficit countries in a few years and they are food surplus countries today.

On the other hand, having spent 6 weeks in the Soviet Union last summer, visiting farms and fertilizer plants, I believe the Soviet Union is again going to become a big food surplus country in just a few years. Rumania already is, and will get even bigger in this regard.

Mr. VIGORITO. One final question, sir. While you have a pessimistic outlook for India, would you say that also holds true for Red China?

Dr. EWELL. No, Red China, from all the information one can get, is very much better off than India. Living in Buffalo, I meet many people from Toronto and Hamilton, Ontario, who go to Red China. I can name you 20 people in Toronto who have been to Red China in the last 2 years. They come back at least with the viewpoint that China is in relatively good shape foodwise.

Mr. VIGORITO. Well, if China can do it, why can't India?

Dr. EWELL. Well, it is a different cultural environment in China. Of course, China traditionally always had higher agricultural yields than India. This goes back 80 years or a hundred years. I can't give you the whole cultural rundown, but China and India are just two different places, culturally speaking.

Mr. VIGORITO. Thank you.

Mr. JONES. Mr. Vigorito brought out the point I was going to make, or the main thing about it.

For instance, in Calcutta, I have a very vivid memory of leaving there one morning to go out to the airport. It was about dawn. We saw these thousands of people sleeping in the streets and in doorways and places like that. I was told that their only possessions were the rags they were wearing.

Now, those people have no way of even preparing any food and they are scavengers, so to speak, who go around and try to get what they can.

At the same time, we saw almost as many cattle roaming the streets there in Calcutta. Now, those are not animals that were producing anything or that were being used. As Mr. Vigorito said, I think we have to get into the social problem there, the religious problem. When you made these five suggestions here, I don't think we put enough emphasis on that.

We must convince those people that in order to maintain themselves, they should do something to give them the opportunity to become productive.

I thought about putting in new land. With the millions of people they have, they could be doing something; they could be producing some foods. I don't want to elaborate too long on this, but I think that is one of the important things there in India. With this 250 million cattle there, and I would say half of them are not productive at all and all they are producing is the dung and that is a pretty high-priced fuel.

Dr. EWELL. You are absolutely right. India would be much better off with about half the number of cattle they have. That would be enough for their draft animal needs, and they would probably get more milk out of half of the animals than they do out of the number they have now.

Mr. JONES. Still, all those unproductive animals are consuming food, some of which at least could go into human consumption rather than to sustain the life of an animal that produces nothing.

Dr. EWELL. You are absolutely right, sir.

Mr. FINDLEY. Mr. Ewell, what is being done to inform the Indian people that much of the grain they buy is actually donated by the people of the United States?

Dr. EWELL. I really can't answer that.

Mr. FINDLEY. In these special Government markets, are there signs or other means which inform the people who get this grain that much of it is a gift of the American people?

Dr. EWELL. I am sure the people of India know this. After all, the people of India may be uneducated, but they are not stupid and there is a very good underground channel of information in India. I am sure the people buying food in the fair price shops know that this is to a large extent American food.

Mr. FINDLEY. That is donated American food? If they have to pay for it, could you reasonably expect them to assume it was donated?

Dr. EWELL. I can't answer that. There is an interesting psychological problem—

Mr. FINDLEY. So far as you know, there are no signs in these markets to inform the public about the American program of donating grain to India.

Dr. EWELL. I just don't know the answer to that.

Mr. FINDLEY. Thank you.

Mr. GATHINGS. Thank you so much. We are grateful to you, Dr. Ewell, for your appearance here and splendid testimony you have given.

Dr. Theodore W. Schultz, will you come around?

Mr. HEIMBURGER. Mr. Chairman, Dr. Schultz is the Charles S. Hutchinson Distinguished Service Professor of Economics and chairman of the Department of Economics at Chicago University. He is a graduate of the School of Agriculture, Brookings, S. Dak. He was for many years at Iowa State College as professor of economics, and head of the Department of Economics at Iowa State. He is a former economic adviser and consultant to the Committee for Economic Development for several U.S. Government departments; Agriculture, State, Commerce, Defense, Federal Reserve Board, for the International Bank for Reconstruction and Development, Resources for the Future, the Twentieth Century Fund, and the National Farm Institute; chairman, American Famine Mission to

India, 1946; fellow, American Academy of Arts and Sciences, American Farm Economic Association; former president, American Economic Association. Author of numerous books on agricultural economics, including "Food for the World," in 1945; "Agriculture in an Unstable Economy," in 1945; and "The Economic Organization of Agriculture," in 1953.

I might add, Mr. Chairman, that additional copies of Dr. Schultz' statement are now available and there are some over there on the press table.

STATEMENT OF THEODORE W. SCHULTZ, THE UNIVERSITY OF CHICAGO

Mr. SCHULTZ. I wish to compliment this committee on the comprehensive scope of these hearings. The wide array of authorities who have appeared before you this week have responded competently on population, nutrition, economic development, agricultural research, fertilizer, and U.S. agriculture. But what does this leave for me? Despite the quandary I face, I am indeed honored by your invitation to take a broad critical view of the role of the United States in providing food for the world.

I must, however, restrict my statement to an attempt to clarify particular policy choices in the area where food is yoked to population and agriculture.

In the realm of population, the winds of public understanding supported by new birth control knowledge have taken a favorable turn. We should take full advantage of them. The President's message does not provide for enough sails. I shall propose a set of loans and grants for this purpose modeled in large part along lines of the Cooley loans.

In agriculture, also, there is now underway in many of the less-developed countries a marked change for the better to improve the technical and economic possibilities for agricultural production. The present situation is nevertheless critical; for agriculture in many of them is in serious trouble, predominantly because of major postwar policy mistakes both on our part and on the part of the countries concerned.

I shall propose several major policy changes which are in general consistent with the recommendations of the President.

The economic health of domestic agriculture, meanwhile, is much improved. Farm product prices have become somewhat more competitive and full employment is reducing substantially the excess supply of the primary factor of production most seriously out of line in agriculture. A strong shift is underway from soft surpluses to hard values in agricultural production. This shift now calls for a new approach in our food aid policy both to strengthen the economic incentives in agriculture in the less-developed countries and to improve the economic position of U.S. agriculture and our foreign earnings.

To see the policy issues on which I shall concentrate clearly, it will be necessary to untangle the following factors:

1. We must distinguish between the reduced level in agricultural production that has been caused by bad monsoons in India—also reaching into Pakistan—and what would otherwise be the normal level of

agricultural production in India. The current shortages related to these adverse monsoons require actions on our part that are in principle wholly different from the actions that are required to increase agricultural production in these countries.

The decision of the President, in which I am sure Congress has informally concurred, to greatly augment our shipments of food grains to India currently are indeed well advised. If even more food grains are to be shipped, there are technical reasons related to spoilage from delays in unloading and distributing such food grains in India, which give grain sorghum a substantial advantage over wheat. I would therefore urge that a larger part consist of grain sorghum.

But it will be hard to untangle the true monsoon effects from other factors affecting adversely the supply of food in India. Moreover, we need to be on our guard, for it will be all too convenient for Indian officials to conceal the adverse effects of mistakes that they have made in their food and agricultural price controls and in their "zone" rationing of food, by blaming all on the bad monsoons.

2. We must also distinguish between the positive effects of food aid as an additional resource contributing to their economic growth and the negative effects it has in weakening the economic incentives for agricultural production in the countries receiving such aid.

3. In our efforts to help these less developed countries modernize their agriculture, a sharp distinction must be drawn between aid in the form of food and that of aid to provide fertilizer, farm machinery, and equipment including funds for agricultural research, extension, and schooling.

4. In the area of population we must distinguish between the unfavorable picture given to us in the awesome 20- to 30-year population projections, which seem to make it appear that any and all efforts will be futile, and the picture with its favorable possibilities of reducing appreciably the very high birth rates during the next 10 years, in view of the willingness of many of the governments in these countries to act, and the revealed preference of many parents in these countries to reduce the rate of births to adjust to the marked decline in death rates, in addition to much better and cheaper birth control techniques now available. Much indeed can and will be accomplished in this area during the next decade. We however should contribute more to this task than is presently planned.

5. Lastly, I urge this strategic congressional committee to distinguish between old types of agricultural surpluses that were in large part a consequence of past farm price policies, and the newly revealed comparative advantages that our agriculture has in production; in soybeans, for example. This distinction is the key to the opportunity of strengthening the competitive economic position of U.S. agriculture.

The rapid increase in population is obviously a serious problem, especially so in the less developed countries that have succeeded in reducing their death rates sharply. But man is not a mechanical reproductive robot, as has been shown in the decline in the birth rate of the Japanese. Simple long-range projections are all too mechanical.

Consider, first, the changes that have occurred in our public attitudes and social behavior. There has been dramatic progress during the past decade which enlarges greatly the opportunities open to us during the next decade. Public awareness and concern about the population

problem is now widespread. We also are fortunate at this juncture in having at hand the results of research work undertaken some years ago. Although the risk of being severely criticized was still large a decade ago, it is our good fortune that private foundation funds to support studies in human reproduction, birth control techniques, and demographic developments were made available.

This private risk capital has already paid off handsomely.

Furthermore, we have achieved virtually free and open public discussion. A modern, mature public policy with respect to family planning and birth control is now emerging with public funds to support research and to assist prospective parents who are in poverty in obtaining information and techniques in order to attain their preference for children with family planning as the key to parental responsibility with regard to children: how many, their health, their education, and their preparation for adult life.

Abroad, too, in many of the less developed countries there has been progress on this score. But it is obviously much more difficult for them. Family planning programs supported by birth control techniques that are within the means of parents in these poor countries are hard to organize and they are for them costly. For example, the excellent new interuterine devices require the services of doctors and nurses who have acquired the skills to render this service.

The U.S. Government, especially so throughout the executive branch, has made during recent years real advances in shaping policy and programs to assist less developed countries in the area of population. But more can and should be done to attain this objective. I propose that at least a small part of the real resources that are henceforth made available to the less developed countries in the form of food aid be earmarked by them for public and private programs in family planning complemented with modern birth control techniques.

In the area of agricultural policy with respect to the less developed countries I urge you not to weaken the recommendations of the President as I fear will be your want. Congress again and again has weakened our public efforts to assist these countries in modernizing their agriculture by restrictions to keep them from increasing their production of so-called competitive crops. The natural agricultural resources of many of these countries are such that it would be economical for them to increase their production of wheat, rice, and cotton, for example, not only for domestic consumption, but also for export.

But there have also been other policy mistakes both here and abroad. A number of them are being rectified and it is therefore important not to underrate the changes for the better that are underway.

I ask your indulgence to quote from the preface of my recent book, "Economic Crises in World Agriculture," University of Michigan Press:

There is a juncture in economic development when a stagnant and depressed agriculture causes a crisis. Country after country has reached this juncture. They are countries that have concentrated on the expansion of industrial production, but a monolithic pursuit of industrialization is not enough to attain an optimum rate of growth. For want of economic opportunities, farmers do not save and invest to increase agricultural production. For want of progress in agriculture, industrialization is in jeopardy. Then comes the crisis.

Let me identify briefly the more important of these past policy mistakes.

1. The post war dogma so widespread among the less developed countries that modern economic growth is dependent wholly upon industrialization has done much harm. Agriculture has been neglected and often exploited as a consequence. There have been a few notable exceptions: In Latin America, Mexico, in the Far East, Taiwan, and the longstanding accomplishments of Japan; in the Middle East, Israel; and in south Asia, during the last 4 years, Pakistan.

There is now underway a strong general tendency to correct the economic neglect of agriculture. India, however, is still in serious trouble, the sources of which must be distinguished from the food shortages caused by the recent bad monsoons.

2. Until recently, U.S. missions in these less developed countries with few exceptions, also were bitten by the industrialization bug which made them either indifferent or antagonistic to agricultural development; but this particular policy bias has been corrected. The President's recommendations are clear and cogent on this important matter.

3. Another policy mistake, to which I have already referred, is the array of restrictions that the agricultural committees of the Congress have placed on the USDA in what it can do in assisting these countries in their regular agricultural development. The bogey here is the presumed threat that they may produce competitive farm products. Thus, we have a legacy of legislative history that turns its back on the grand cooperative venture in food crop improvements abroad of Henry Wallace, who saw clearly the favorable possibilities in working with our national neighbors, and that fails to acknowledge our dependence upon other countries for many genetic strains of particular plants—wheat, corn, and so forth—in our own breeding programs. What the USDA is persistently instructed to do is to find ways of exporting ever more U.S. farm products, subsidized and promoted, without a thought to the effects of such activities upon the economic incentives required to induce farmers in these countries to increase agricultural production.

4. There can no longer be any room for doubt that the large additional food requirements for food in parts of Asia cannot be permanently supplied except by large increases in agricultural production in these countries along with a marked reduction in population growth. Vast quantities of free food from abroad can at best only serve particular transitory objectives.

Such large increases in agricultural production in these countries are not brought about by U.S. aid in the form of farm products. Aid to build fertilizer plants, or to import fertilizer, and to acquire farm machinery and equipment and the services of skilled agriculturalists from abroad is what these countries require. The President's recommendations are real and relevant on this issue.

5. Although we have developed an outstandingly productive agriculture in the United States, we have not done well as builders of agriculture abroad. We have long been hampered by what I would call the extension bias and as a consequence agricultural research has been postponed, put off, and grossly neglected. When research has been undertaken, altogether too little attention has been given to the development of valuable agricultural research centers. Were I to rate our efforts in this respect, I would say that the U.S. Government has done the least well, the foundations the best, and the colleges of agriculture have floundered in between on their work abroad.

Consider the record of Government. After two decades, starting with the point 4 programs when about a third of the aid funds for Latin America were allocated to agricultural development, and large amounts since then, there is not a single first-class agricultural research center in Latin America to show for it. Why? Latin American governments have not vetoed such research. The reasons are predominantly our own making, namely, (1) crash programs, (2) the agricultural extension bias, and (3) selling agriculture short in economic development, especially after the point 4 period.

In these hearings in the days to come, I am sure you will be confronted repeatedly with the following basic questions: Should our Government mobilize U.S. agriculture during the next 5 years to provide large additional quantities of food to alleviate hunger in the world?

Let me try to clarify the implications of this question. From a humanitarian point of view the answer would appear to be in the affirmative. Also, the self-interest view of some agricultural groups would support a strong affirmative answer. Surely, too, we could appropriate the necessary public funds, despite the now tight national budget, to make available large additional amounts of food aid to countries beset by hunger. Why then the quandary?

In answering the basic question, as I formulated it in opening this section of my statement, much depends on how long a view we take. To show how important this time dimension is, I must consider once again the food agricultural situation in India. In the immediate future we must see India through the food crisis that now besets that country. The President has already responded in a well advised set of decisions. But there are unresolved difficulties ahead: port and unloading facilities in India, spoilage of food grains under the hot and quite humid conditions that exist in India, and the reluctance of many Indians to shift from rice to wheat and grain sorghums in their food consumption. Fortunately, our stocks of wheat and grain sorghum are adequate to cope with this food emergency in India.

But when we look beyond the period dominated by the adverse effects of the bad monsoons, the basic objective of our policy should be to induce and to help India to modernize her agriculture. Nor should we be unresponsive to her requests for assistance in the area of population. If we were to continue the much enlarged volume of food aid now underway, beyond the period of the bad monsoons, we would in all probability find India worse off 5 years from now in her capacity to satisfy her domestic food requirements than she would be if instead we were to provide some of the specific components that are necessary in modernizing her agriculture. Thus, even from a strictly humanitarian point of view, to alleviate hunger in India in the not too distant future it would be much better to concentrate on increasing the productive capacity of agriculture in India than to continue to make even more "free" food available to her.

Meanwhile, in addition, the stage is set to improve the competitive strength of U.S. agriculture by abandoning the now obsolete concept of surpluses and by shifting U.S. food sales from the many soft currencies to a hard currency. The President's recommendations on this matter are clearly, in my judgment, in the right direction.

In closing, I urge you to reshape agricultural policy to guide U.S. agriculture toward its economic strength and away from products in

which it is competitively weak. There is no doubt that U.S. agriculture has a real comparative advantage in producing soybeans, in responding to the rapidly increasing domestic and world demands for the type of high-quality proteins provided by soybeans. The world demand for feed grains is also increasing rapidly, and in this area, too, we have a considerable comparative advantage. But with respect to food grains—wheat and rice—looking beyond the present food emergency, exemplified by circumstances in India, the increases in world demand are likely to be at a relatively low rate. Thus, in taking a 5-year view, we should in general guide U.S. agriculture toward relatively more production of protein foods both in crops and in animal products.

I shall be pleased to attempt to answer any questions that my statement has given rise to.

As I have read I have not given you a chance to interrupt. If in the time you have available I can answer any questions that I have raised in what I have said, I would consider that a privilege.

Thank you very much.

MR. GATHINGS. Thank you so much, Dr. Schultz. Mr. Findley wants to ask a few questions.

MR. FINDLEY. Doctor, as a citizen of Illinois, I want to welcome you to the hearing today and to compliment you on the excellence of your statement.

DR. SCHULTZ. Thank you very much.

MR. FINDLEY. You close your paper by suggesting that the President's proposal to shift toward hard currency sales and away from the soft currency sales is in the right direction.

I certainly agree with you. Would you think this an opportune time to simply drop title I from Public Law 480 if we go to a revision of Public Law 480 instead of an entirely new public law?

DR. SCHULTZ. You mean title I of the new law?

MR. FINDLEY. Yes. Assuming we simply amend and revise Public Law 480 to make it fit this new approach, would you think it wise to abolish title I, that is, the soft currency sales entirely, and rely on the other three titles of Public Law 480 to achieve the desired goal?

DR. SCHULTZ. I do not know about the technicalities here, so I am a bit weak in giving a real answer. I would have said that you may have to have time, 3 or 5 years, to schedule the shift from the large amount of soft currencies now in proportion to the total, so that you can arrive at the point where to say what would be new title I would be all hard currency. I would think it would be too abrupt to make it 1 year. I would have a firm scheduling, a scheduling that is mandatory that such a percentage is necessary each year so one arrives in 5 years at a complete transfer.

MR. FINDLEY. We enacted legislation last year which authorizes a rather massive long-term land retirement program on top of the other commodity programs. This land retirement presumably will come mainly from the feed grains areas, and thus would tend to restrict production of the crops that you see as the most promising in future years, soybeans and feed grains. In view of this, would you think it wise for us to consider simply dropping that land retirement program?

DR. SCHULTZ. Mr. Congressman, here you pick up a longstanding position of mine. I think we have been unwise for a long time trying

to handle the farm problem by retiring land. I can be completely consistent by saying what I have argued for some years and I would say it would be a serious blunder in terms of public policy to take more land out of cultivation now by any means.

Mr. FINDLEY. Then I would conclude from your statement, that because of the food-for-peace program as well as other considerations, you think it unwise to have this massive land retirement program.

Dr. SCHULTZ. I think it would be a blunder. I think it would be a serious mistake, really.

Mr. FINDLEY. To continue this program?

Dr. SCHULTZ. Yes, yes.

Mr. FINDLEY. Thank you.

Mr. GATHINGS. Mr. Jones?

Mr. JONES. Doctor, I want to tell you how pleased I am to find somebody that is coming around to my way of thinking. I think you have hit on one thing here where you say on page 6:

The postwar dogma so widespread among the less developed countries that modern economic growth is dependent wholly on industrialization has done much harm.

For the last several years I have had the opportunity of attending the world conferences of the Inter-Parliamentary Union. Almost without exception in the last several years, there has always been a resolution there promoted, principally by the underdeveloped countries, and they have been sold, and the United States has had to share its part of the responsibility, for trying to make those people believe that if they could get industrialization all their problems would fade overnight.

While I do not like to be repetitious, I still go back to the statement that was made about India a few years ago when responsible people in Government, in industry, in the press, said, if we could just get us a big steel plant here we could make enough money, we could buy your food and we do not have to produce food, but they were not taking care of the people. We have been a party to spreading this belief that these underdeveloped countries need to become industrialized without going through the same evolution as we did here in the United States. To me the first responsibility of the country that has the capability must learn to feed itself first and industrialization will naturally follow when they do that. I want to compliment you on that statement and I hope others will pick it up.

Dr. SCHULTZ. I am very much on your side, Mr. Jones. The success of Mexico is because she has done both. She has brought agriculture forward very rapidly along with industry. Israel, which you think would have very little opportunity for agriculture, has been extraordinarily successful in bringing agriculture up. Israel has given balance to the economy and real growth. This neglect of agriculture is a very serious dogma. It is not quite done with. One of the factors in the crisis in policy in India right now is that the extreme left and right appear to converge and say we are going to stay with heavy industry, come what may. Although the dogma is receding, it is still there in part. It has done a great deal of harm.

Mr. JONES. The thing about it is they do not realize with the industrialization and with the modern technology we have in industry of mass production that it utilizes a very minimum amount of people,

which they have an abundance of and those people could be producing food. But they want to feel they want to use the product of their industrialization to feed the people, but the food to be produced somewhere else. I think that is the biggest mistake we have made. I want to congratulate you on recognizing that, and I hope you will be successful in getting other people to adopt it.

Dr. SCHULTZ. Your role is important, too, in achieving this objective.

Mr. GATHINGS. Mr. Bandstra?

Mr. BANDSTRA. I also want to congratulate you on your statement, Mr. Schultz, for coming up with some specific recommendations which we really have not had so far. Regarding the cropland adjustment program which we passed here last year in the omnibus farm bill, my understanding was that those who opposed this particular section of the bill did so on the grounds that it would not work, particularly in the feed grain areas, where we already had a diversion type program. My understanding is that the land going into that program will not come out of the feed grain area but out of the cotton-producing areas of the country. I thought then the critics of the cropland adjustment program were probably right insofar as the feed grain area is concerned, and from what the ASC people tell me they are right. We are not getting the sign up in the cropland adjustment program in the Midwest, particularly Iowa. This is merely to interject in the record something I think may have been overlooked so far. What would we raise on these acres that are released for production that will actually do some good as far as producing the type of food, these people in the food deficit areas can use?

Dr. SCHULTZ. You see, in the Corn Belt the market for farm products is getting strong, and the additional demand is not coming from the poor countries. It comes primarily from Europe and Canada, really quite wealthy countries, who want the soybeans and want the feed grains. My judgment is that the growth in foreign demand for feed grains in the next 10 years will be greater than during the last 10 years, which was a 50-percent increase.

This demand is not from the countries that are in real stress. The required adaptation to take advantage of this economic strength in the Corn Belt is relatively easy in light of the strong demands.

We probably should have another 100 million bushels of soybeans next year.

Mr. BANDSTRA. I understand a bill has been introduced just within the past week that would permit the production of soybeans on diverted acres.

Dr. SCHULTZ. Yes, I have been told so.

Mr. BANDSTRA. You would approve of this approach, I take it?

Dr. SCHULTZ. Yes, I approve of it. I also repeat what I said to Mr. Findley, this would indeed be a blunder to take more acreage out of cultivation.

Mr. CALLAN. Would the gentleman yield?

Mr. BANDSTRA. Yes.

Mr. CALLAN. You say it is a blunder. Would you follow that up and amplify that? When you say it is a blunder, do you suggest, then, that we build up some reserves that we do not have on hand? Is this the reason it is a blunder or why is it a blunder to have this cropland adjustment and diverted acres?

Dr. SCHULTZ. I am not worried about our being out of stocks for the current emergency in food. We are still fairly long on stocks. Of course it could turn if there were another bad monsoon. I would stress that it is high time we ask ourselves where we are guiding our agriculture with our programs. The emphasis on land retirement is in the wrong direction.

We are not only driving the price of land ever up by this, but we are getting agriculture contractions where we do not want contractions for the long run. We have a chance now to relax and let agriculture find itself again more consistent with its competitive position.

Mr. CALLAN. Are you suggesting at the same time that agriculture prices be lower?

Dr. SCHULTZ. I would be for this, sir.

Mr. CALLAN. In other words, you think the price of soybeans and feed grains and wheat should be lower?

Dr. SCHULTZ. The market is very instructive here. But to the extent that you shape the acreages to prices you ought to have second thoughts now because you have an opportunity you did not have for some years, because of the strength and the strong competitive demands.

Mr. CALLAN. Would it not be true, though, if we brought in this 40 million acres that is contemplated being taken out and brought in the land that is now being diverted into production, that the prices would be forced down based on present demand?

Dr. SCHULTZ. Let me hold my answer for the moment to the one of taking another 40 million acres out of production.

To do it would be a serious mistake. You are also asking how rapidly can you relax where you are diverting cropland? I should say you may have a real opportunity to relax quite rapidly in the next 2 years. None of us have enough information now how rapidly you can, but the economy, the agricultural sector, is now strengthening. You begin to see what is hard and what is soft. You could not see this by monkeying around with all the land programs you have had, and diversion programs. It did not give the signs. Now you can see, for example, that soybeans are a very strong crop. Feed grains are a very strong crop. I think wheat and rice are in relative weak positions. The prospects for the next 10 years, despite the food shortages in some poor countries, the real demands for rice and wheat are growing very slowly. Russia may come back and become a wheat exporter. She may sell wheat to buy feed, which is not to be ruled out in the next 5 or 10 years. Note that if this occurred, it would further increase the demands for feed in this country.

Mr. GATHINGS. Mr. Bandstra, are you through?

Mr. BANDSTRA. Yes.

Mr. GATHINGS. Mr. Todd wanted to ask a question. We are delighted to have Mr. Todd with us.

Mr. MATSUNAGA. Mr. Chairman, I would like to talk on this point, lest we have something in the record which may be misleading. Dr. Schultz, the strength that you speak of in these areas, as in soybeans, is this not a consequence of the control we have had?

Dr. SCHULTZ. No.

Mr. MATSUNAGA. You would not say so?

Dr. SCHULTZ. No. The demand for high quality proteins for animal and poultry and human consumption is just growing by leaps and bounds throughout the Western World and the United States. This is fundamental in the picture.

Mr. MATSUNAGA. What are the prospects of growing soybeans in India?

Dr. SCHULTZ. One of the puzzles is that soybeans have not taken any place except in China and the United States. There have been a lot of attempts to develop soybeans that would produce in Indonesia. The Dutch breeders said they had them, but they have not been successful. It is said that soybeans will do well in Nigeria but they have not. There are some soybeans in Brazil but they have not done well commercially.

Mr. MATSUNAGA. Has much experimentation been carried on in this area?

Dr. SCHULTZ. Something has been tried. There have been some attempts at adaptation. I believe I am right in saying that in terms of real production by farmers there has been no breakthrough as yet except in the United States and China.

Mr. GREIGG. If the gentleman would yield at this point. We, in this Nation at the present, enjoy a fine soybean market. In your judgment, what do you think the role of synthetics will be as a substitute for soybeans? I refer specifically to the product UREA.

Dr. SCHULTZ. My judgment is not really very valuable here. You have to get a time dimension. You mean 10 years?

Mr. GREIGG. I am speaking of the fact that if we do not in this Nation, have enough soybeans to meet the demand throughout the world, will we not see additional synthetics come on to the market, possibly destroying a very fine price we enjoy presently in the soybean market? Do you see this as a possibility?

Dr. SCHULTZ. I see it as a possibility but if I were to make a decision as a farmer on soybeans for the next 5 years I would not pay much attention to it.

I am limiting myself to 5 years.

Mr. MATSUNAGA. I have just one more question and then I am through. Dr. Schultz, would you agree with Dr. Ewell that we need to expend a little more effort in tropical agriculture?

Dr. SCHULTZ. You should have asked this question, as I am sure you did, of Mr. Harrar and Mr. Hill, because they have really been the pioneers, using foundation funds, in the International Rice Institute. As you probably know, they are making a joint decision to develop a very important tropical food research institute in Nigeria. It is true that the tropics have not received enough research attention. If you get into this, if you look at South America, then I think one is well advised to stay at the fringes of the tropics and not get into tropics proper because people are moving out of the tropics to the fringes of the tropics. In Brazil, for example, this is clearly evident. The economic and social forces for a generation ahead strongly point to an increase in economic activity at the fringes of the tropics and a decrease in the tropics proper. This argues that the first money that is committed in Latin America should go into the fringes of the tropics, which is to the south of the real tropics in Brazil.

Mr. GATHINGS. Mr. Stalbaum.

Mr. STALBAUM. Somewhat in line with these last questions, Doctor, in almost the last sentence of your statement you make reference to animal products as protein sources. In the paragraph itself you make virtually no reference to that. My own thinking has been, and I make the statement mostly to get it in the record, that ultimately we are going to, as a policy, fill a protein deficit in the world, encouraging other nations to develop more of their own cereal production. I think this is the most natural pattern that can come. It is easy to get in and out of soybeans, but animal proteins take a longer time, whether this be dairy, beef, pork, or what have you. Would you think that it would be desirable for our Government as a policy to perhaps set up some long range goals or directives in the area of animal proteins in order that farmers might be assured that there will be some outlet for their increased production in these areas because they do have to plan 2 or 3 or 4 years ahead.

Dr. SCHULTZ. Yes. I cannot disagree with the way you put this. Farmers can become very vulnerable in having acted on wrong expectations, for it is hard to disinvest if they acquire herds of livestock.

I ought to say again that if you want to stay on the right track in the next decade in terms of food in the world, wherever you look it will be the proteins that are going to be in short supply relative to cereals or carbohydrates, both for animal and poultry feed and for human food. It is still true that by and large as you get close to the tropics they do not have good plant sources of proteins that are productive and efficient, as we have in the temperate zones. Let me emphasize the importance of keeping the relative shortage of proteins in mind.

Mr. STALBAUM. When you say, "If you will want to stay on the right track," you mean we as a government, or are you saying you as an American agricultural producer. In other words, what does the word "you" refer to in your sentence?

Dr. SCHULTZ. Let me look.

Mr. STALBAUM. You just said it. Maybe we could have the transcript read back.

Dr. SCHULTZ. Let me be more specific. What I mean is that Congress has a responsibility in guiding American agriculture, wittingly or unwittingly.

Mr. STALBAUM. When you say "you," you mean this committee?

Dr. SCHULTZ. This committee and Congress through your committee. Let me say from the sort of changes in policy that you can now make which were not opportunities a year or two ago, makes it possible to guide agriculture in the right direction.

Mr. STALBAUM. In line with this contention of yours that we move more toward the stimulation of production of proteins, in your paragraph you say the demand in the world for feed grains as an export crop—you also touched on this in answer to other questions—wouldn't it also follow, then, that this automatically would increase the need for the use of feed grains here in America, if we move into the goal of more animal proteins? Would that follow? This is somewhat in line with this retirement of acreage that my little farther western friends were asking about a moment or two ago.

Dr. SCHULTZ. I am not sure what I would say on this point as you are putting it, because in substance it asks me now to reassess rather

subtly what the growing demands are for the different animal products which are high in protein content, and so on. There are shifts underway in the American scene which are pretty rough to take. They are not all expansion when we get to the consumer level with the variety of foods we have, rich as we are. I have only identified three areas this morning and there are many others that ought to be identified, I identified the high-plant protein source exemplified by soybeans, the growth in demand for feed grains, particularly in the Western World—and the slow growth in real demand if one looks ahead say 10 years for wheat and rice. Let me not take on anymore.

Mr. STALBAUM. You are leaving it hang, Doctor.

Dr. SCHULTZ. You are asking me to say more than I know.

Mr. STALBAUM. No, because you do recommend an increase in the production of proteins including animal proteins. What I am really trying to pin you down to is the breakdown between animal and plant proteins in your projections and the effect the increase in animal proteins would have on the market of feed grains or the utilization of feed grains here in America, separate from their export requirements. You avoided it last time. I am sort of rephrasing it right now. Do you feel that encouragement of animal protein production will be stimulated enough or should be stimulated enough by us to provide encouragement for feed grain production to go into the animal protein production?

Dr. SCHULTZ. You won't let loose.

Mr. STALBAUM. Not that easily.

Dr. SCHULTZ. I thank you for your persistence. The easy way would be to ask you to amend that last sentence to say, simply, food crops—protein food crops—but you want to go further than this. The facts are that domestically for milk and milk products, the demand is showing little or no growth from growth of population plus income. The demand seems to be strong for broilers and for turkey meat but this may be a price effect. In any case, that industry shifts rapidly; that is, to the whole broiler and turkey industry and eggs—compared to the more expensive kinds of shifts that are involved in dairying. Now you get to the meat animals, I think there is no reason to doubt our longstanding view that the income effects for red meats are still quite positive, so that demand increases with population, plus income, and quite favorably. Yours is a very complicated question.

Mr. STALBAUM. My question related more to the use of the animal protein products in our foreign outlets.

Dr. SCHULTZ. On this I will say two things. The purchase of them from abroad is not in good prospect. The use of these by purchase by Government under title II may be very considerable because they may be an important kind of protein to compliment other foods that are being made available. I would not be surprised, as I remember two parts of the new bill, that there would be occasion to buy in the market what are called the animal proteins, in order to balance other foods—grain sorghums, let us say, which I think should be made available in large amounts to India—and then the Government would have to acquire animal proteins to supplement these food grains.

Mr. REDLIN. I would like to direct my remarks to India again. I am interested in your two observations on page 3 where you refer to the mistakes made by the Indians themselves as being two main ones, in agricultural price controls and regional rationing of food.

It would seem advantageous to me as a farmer to have a market potential like all the Indian producers must have which is far beyond what they can produce. I am interested in your defining what you consider a mistake in agricultural price controls in the Indian economy.

Dr. SCHULTZ. This is very important. Here I think we should do more homework than I have done.

The general outline of the problem in my judgment, is something as follows: In the case of food rationing, India, for reasons of law, constitution and policies, the political process, has committed itself to what is called a zonal approach. The effect of this is that the state governments essentially have a veto on whether food is released. The upshot is that the surplus areas are hanging on to their food and the deficit areas are not getting as much as they would get in an open market. The south, you see, is deficit, and yet it can't acquire food from the surplus areas of India. The rationing by zones has made matters worse.

For a long time India has underpriced its main farm product. We have been party to that, in the way our foods have gone in. Our foods have been very valuable to her as an additional resource, but we have not taken responsibility for what it does to the farm price structure inside of the country, and thus we have blunted the farmers' incentive to grow products. India has not paid her farmers what farm products really are worth in light of the value of having additional food produced in India.

The Government is becoming quite aware in its executive branch of the seriousness of this underpricing, but I am not sure India is policy-wise fully aware of this difficulty as yet.

Mr. REDLIN. You say there is a strict price control for agricultural production in India? Very strict by the Government?

Dr. SCHULTZ. Before famine, our large volumes of food and other things we have done depressed the prices to farmers in considerable part, particularly in the surplus areas where they could expand the most. It simply has not paid Indian farmers to increase production. Inputs have been expensive, fertilizers have been very expensive, and so on, and the farm price structure has not been favorable for increasing agricultural production.

Mr. CALLAN. It hasn't paid our American farmers for increased production either.

Dr. SCHULTZ. Well, why do you think they have been doing it?

Mr. CALLAN. My answer is, the reason they have been doing it, is to survive and keep farming. The point I was trying to make there is that you know and all of us know what the productive capacity of agriculture is. I am quite sure that we can fill all these bins and warehouses all over the United States in a matter of 2 or 3 years. I can't figure out at what price these commodities are going to move into our market, and then we talk about selling more of these commodities overseas for dollars and I don't know of any underdeveloped country that has dollars to spend.

You said we want to move in the right direction. This committee wants to move in the right direction. Could you suggest what you consider the right direction to be?

Dr. SCHULTZ. To go back to a previous question, I was asked whether one would shift abruptly from hard to soft currency. I said

no. I would shift gradually over 5 years. Then, too, India could make better decisions on what she buys and what she does in agriculture once this shift has been made. It is not possible to give away food as we have without impairing the production of agriculture in the countries receiving it.

This is the box we are now in and we have to get out of that box.

To go back to India. We should induce India to turn around on economic policy as Pakistan did 5 years ago.

Pakistan has been making progress in agriculture.

Mr. REDLIN. Are you saying Pakistan increased the price to their producers?

Dr. SCHULTZ. In Pakistan, fertilizer has become available at prices that are attractive to farmers, and Pakistan agriculture has begun to increase output 3 percent a year. Pakistan began to export some rice even from East Pakistan, which has always been deficit.

Mr. GATHINGS. We are pleased to have both Mr. Todd and Mr. Hansen with us today and we would like to have them participate.

Mr. Todd knows our witness.

Mr. TODD. Thank you, Mr. Chairman. When I got out of the Army, I went to school and Professor Schultz tried to give me a little learning. He gave me some then and I think more this morning. It is a great privilege to hear him again after all this time.

I am intrigued with parts of your testimony, of course, because I have had an interest in population problems ever since coming to Congress a year ago. I am also very sympathetic with what I consider the thrust of this legislation to be, as Chairman Cooley has mentioned, to really fulfill a humanitarian obligation we have to our friends abroad. I am sure our chairman would be pleased if he were here to have heard you say that you felt we shouldn't take 40 million acres out of production.

I am concerned that we not bring forth false expectations on the part of the beneficiaries of this program, however, and that we not feel that we can feed all the hungry forever. I believe that has been brought out in the testimony this week, that we can't. That population control programs are an essential part of the total overall program to alleviate hunger in the world and I am very much attracted to your suggestion, which is similar to one I made following the President's message, that a portion of the fund generated out of this food-for-peace program be made available for birth control, family planning, and so on and so forth.

Do you think if this were done it would increase the impetus for the recipient countries to adopt and promote such programs? Do you think they would move forward more rapidly if we did adopt a provision providing some of these funds be used in this manner?

Dr. SCHULTZ. It would have several advantages. One is, it would provide another piece of legislative history to instruct the executive branch. The President has already spoken out three or four times, and this has done a great deal to move some resources, some kind of program, but much more than this is needed.

It would be very important if such legislation would come from this committee.

Secondly, it would be important in the receiving countries. It would be more powerful still if part of it could be tied to the hard

part of the loan. That is, permit the country to use, say, \$1 million of the hard part. This arrangement would become very powerful.

As Mr. Ewell said, a number of these countries, such as India, are in fact prepared to act on birth control. In India, the medical profession is willing to help; the Biological Research Council has gone on record in favor. The Ford Foundation has committed funds and staff to this task.

In 10 years we can accomplish much more than we now think possible. Consider once again Japan. It is a dramatic achievement.

Mr. TODD. I have heard some estimates that by using the IUD, the population problem can be solved in the next 10 years if we can actually make family planning techniques available.

I wonder if you would agree that by tying these things together you make a rational program out of it, which at least calls people's attention to the fact that we are attempting to alleviate hunger in the long run? We are trying to do this in a total program.

Dr. SCHULTZ. Such an approach would be very constructive, yes.

Mr. HANSEN. I want to express my appreciation for having extended your hearings long enough so that your guests, Mr. Todd, and myself, could participate.

I, like Mr. Todd, want to address myself to a very simple question that has to do with the long-range aspect of this problem we have discussed here this morning.

Both you, Dr. Schultz, and Dr. Ewell, have indicated that a great many more technicians in the agriculture field are needed in the underdeveloped countries. I believe the figure was somewhere around 10,000.

What in your judgment is the likelihood that this need can be satisfied by accelerating the training and education of so-called native students in this country, in this field, rather than attempting to do this, or take care of this entire job by sending our own citizens abroad to do this type of work in these underdeveloped countries?

Dr. SCHULTZ. We have a long tradition of success, which is our own land-grant system, and it has been trying to find itself also as an agent abroad. It has not done too well abroad as yet.

You ask the question in terms of education for foreign talent. I would say, first and foremost, that the public and private process simply has to put agriculture on the agenda. High on the agenda. Once that is done, and it is beginning to happen, then we should not be inflexible in terms of the combination of people who are trained here for 3 or 4 or 5 years until such students can acquire training in their respective countries, because this will vary from country to country.

Ultimately our Government should go in the direction of the McGovern bill, which I presume will now be an integral part of the proposed International Educational Act, which will provide for a new agency.

In this proposed act we are building for a long run and getting away from crash programs. It is a process which builds on our tradition, but which shifts the burden of instruction gradually to the countries abroad.

Mr. HANSEN. You would agree the same type of thing could take place in the agriculture field that has taken place in the medical and health services and scientific fields?

Dr. SCHULTZ. It will be necessary to do so.

Mr. HANSEN. And it would then help to alleviate the problem of these former movements which have had a tendency to bring about problems that they have created?

Dr. SCHULTZ. Yes.

Mr. HANSEN. There has been some talk, as you know, out in Iowa—we have one of the good land-grant colleges there.

Dr. SCHULTZ. I was there for a long time. I should know.

Mr. HANSEN. There has been a tendency on the part of our people out there to develop a notion that the time has passed during which we should stress the extension work of that type institution to the extent beyond what has been in it heretofore and go to the extent that we have gone in the industrial field.

In your judgment, these facilities could very well be used for development of additional personnel, both foreign and domestic, for the work that has to be done in the foreign fields in agriculture.

Dr. SCHULTZ. I am afraid you have asked me more than I can encompass—important changes that are taking place today in State after State, which involve the recasting of the functions of off-campus work, off-campus extension. The approach in Wisconsin I have watched closely, which is a pioneering effort. The program in Missouri is another. Both have the good fortune of having a university which includes the agriculture people on the same campus, whereas in Iowa they are divided, which makes it harder to organize a comprehensive program.

Our contribution abroad—and here if I had my whole paper on this, I should have argued that we must rectify the last 10 years of mistakes where we always started with an extension program before we had something to give farmers which was profitable and rewarding in these countries.

We went forward with these programs even when there was not much to give farmers which really paid off to them. This mistake occurred, for example, in Peru; and in country after country.

This extension bias must be changed. This doesn't mean that no extension programs are required, but they should not be premature. There has to be something to extend to the farmer that is really worth his while.

Now, this is a whole topic by itself.

Mr. HANSEN. Dr. Schultz, we are to understand then that you perhaps would be a proponent of the idea that, as you say, this committee is responsible for giving direction in agricultural fields, not only to the people in this country, but the world? You would then feel disposed to suggest that perhaps sometime or somewhere along the way there should be some consideration given to some governmental direction in this business of carrying on a program of training and education for foreign students as has been done in some of the other fields of activity?

Dr. SCHULTZ. I have to give an interpretation to your words. In my view, we can't escape taking responsibility at the Federal level. In creating and also in financing, the land grant system, a large part of the responsibility has been Federal. Now we are trying to devise new institutions which will serve abroad. I called attention to the new act to establish a Center for International Education, which would

be permanent. The Federal Government has to be a party to it and has to give a great deal of leadership. It is inescapable.

Mr. HANSEN. Thank you very much, Doctor.

Mr. WALKER. Mr. Schultz, I would like to express my appreciation to you for the frankness you have displayed and sincerity of your testimony.

I have two short questions. One concerns our proteins. Is it not true our surplus of protein has dropped an awful lot this year?

Dr. SCHULTZ. My assessment would be "Yes."

Mr. WALKER. I would like to know your opinion about budgetary cuts to U.S. land grant colleges.

Dr. SCHULTZ. I don't know what these are. You see, I am uninformed. I would say something quite different—let me put it this way: What I would look for is, would this cut impair the capacity of the land grant colleges to expand to take care of an increasing number of students who are going to want a college to attend the next 3, 4, 5, 10 years. This is what I look at. We have to have additional college capacity.

Mr. WALKER. Thank you.

Mr. GATHINGS. Thank you so much, Dr. Schultz. We are grateful to you for your presentation.

Now, rarely has this committee been privileged to hear such a fine array of witnesses who were so well versed and knowledgeable on the subject we have been discussing here, and studying.

The committee staff is at this time abstracting this testimony that has been presented this week and I understand that this summary will be made available in a few days. Without objection, I would like to ask that it be incorporated in the record and made available to the members in mimeographed form.

Mr. HEIMBURGER. Mr. Chairman, may I announce that the testimony which has been presented this week will be published in a separate volume of hearings? We hope to have enough copies of this volume to make it available to tell those who are interested in studying this matter further.

Anyone who wants a copy of the volume, write to the Committee on Agriculture and give your name and address and we will be glad to send you one in a franked envelope.

Mr. GATHINGS. That's fine. Further hearings will have to be announced by Chairman Cooley.

We will recess.

(Whereupon, at 12:55 p.m., the committee was adjourned to reconvene at the call of the chairman.)



WORLD WAR ON HUNGER

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPO
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 12152, H.R. 12784, and H.R. 12785

FEBRUARY 23, 24, AND 25, 1966

Serial W

PART 2

Printed for the use of the Committee on Agriculture



COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*
W. R. POAGE, Texas, *Vice Chairman*

E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
WATKINS M. ABBITT, Virginia
PAUL C. JONES, Missouri
HARLAN HAGEN, California
FRANK A. STUBBLEFIELD, Kentucky
GRAHAM PURCELL, Texas
JAMES H. MORRISON, Louisiana
ALEC G. OLSON, Minnesota
SPARK M. MATSUNAGA, Hawaii
MASTON O'NEAL, Georgia
THOMAS S. FOLEY, Washington
JOSEPH Y. RESNICK, New York
LYNN E. STALBAUM, Wisconsin
ELIGIO DE LA GARZA, Texas
JOSEPH P. VIGORITO, Pennsylvania
JOHN C. MACKIE, Michigan
ROLLAND REDLIN, North Dakota
BERT BANDSTRA, Iowa
STANLEY L. GREIGG, Iowa
CLAIR A. CALLAN, Nebraska

PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
MRS. CATHERINE MAY, Washington
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
LAURENCE J. BURTON, Utah
PRENTISS WALKER, Mississippi
GEORGE V. HANSEN, Idaho

RESIDENT COMMISSIONER
SANTIAGO POLANCO-ABREU, Puerto Rico

MRS. CHRISTINE S. GALLAGHER, *Clerk*
HYDE H. MURRAY, *Assistant Clerk*
JOHN J. HEIMBURGER, *General Counsel*
FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

H.R. 12152, a bill to amend the Agricultural Trade Development and Assistance Act of 1954.....	Page 173
H.R. 12784, a bill to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes.....	174
H.R. 12785, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.....	175
Statement of—	
Bell, Hon. David E., Administrator, Agency for International Development.....	239
Freeman, Hon. Orville L., Secretary of Agriculture.....	187
Rusk, Hon. Dean, Secretary of State, as presented by Thomas C. Mann, Under Secretary of State.....	274
“A War on Hunger,” a message from the President of the United States, House Document No. 378.....	180

WORLD WAR ON HUNGER

WEDNESDAY, FEBRUARY 23, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, McMillan, Abernethy, Abbitt, Jones of Missouri, Hagen of California, Stubblefield, Purcell, Morrison, Olson, Matsunaga, O'Neal, Stalbaum, de la Garza, Vigorito, Redlin, Bandstra, Greigg, Callan, Dague, Belcher, Quie, Mrs. May, Findley, Dole, Burton of Utah, Walker of Mississippi, Hansen of Idaho, and Teague of California.

Also present: Representative Paul H. Todd, Jr.; Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; Francis LeMay, consultant; and Fowler C. West, staff.

The CHAIRMAN. The committee will please be in order. We have with us this morning the distinguished Secretary of Agriculture, Mr. Orville Freeman. He has just returned home from a trip into the Far East. We hope, Mr. Secretary, that you have had a very rewarding experience in the trip that you have just made.

We have had hearings this past week, at which we have had some economists and others who came from Harvard, Princeton, Purdue, Columbia, and many other universities who discussed this war on hunger. And we have received the message of the President in which he expressed his concern about the war on hunger, as you will remember. These witnesses who appeared before us to discuss this subject had made special studies of the population explosion and the entire situation with regard to food in other parts of the world.

(H.R. 12152, H.R. 12784, and H.R. 12785, all introduced by Mr. Cooley and the President's message "A War on Hunger" follow:)

[H.R. 12152, 89th Cong., 2d sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(A) By striking out the word "surplus" wherever it occurs in the Act. except—

(1) in section 106, in lieu of the word "surplus" insert the word "available".

(2) in section 402, strike out the words "in surplus" and insert "available pursuant to the provisions of section 106".

(3) in section 307 strike out the words "under section 106 of this Act".

(B) Section 103 (b) is amended by striking out "1965" and inserting "1966", by striking out "1966" and inserting "1970", and by striking out "\$2,700,000,000" and inserting "\$10,000,000,000".

(C) Section 104 (g) is amended by inserting following the words "For loans" the phrase "to develop indigenous agricultural production and distribution and facilities for the handling of imported agricultural commodities,".

(D) Section 203 is amended by striking out "1965" and inserting "1966", by striking out "1966" and inserting "1970", and by striking out "\$400,000,000" and inserting "\$800,000,000".

(E) Section 204 is amended by striking out "1966" and inserting "1970".

(F) Section 308 is amended by striking the period at the end of paragraph (2) and inserting a semicolon and the following: "(3) to purchase United States agricultural products, including high protein animal and vegetable foods, and to make payment for enrichment of foods, to be sold, exchanged, or donated to nations without adequate nutritional supplies for their citizens, including sales under titles I and IV hereof, and grants, as may be appropriate in consideration of the economic condition and needs of each such nation."

[H.R. 12784, 89th Cong., 2d sess.]

A BILL To authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to assure a continuous, adequate, and stable supply of food and fiber primarily to meet the requirements of domestic consumers at fair and reasonable prices and also to meet the requirements of commercial exports, the food for freedom program, and the domestic relief programs, the Commodity Credit Corporation is authorized to establish and maintain reserves of Government-owned stocks of agricultural commodities and the products thereof at such levels and in such forms as the Secretary of Agriculture, after consultation with appropriate agencies, may determine are reasonable and necessary in the national interest. In determining the reserve level for any agricultural commodity or product thereof, the Secretary shall take into consideration potential requirements, consumer and farm prices, effects upon supply of adverse weather conditions, stocks in private trade channels, need for the buildup of reserves in an orderly manner, program commitments, and such other factors as he may consider relevant, and shall announce such level for each marketing year as soon as practicable in advance thereof.

SEC. 2. Notwithstanding the provisions of any other law, the Commodity Credit Corporation shall—

(a) reserve under this Act such quantities of agricultural commodities and products thereof acquired by it through price-support operations as the Secretary may direct;

(b) procure for purposes of this Act such quantities of agricultural commodities and products thereof as the Secretary may direct through purchases or through exchanges of other commodities held by the Commodity Credit Corporation;

(c) process, exchange, or package any agricultural commodity or product thereof as the Secretary may determine desirable for storage and disposal under this Act; and

(d) dispose of agricultural commodities and products from the reserves as provided in section 3 of this Act.

SEC. 3. Agricultural commodities and products thereof in the reserves established under this Act may be disposed of as follows:

(1) By sale at such times, for such uses, at such prices not less than those applicable to sales of commodities by the Commodity Credit Corporation, and upon such conditions as the Secretary may determine to be in the national interest: *Provided*, That sales for foreign currencies or upon long-term credit shall be made pursuant to and subject to the provisions of the Food for Freedom Act of 1966.

(2) By donation as the Secretary may direct to meet the requirements during any period of emergency pursuant to and subject to the provisions of title III of the Federal Civil Defense Act of 1950, as amended, the requirements for

relief distribution under section 407 of the Agricultural Act of 1949, as amended, the requirements for domestic distribution under section 202 and clause (3) of section 416 of the Agricultural Act of 1949, as amended, and the requirements for foreign distribution pursuant to and subject to the provisions of other laws providing for foreign donations.

(3) By barter or exchange under other authorities available to the Commodity Credit Corporation for the conduct of such transactions.

(4) In redemption of payments in kind obligations of the Commodity Credit Corporation under its programs.

SEC. 4. Notwithstanding any other provision of law, the price support level, the acreage allotments, and the marketing quotas for any agricultural commodity may be increased above that which otherwise would be established for such commodity to the extent that the Secretary determines necessary in order to obtain production needed for the establishment and maintenance of the reserves established under this Act.

[H.R. 12785, 89th Cong., 2d sess.]

A BILL To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food for Freedom Act of 1966."

SEC. 2 The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

TITLE I

SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out international agreements to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, and the resources required to attain that objective;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), and (e) of section 304;

(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation;

(e) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on long-term development of new and expanding markets by encouraging economic growth; and

(f) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President.

SEC. 104. Payment by any country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit, and in any event no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended.

SEC. 105. In order to maximize sales under this title through the private trade, the Secretary of Agriculture is authorized to enter into sales agreements with foreign and United States private trade under which he shall undertake to provide for the delivery of agricultural commodities for dollars on credit terms permitted under section 104. Any agreement entered into hereunder with the private trade shall provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the amount due.

SEC. 106. The Commodity Credit Corporation may bear the cost of ocean transportation incurred pursuant to agreements entered into after December 31, 1966, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Dollar credit terms may be extended for the balance of such transportation charges for transportation in United States vessels on the same terms as those provided in section 104 for dollar credit sales.

SEC. 107. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years under this title or title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years.

TITLE II

SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in developing areas; and to provide assistance for needy persons and for nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 301 as he may request.

SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations, in such manner and upon such terms and conditions as he deems appropriate. The President shall to the maximum extent practicable make use of the facilities of nonprofit voluntary relief agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment and fortification; processing, transportation, handling and other incidental costs up to the time of their delivery, free on board, vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries,

transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto.

SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$800,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation less than were authorized for such purpose during such preceding year by this title or by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act or of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

TITLE III

SEC. 301. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country.

SEC. 302. The term "agricultural commodity" as used in this Act shall include any product of an agricultural commodity.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under section 305, for its actual costs incurred or to be incurred.

SEC. 304. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales of foreign currencies under title I of this Act and title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for one or more of the following purposes:

- (a) For payment of United States obligations; and
- (b) For carrying out programs of United States Government agencies to:
 1. Help develop new markets and expand existing markets for United States agricultural commodities. Provision shall be made in sale agreements under title I and loan agreements under subsection (f) for the convertibility of such amount of the foreign currency proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer a reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph;
 2. Finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);
 3. Collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific

activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation;

4. Acquire by purchase, lease, rental or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

5. Finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities;

(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms and branches, subsidiaries, or affiliates of such firm for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products;

(f) To promote multilateral trade and economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States;

(g) For the purchase of goods or services for other friendly countries; and

(h) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies.

Provided, That section 1415 of the Supplemental Appropriation Act shall apply to currencies used for the purposes specified in subsections (a) and (b).

SEC. 305. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 304, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

SEC. 306. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the foreign policy objectives and national interest of the United States.

SEC. 307. The authority and funds provided by this Act shall be utilized in a manner that will assist those countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people.

SEC. 308. The President shall make a report to Congress with respect to the activities carried out under this Act at least once each year.

SEC. 309. No agreements to finance sales under title I shall provide for delivery of commodities prior to January 1, 1967, and no assistance under title II shall be furnished prior to January 1, 1967. No agreements to finance sales under title I and no programs of assistance under title II shall be undertaken after December 31, 1971.

SEC. 310. (a) The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), is amended—

(1) by adding the following new section:

“SEC. 407. No agreement to finance sales, and no sales agreement with the private trade, shall be entered into under this title after December 31, 1966.”;

(2) by striking out section 308, effective January 1, 1967.

(b) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol “(1)”, by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(c) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1), is amended, effective January 1, 1967, by striking out “foreign distribution”.

(d) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: “and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States”; “and (4) above”; “, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States”; and “The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.”

A WAR ON HUNGER

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

A WAR ON HUNGER

FEBRUARY 10, 1966.—Referred to the Committee on Agriculture and ordered to be printed

To the Congress of the United States:

Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter.

These are the essentials of peace and progress.

But in the world today, these needs are still largely unfulfilled.

When men and their families are hungry, poorly clad and ill-housed, the world is restless—and civilization exists at best in troubled peace.

A WAR ON HUNGER

Hunger poisons the mind. It saps the body. It destroys hope. It is the natural enemy of every man on earth.

I propose that the United States lead the world in a war against hunger.

There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us.

A PROGRAM FOR MANKIND

The program I am submitting to Congress today, together with the proposals set forth in my message on foreign assistance, look to a world in which no man, woman, or child need suffer want of food or clothing.

The key to victory is self help.

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

I propose—

1. *Expanded food shipments to countries where food needs are growing and self-help efforts are underway.*—Even with their maximum efforts abroad, our food aid will be needed for many years to come.

2. *Increased capital and technical assistance.*—Thus, self-help will bear fruit through increased farm production.

3. *Elimination of the “surplus” concept in food aid.*—Current farm programs are eliminating the surpluses in our warehouses. Fortunately the same programs are flexible enough to gear farm production to amounts that can be used constructively.

4. *Continued expansion of markets for American agricultural commodities.*—Increased purchasing power, among the hundreds of millions of consumers in developing countries, will help them become good customers of the American farmer.

5. *Increasing emphasis on nutrition, especially for the young.*—We will continue to encourage private industry, in cooperation with the Government, to produce and distribute foods to combat malnutrition.

6. *Provision for adequate reserves of essential food commodities.*—Our reserves must be large enough to serve as a stabilizing influence and to meet any emergency.

AMERICA'S PAST EFFORTS

This program keep faith with policies this Nation has followed since President Franklin D. Roosevelt proclaimed the Four Freedoms of Mankind.

After World War II, we helped to make Europe free from want. We carried out on that continent massive programs of relief, reconstruction, and development.

This great effort—the Marshall plan—was followed by President Truman's point 4, President Eisenhower's Act of Bogotá and its successor, President Kennedy's Alliance for Progress. Under these programs we have provided technical and capital assistance to the developing nations.

Our food aid programs have brought over 140 million tons of food to hungry people during the past decade.

Hunger, malnutrition, and famine have been averted.

Schools and hospitals have been built.

Seventy million children now receive American food in school lunch and family and child feeding programs.

Nevertheless the problem of world hunger is more serious today than ever before.

A BALANCE IS REQUIRED

One new element in today's world is the threat of mass hunger and starvation. Populations are exploding under the impact of sharp cuts in the death rate. Successful public health measures have saved

millions of lives. But these lives are now threatened by hunger because food production has not kept pace.

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine. In my message on international health and education, I described our increased efforts to help deal with the population problem.

IMPROVING LOCAL AGRICULTURE

Many of the developing countries urgently need to give a higher priority to improving and modernizing their own production and distribution of food. The overwhelming majority of these who till the soil still use the primitive methods of their ancestors. They produce little more than enough to meet their own needs, and remain outside of the market economy.

History has taught us that lack of agricultural development can cripple economic growth.

The developing countries must make basic improvements in their own agriculture.

They must bring the great majority of their people—now living in rural areas—into the market economy.

They must make the farmer a better customer of urban industry and thus accelerate the pace of economic development.

They must begin to provide all of their people with the food they need.

They must increase their exports, and earn the foreign exchange to purchase the foods and other goods which they themselves cannot produce efficiently.

In some developing countries, marked improvement is already taking place. Taiwan and Greece are raising their food output and becoming better cash customers for our food exports every year. Others have made a good beginning in improving agricultural production.

THE NEED FOR SELF-HELP

There is one characteristic common to all those who have increased the productivity of their farms: *a national will and determination to help themselves.*

We know what would happen if increased aid were dispensed without regard to measures of self-help. Economic incentives for higher production would disappear. Local agriculture would decline as dependence upon U.S. food increased.

Such a course would lead to disaster.

Disaster could be postponed for a decade or even two—but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations.

But ultimately those nations would pay an exorbitant cost. They would pay it not only in money, but in years and lives wasted. If our food aid programs serve only as a crutch, they will encourage the developing nations to neglect improvements they must make in their own production of food.

For the sake of those we would aid, we must not take that course. We shall not take that course.

But candor requires that I warn you *the time is not far off when all the combined production, on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.*

Dependence on American aid will not bring about such a change. The program I present today is designed to bring about that change.

BETTER NUTRITION

Beyond simple hunger, there lies the problem of malnutrition.

We know that nutritional deficiencies are a major contributing cause to a death rate among infants and young children that is *30 times higher in developing countries* than in advanced areas.

Protein and vitamin deficiencies during preschool years leave indelible scars.

Millions have died. Millions have been handicapped for life—physically or mentally.

Malnutrition saps a child's ability to learn. It weakens a nation's ability to progress. It can—and must—be attacked vigorously.

We are already increasing the nutritional content of our food aid contributions. We are working with private industry to produce and market nutritionally rich foods. We must encourage and assist the developing countries themselves to expand their production and use of such foods.

The wonders of modern science must also be directed to the fight against malnutrition. I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to—

Develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world.

Improve the quality and the nutritional content of food crops.

Apply all of the resources of technology to increasing food production.

NEW DIRECTIONS FOR OUR ABUNDANCE

Our farm programs must reflect changing conditions in the United States and the world. Congress has provided—

For American farmers, a continuing prospect of rising incomes.

For American consumers, assurance of an abundance of high-quality food at fair prices.

For American taxpayers, less dollars spent to stockpile commodities in quantities greater than those needed for essential reserves.

Today—because of the world's needs, and because of the changing picture of U.S. agriculture—our food aid programs can no longer be governed by surpluses. The productive capacity of American agriculture can and should produce enough food and fiber to provide for—

1. Domestic needs,
2. Commercial exports,
3. Food aid to those developing countries that are determined to help themselves, and

4. Reserves adequate to meet any emergency, and to stabilize prices.

To meet these needs, I am today directing the Secretary of Agriculture to—

1. *Increase the 1966 acreage allotment for rice by 10 percent.*—Unprecedented demands arising out of drought and war in Asia require us to increase our rice crop this year. I know that our farmers will respond to this need, and that the Congress will understand the emergency that requires this temporary response.

2. *Buy limited amounts of dairy products under the authority of the 1965 act.*—We must have adequate supplies of dairy products for commercial markets, and to meet high priority domestic and foreign program needs. Milk from U.S. farms is the only milk available to millions of poor children abroad. The Secretary will use authority in the 1965 act whenever necessary to meet our needs for dairy products.

3. *Take actions that will increase soybean production in 1966.*—The demand for soybeans has climbed each year since 1960. Despite record crops, we have virtually no reserve stocks. To assure adequate supplies at prices fair to farmers and consumers, the Secretary of Agriculture will use authority under the 1965 act to encourage production of soybeans on acreage formerly planted to feed grains. Feed grain stocks are more than sufficient.

These actions supplement earlier decisions to increase this year's production of wheat and barley. Although our present reserves of wheat are adequate to meet all likely shipments, the Secretary of Agriculture has suspended programs for voluntary diversion of additional spring wheat plantings.

Our 60 million acres now diverted to conservation uses represent the major emergency reserve that could readily be called forth in the critical race between food and population. We will bring these acres back into production as needed—but not to produce unwanted surplus, and not to supplant the efforts of other countries to develop their own agricultural economies.

These actions illustrate how our domestic farm program will place the American farmer in the front ranks in the worldwide war on hunger.

FOOD FOR FREEDOM

I recommend a new Food for Freedom Act that retains the best provisions of Public Law 480, and that will—

Make self-help an integral part of our food aid program.

Eliminate the "surplus" requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize greater food aid shipments than the current rate.

Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years.

Continue to finance the food aid program under the Commodity Credit Corporation.

Increase emphasis on combating malnutrition. The act will authorize the CCC to finance the enrichment of foods.

Continue to work with voluntary agencies in people-to-people assistance programs.

Provide for better coordination of food aid with other economic assistance.

FOOD AND FIBER RESERVES

I recommend a program to establish the principle of the ever-normal granary by providing for food and fiber reserves.

This program supplements Food for Freedom.

It establishes a reserve policy that will protect the American people from unstable supplies of food and fiber, and from high prices in times of emergency.

The legislation I recommend to the Congress will enable us to draw strength from two great related assets:

The productive genius of our farmers.

The potential that lies in the 60 million acres now withdrawn from production.

In case of need, most of those acres could be brought back into productive farming within 12 to 18 months. But because of the seasonal nature of farming time would be needed to expand production even under the flexible provisions of the Agriculture Act of 1965. Therefore we need a reserve to bridge this gap.

We have been able to operate without a specific commodity reserve policy in recent years, because the surpluses built up in the 1950's exceeded our reserve needs. This condition has almost run its course.

Under present law, the Secretary of Agriculture must dispose of all stocks of agricultural commodities as rapidly as possible, consistent with orderly marketing procedures. As we continue to reduce our surpluses we need to amend the law to authorize the maintenance of reserve stocks.

The act I recommend will do that.

It will authorize the Secretary of Agriculture to establish minimum reserve levels. Under the act, he must take into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations and commitments under our domestic and foreign food programs.

The reserve would be used to meet priority needs, under prices and conditions to be determined within the broad guidelines established by existing law.

The act could be implemented in the year ahead without any additional cost to the Government. We are still reducing our surpluses of most agricultural commodities. During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve.

* * *

Under the two acts I recommend today, with the farm legislation now on the statute books—and with the foreign assistance program I have recommended—we will be able to make maximum use of the productivity of our farms.

We can make our technology and skills powerful instruments for agricultural progress throughout the world—wherever men commit themselves to the task of feeding the hungry.

A UNIFIED EFFORT

To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past in the planning and implementing of coordinated programs.

In the past few years AID has called upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service. That policy will become even more important as we increase our emphasis on assisting developing nations to help themselves.

Under the Food for Freedom Act, the Secretary of Agriculture will continue to have authority to determine the commodities available. He will act only after consulting with the Secretary of State on the foreign policy aspects of food aid and with other interested agencies.

We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

AN INTERNATIONAL EFFORT

It is not enough that we unify our own efforts. We cannot meet this problem alone.

Hunger is a world problem. It must be dealt with by the world.

We must encourage a truly international effort to combat hunger and modernize agriculture.

We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program should be expanded—particularly in food and agriculture.

We are prepared to increase our participation in regional as well as worldwide multilateral efforts, wherever they provide efficient technical assistance and make real contributions to increasing the food-growing capacities of the developing nations. For example, we will undertake a greatly increased effort to assist improvements in rice yields in the rice-eating less-developed countries, as part of our cooperation with FAO during this International Rice Year.

FOR A WORLD AT PEACE

The program I recommend today will raise a new standard of aid for the hungry, and for world agriculture.

It proclaims our commitment to a better world society—where every person can hope for life's essentials—and be able to find them in peace.

It proclaims the interdependence of mankind in its quest for food and clothing and shelter.

It is built on three universal truths—

That agriculture is an essential pursuit of every nation,

That an abundant harvest is not only a gift of God, but also the products of man's skill and determination and commitment, and

That hunger and want—anywhere—are the eternal enemies of all mankind.

I urge Congress to consider and debate these suggestions thoroughly and wisely in the hope and belief we can from them fashion a program that will keep freemen free, and at the same time share our leadership and agricultural resources with our less blessed brothers throughout the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *February 10, 1965.*

Mr. COOLEY. We will be very glad to hear from you now. If we are to do something about it we will have some legislation. We will either have to extend Public Law 480 or we will have to have some other measure. The bill that I introduced on January 19, was to strike out the word "surplus" in Public Law 480, so that we could produce food for distribution abroad, to take care of the hungry and the starving throughout the world. Of course, no one is advocating doing away with the present restrictions on limitations on production at the present time. We might jeopardize our own agricultural economy if we did that.

With that in mind, I would like you now to go ahead and make your statement just as you see fit. I have asked the members of the committee not to interrupt you until you have finished your statement.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY MRS. DOROTHY JACOBSON, ASSISTANT SECRETARY OF AGRICULTURE FOR INTERNATIONAL AFFAIRS; C. R. ESKILDSEN, ASSOCIATE ADMINISTRATOR, FAS; AND CLAUDE T. COFFMAN, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Secretary FREEMAN. Thank you, Mr. Chairman. I am pleased once again to appear before this distinguished committee. I thank you, Mr. Chairman, for your very gracious reception and welcome back from a very interesting and, I hope, useful trip, at least, to Vietnam.

Before reviewing it with you, sir, and members of the committee, which is not our purpose today here, I might just say that I found the state of agriculture in Vietnam advanced more than would normally be expected, given the hardships and difficulties of the last 20 years in that land; that the average producer there was desirous of using modern agricultural techniques, was seeking the very supplies that make that possible. Actually, there is a shortage and a strong demand for fertilizer, for new and improved seed, for chemicals, for improved animals and for all of the other things that have made our agriculture great. The fact that the awareness and that the demand is there speaks, I think, for the desire of that country to improve itself. And if I may say so, for the progress made ourselves in our aid programs to alert them to what modern agricultural technology can do. There is much to be done, but on balance in the area of agriculture I thought that there was real promise for the future.

I am pleased, Mr. Chairman, to be joined at this table this morning by Mrs. Jacobsen, who is the Assistant Secretary for International Agriculture in the Department and, also, Mr. Clarence Eskildsen, who is the Associate Administrator of the Foreign Agricultural Service.

President Johnson, in his message on food for freedom less than 2 weeks ago, proposed that "the United States lead the world in a war on hunger." You, in this committee today, are beginning to mobilize our forces in that war.

I sincerely believe that, as you begin your deliberations today, you have the opportunity to set in motion a policy and a program that will be heralded in the years ahead as one of history's greatest steps forward. This policy, if carried out successfully, will do much to advance and insure a bright future for American agriculture. It will provide continued assurance of abundant supplies of high-quality food and fiber at fair prices for all Americans. And it will firmly establish the United States of America on a course of world leadership toward total victory in the war against hunger—a war against the enemy of all mankind.

Victory in this war will save more lives than have been lost in all the wars of history. In opening the door to achieving the potential of enough food and fiber to meet the needs of all people in all nations it will open the door to progress in every other aspect of their lives.

To the millions of people in the newly independent and developing nations of the world, victory in this war means the opportunity to realize deep and urgent aspirations for higher levels of living under freedom.

To those in the highly developed nations that already enjoy material prosperity in a free society, it means continued growth in the future under conditions that make their freedoms more secure.

I suggest that never before have the agriculture committees of the Congress of the United States had so great an opportunity to launch a policy and a program that means so much to so many.

In this opening testimony on the food for freedom bill recommended by the President of the United States I should like to review with you the basic reasons for this new program.

These reasons are to be found in problems facing the world. They are to be found in new conditions prevailing here in the United States of America.

The worldwide problem, only recently commanding widespread public attention, has been highlighted as a race between population and food supply. There can be no better tribute to the breadth of vision and the high sense of responsibility of this committee, Mr. Chairman, than the fact that you have devoted your first week of hearings to testimony on the nature and magnitude of this problem from some of this Nation's most distinguished and competent authorities.

You have heard lucid and compelling descriptions of the population explosion that has come upon us only recently as death rates in developing countries have sharply declined.

You have heard how many millions of lives that have been saved by successful public health measures are now threatened by hunger.

Improved food production in these countries has not kept pace with increased needs.

You have been told of the urgent importance of policies and measures to control population growth in the developing countries. But even if such policies succeed as well as can be reasonably expected, there will remain an urgently critical need for food for at least one or two decades ahead.

Some of the authorities to whom you have listened have been less pessimistic than others. But all who have given serious study to the problem are agreed that unless present trends are altered much of the world will face famine of massive proportions within the next decades.

Those trends, therefore, must be changed.

President Johnson, in his messages on foreign aid and on education and health, expressed this Administration's determination to offer help to those countries that seek to develop effective programs of population control.

And, in his message on food for freedom, the President charted the course for help to those countries determined to become more self-reliant in providing enough food for their people.

If these policies and programs are adopted, and if the developing nations will do their part, the trends that forecast the dark shadow of famine can be reversed.

The population trend can be altered downward:

The food production trend can be altered upward.

It is with the latter that we are primarily concerned today. We are concerned with it in terms of its import for a world in which peace and freedom can prevail. And we are concerned with it in terms of its meaning for American agriculture.

Long before American newspapers and magazines publicized world food needs in black headlines with even blacker forecasts, the Department of Agriculture was seriously concerned.

For more than a decade the USDA has been involved in helping to meet the food needs of some 70 countries under Public Law 480. True, the extent to which our agricultural abundance could be used for this purpose was measured by that which could be termed "surplus." Yet the \$14 billion we have spent in providing food and fiber to developing nations have done more than any other program in history to avert hunger, malnutrition, and famine.

Our Public Law 480 program has been increasingly directed toward encouraging economic development. We have consistently used our agricultural surpluses for assistance to developing countries to the maximum extent feasible under existing conditions at home and abroad.

Five years ago when I assumed the responsibilities of this office, one of my major concerns was to insure that the unparalleled productivity of our American farms would be used most effectively—not only to provide a fair reward to the American farmer and abundant supplies to the American consumer—but also to alleviate hunger and want in less-fortunate countries. I have never been able to accept the idea that there was any real surplus, in human terms, as long as human beings, even on the other side of the globe, suffer for want of food and clothing.

One of my first inquiries, back in 1961, was for an assessment of the extent of the need in the years immediately ahead. When I found that there was no ready answer I requested the Economic Research Service to make a careful study of world food needs. In October 1961 we published the "World Food Budget, 1962 and 1966."

This provided our first comprehensive study of world food needs. It helped to guide our programs to expand commercial markets for the products of American farms. It helped us to plan exports under our food for peace program. It highlighted the opportunity for using food abundance to help build self-sustaining economies in countries receiving food aid.

This effort was only a beginning. In October 1964 we published the "World Food Budget, 1970." This study presents the results of an expanded effort to examine the supply and utilization of food commodities throughout the world. It assesses world food needs and highlights the food deficit that prevails in two-thirds of the world. It evaluates the possibilities of closing the food gap. And it outlines the problems involved in that effort.

In its closing paragraph, the "World Food Budget, 1970" presents the following conclusion:

While U.S. food aid will likely continue to play an important role in helping developing countries meet emergency needs and achieve more rapid economic growth, food aid is at best a temporary and inadequate measure. Higher food production is the only permanent way to overcome the food gap in most diet-deficient countries, although in some countries, development of nonfarm resources will result in foreign exchange earnings that can be used to pay for commercial imports of food.

A few months after the publication of the "World Food Budget, 1970," President Johnson presented his 1965 farm message to the Congress. He said then:

* * * The disturbing downward trends in food output per person in both Asia and Latin America in recent years must be reversed. And these trends can be arrested and reversed only by a massive mobilization of resources in both the food-deficit countries and the advanced countries of the industrial West.

* * * we must use both our agricultural abundance and our technical skills in agriculture to assist the developing nations to stand on their own feet. Under our assistance programs we will make full use of the agricultural know-how in the Department of Agriculture and in the land-grant colleges and State universities. We will enlist the support and cooperation of private agencies and enterprises of all kinds.

I am asking the Secretary of Agriculture and others concerned to study and recommend changes in agricultural policy that may be needed to accomplish these goals.

These were the guidelines under which we have carried out studies to determine what legislation ought to be proposed as the current Public Law 480 expires at the end of the year. We studied the question in cooperation with the Agency for International Development and other agencies and departments concerned. The President's recommendations for a new bill are made in the light of two major changes that have taken place since Public Law 480 was enacted back in 1954.

The first of these changes I have already noted. The world situation in terms of food needs is much more alarming today than it was 12 years ago.

The second change arises out of the success of our domestic farm commodity programs. With the legislation you enacted last year,

and the laws already on the books, we have succeeded in supporting farm income while gradually eliminating unwanted surpluses. We now expect that within a few years available stocks of most agricultural commodities will have declined to a level no higher than need for an "ever-normal granary." It is therefore no longer possible to envisage an effective program of food aid based on "surplus" commodities.

Our first task in developing a new program to meet these changes was to examine, in as specific quantitative terms as possible, the extent of food needs that can be expected to occur in aid-recipient countries in the years immediately ahead. In this task we built on the information that has been brought together in the "World Food Budget, 1970," but we projected our estimates forward to 1975 and beyond. We then related the needs thus projected to America's capacity to produce.

In estimating the magnitude of the food gap we used grain as an indicator to simplify our projections. On the production side we based our assumptions on a continuation of recent trends in grain production in the developing countries—rising at a rate of about 2.6 percent annually, barely keeping up with population growth.

On the consumption side, however, we recognized that recent trends are unacceptable. Per capita consumption—now averaging 10 percent below minimum standards—has been increasing only about one-third of 1 percent a year. At this rate it would take three decades to bring the calorie content of consumption up to bare minimum standards.

This rate is clearly unacceptable to the hungry nations themselves. It is morally unacceptable to us.

We therefore based our estimates on a more acceptable target that is within our reach—the achievement within one decade of an average per capita consumption that would meet minimum standards.

We have prepared a chart that shows graphically the most important fact about our projections. On this chart the solid black line represents the food gap aid-recipient countries on the basis of: (1) A level of food consumption that would reach minimum standards by 1975; (2) domestic food production in these countries continuing to increase only 2.6 percent a year, as under current trends; (3) population growth as projected according to United Nations medium estimates. That is the black line.

If agriculture in these countries fails to improve any faster than this they would experience very little overall economic growth—because so large a proportion of their total output comes from the agricultural sector. This means that these countries could not afford to pay for imports of food to fill that gap. It would have to be provided by food aid. Let's look at the magnitude of that food aid. Let us look at the magnitude of that food aid.

Beginning at a little over 18 million tons, it would reach 25 million tons by 1970, 42 million tons by 1975, and 62 million tons by 1980.

Now let's turn to the broken line. This represents the amount of grain that would be available for food aid—over and above all domestic uses and commercial exports—if American farmers were to bring back into production all of the acres now diverted. This line is based on expected yields under current price levels, and therefore represents

more feed grains than wheat, even though wheat is most useful as food aid.

This chart assumes that if diversion programs were ended all diverted acres would probably be back in production by 1970. That accounts for the sharp rise in availability shown on the chart for that period. After 1970 the more gradual rise represents an expected increase in yields per acre.

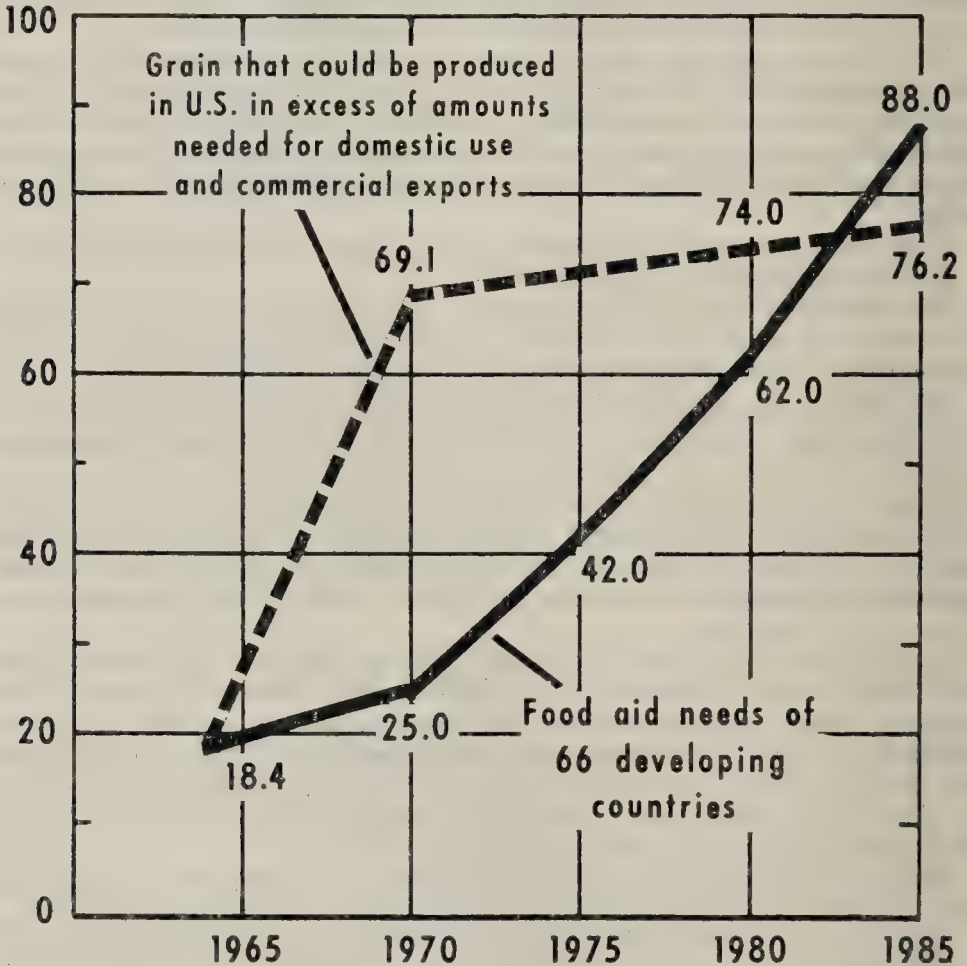
If we were to follow this pattern, by 1970 we would be producing 44 million tons more than food aid requirements. By 1975 we would still have an annual surplus of 30 million tons. (Where would we put it?) By 1980 there would still be a small annual surplus.

(The chart referred to follows:)

U.S. Availability of all Grain for Food Aid and Food Aid Needs of 66 Developing Nations,

mil. metric tons

1970-1985



Secretary FREEMAN. But the point at which the lines cross signifies the onset of disaster. By 1985 there would be no way to fill the gap. As President Johnson said in his food for freedom message—

the time is not far off when all the combined production, on all of the acres, of all the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

This disaster cannot be averted by calling back into production all of our diverted acres and shipping the surplus to the hungry world. It is true that we could put these acres back into production. We could use them to produce some 60 million more tons of grain for use in food aid programs. If our commodity programs were adjusted so that at least two-thirds of this grain would be wheat (which now constitutes nearly 90 percent of our grain shipments under Public Law 480) the cost would be at least \$2 billion higher than present programs. (This is assuming that we would maintain farm income at its present level.) This estimate does not include the high cost of constructing in recipient countries the port and related facilities that would be necessary to handle such an increased volume of food aid.

But even at this cost we could only postpone the disaster for a few years. The greatest cost would be the lost years—the years during which those massive amounts of our grain would serve as a “crutch”—as a deterrent to delay action on the part of recipient countries to help themselves. We would then be contributing to, rather than working to prevent, that disaster.

The disaster can be averted in only one way—by greatly accelerating the expansion of food production within the hungry nations themselves.

There is no time to be lost. The hungry nations are faced with a tremendous task in increasing their agricultural productivity. Those most densely populated will have to do it the hard way by increasing yields, for they already have under cultivation most of their available acres.

Their efforts to increase yields face many serious roadblocks. Some of them even lack sufficient government stability for the establishment of effective policies. Most of them lack incentives adequate to make it worth while for farmers to make any great effort to produce more. They face low rates of literacy, lack of know-how, and the absence of means by which to help farmers to use new and better methods. Essential purchased inputs (fertilizer and other chemicals, machines and tools) are scarce, and the hungry nations have little foreign exchange with which to buy them. Lack of roads, marketing facilities, farmers cooperatives, and sources of credit are other handicaps. Most of them are in tropical regions where agricultural research and technological advance lag far behind that which has developed in the temperate regions of the world.

With all these handicaps, these hungry nations will need to increase their agricultural productivity at a rate higher than that ever achieved by the agriculturally productive nations. Clearly the task cannot—must not—be delayed.

This is why the food-for-freedom program places highest emphasis on self-help.

We can and will provide technical and capital assistance to help those countries that undertake effective programs to increase their own ability to provide food for their people.

We can and will help to fill the gap in their food and fiber needs as they pursue those self-help efforts, and until they reach a level

of self-reliance where they can either produce or buy what they need.

The task is difficult, but not impossible.

The Department of Agriculture has studied in detail increases in agricultural productivity over the years 1948 to 1963 of 26 developing countries, some in each of the major geographic regions of the world. Twelve out of the twenty-six have increased their agricultural production at annual compound rates of more than 4 percent per year. This surpasses rates ever achieved by the now economically advanced nations over comparable periods of time.

Many factors have contributed in varying degrees to their success. The 12 countries differ widely in climate, literacy rates, land resources, culture, and governmental systems. They had only one factor in common—a national determination to carry out self-help policies, to improve their food production.

With similar determination and with assistance from highly developed nations other countries can do as well. An annual average increase in agricultural production of 4 or 5 percent would go a long way toward defeating hunger in the decade ahead.

The food-for-freedom program is directed toward that goal. It is directed also toward one aspect of that goal that deals with quality as well as quantities of food.

One of the most serious manifestations of hunger in the developing nations lies in nutritional deficiencies, particularly the lack of proteins and vitamins, among infants and young children. It is estimated that in the developing nations of the free world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition. Millions die because malnutrition has sapped their resistance to childhood diseases. Millions who survive are permanently handicapped, physically and/or mentally. Progress in education as well as the Nation's capacity to carry on vigorous economic development are seriously retarded by the degree of malnutrition that prevails in many parts of the world.

Today we know how to meet such nutritional deficiencies. We have developed new methods by which essential food requirements can be produced and processed at low cost. In the Department of Agriculture we are stepping up our own activities to meet the problem of malnutrition.

Other agencies of the U.S. Government are also attacking this problem. The AID is already fortifying donations under its Public Law 480 programs. I know that you will hear more about this aspect of the war on hunger when Mr. Bell presents his testimony.

Our Government is mobilizing for the war on hunger on many fronts. One of these fronts was described by President Johnson in his message on foreign aid. He proposed that the Agency for International Development increase its effort in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States. The remainder will finance:

Transfer of efficient farming techniques;

Improvement of roads, marketing and irrigation facilities;

Establishment of extension services, cooperatives, and credit facilities;

Purchases of American farm equipment and pesticides;
Research on soil and seed improvements.

I am sure that Mr. Bell will emphasize the importance of this effort to assist these nations to help themselves.

The President's message on health and education likewise offers intensive new programs, many of which will either directly or indirectly benefit the agriculture of the developing countries and help to win the war on hunger.

You in this committee are now taking under consideration a major front in this war. Two companion bills are before you, one to authorize a new 5-year food aid program to replace Public Law 480 when it expires on December 31, 1966, and one to provide for an "ever-normal granary" by setting up commodity reserves.

The Food for Freedom Act of 1966 has two new features of utmost importance.

The first is the emphasis on self-help. This principle is referred to four times in the bill itself. It becomes an integral part of our food-aid program.

This link between self-help and food aid is essential to economic progress and growth in recipient countries. Instead of becoming increasingly dependent upon the United States they can build toward the freedom that comes only with self-reliance. Instead of an economy whose growth is seriously held back because the great majority of the people in rural areas are still outside the market economy, the recipient nation can look forward to the overall economic progress that follows when agriculture becomes more progressive and prosperous. Only when farm people begin to both buy and sell will these countries really begin to move their economies forward.

The link between self-help and food aid is likewise important to the people of the United States. Paradoxical as it may seem, agricultural development in the poor and hungry nations offers to us the best opportunity for expanding exports of the products of our farms and factories.

We know that economic development is the basis for expanded commercial trade. We have seen proof of that many times in recent years as we have observed how dollar sales of U.S. farm products have climbed in countries where economic growth is taking place most rapidly. For example, dollar exports of U.S. farm products in the 5 fiscal years, 1965-65, increased over the 5 years, 1955-59 by 16 times in Greece; by 13 times in Taiwan; by 10 times in Spain. They almost doubled in Israel, and increased by 1½ times in Hong Kong. We have further observed that for every 10 percent increase in incomes in developing countries we can expect their imports of our agricultural products on commercial terms to increase by 16 percent.

And since economic development in the hungry nations depends so much on increased agricultural progress, it is only by hastening that progress that we can hope to begin to tap the great potential market that lies dormant in the underdeveloped world.

Finally, the link between self-help and food aid is of paramount importance because it is the only way to insure victory in the war against hunger. By means of this link, food from American farms today can help to insure that, by that time in the future when needs

would be so great they could not possibly be met by American productivity, productivity in the developing world will have increased enough to meet that need. It is only by this link with self-help that American food aid can make its major contribution to banishing famine from the face of the earth.

The second new feature of importance in the Food for Freedom Act is the elimination of the "surplus" requirement. Commodities to be furnished would be those determined to be available by the Secretary of Agriculture, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

Food-for-freedom needs would be taken into account by the Secretary when he exercises his responsibilities under domestic farm programs. These programs are flexible enough so that production can now be geared to potential use. They will be administered so that American agriculture will produce enough food and fiber to meet domestic needs, commercial exports, food aid for those developing countries that are determined to help themselves, and reserves adequate to meet any emergency and to insure price stability.

Commodities available to food recipient countries will no longer be as limited as they have been in the past. The commodity "mix" sent abroad under concessional programs will be geared to the kind needed rather than circumscribed by the kinds held in stocks. We can expect the trend to be in the direction of commodities with special nutritional values.

Other features of the Food for Freedom Act reflect the best provision of Public Law 480.

Emphasis on expanding international trade and building markets for American farm products is continued, with special emphasis on the long-term development of markets expanding under the impact of economic growth.

Financing will continue under the Commodity Credit Corporation.

Private trade channels will be used to the maximum extent practicable.

Usual marketings will continue to be safeguarded.

Donation programs through voluntary agencies will continue.

There will be increased emphasis on combating malnutrition, both in terms of selection of the commodities and in the authorization of the CCC to finance the enrichment of foods.

In the proposed act all sales, whether for foreign currencies or for dollars on credit terms, are placed under title I. The policy is established to shift from foreign currency sales to dollar credit sales at a progressive rate, so that the transition can be completed by December 31, 1971, except for U.S. requirements for foreign currencies.

All donation programs will be under title II of the act. Donations are authorized for such purposes as to meet emergency food needs, to provide food-for-work community and economic development programs and to carry out the U.S. pledge to the world food program.

Title III provides for uses that may be made of foreign currencies that accrue from foreign currency sales. Among the authorized purposes are: to finance U.S. expenses abroad; to develop new markets for U.S. agricultural commodities; to procure equipment for common

defense; to promote economic development; to finance educational exchange programs; to make Cooley loans; and to finance research. Any U.S. agency having authority to operate abroad can use those currencies to carry out its program.

I know you will study this bill carefully. I will be glad to go over it with you to answer any specific questions you may have to the best of my ability.

The companion bill recommended by the President would authorize establishment and maintenance of reserves of farm commodities. This bill is important to the people of the United States as consumers, to our customers abroad, and to those developing countries who must depend on our food for a few more years.

For many years, the need for such reserve policy has been overshadowed by concern with excessive supplies of agricultural products. But wise legislation, improved administration of our farm programs and increased foreign demands have now depleted the stocks of most farm commodities. We do not want to permit the inventories of key food commodities to decrease to the point that we cannot meet our domestic, export, and "food-for-freedom" commitments and still have a safeguard against an unforeseeable increase in demand or an unexpected reduction in supply.

The bill would authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities primarily to assure a continuous, adequate, and stable supply to meet domestic requirements at fair and reasonable prices, and also to meet the requirements of commercial exports, domestic food programs, and the Food for Freedom program.

The commodities to be reserved and the reserve quantities for each marketing year would be determined by the Secretary of Agriculture after consultation with other interested agencies such as the Departments of Defense and State. They would be announced in advance of the marketing year. The Secretary would be authorized to adjust support prices, acreage allotments and marketing quotas to achieve the production necessary to establish and maintain reserves. Commodities in the reserve would be available for disposal through sales, barter, donations, or redemption of payment-in-kind certificates.

Such a reserve is as you well know, not a new idea—it was the basic principle of the ever-normal granary. In periods when supplies exceed expectations and needs, we set aside a reserve for periods of unusual demand or a short crop.

Actually, public concern over reserve levels for agricultural products goes back nearly 15 years, to a report entitled, "Reserve Levels for Storable Farm Products," published in 1952 as Senate Document 130.

Department specialists estimated at that time that a reserve of 350 to 400 million bushels of wheat held by CCC, in addition to normal working stocks of around 100 million bushels held by the trade, would have been sufficient to offset the effects of one serious drought year followed by a moderate drought year.

For corn, and other feed grains, a reserve supply of 700 to 800 million bushels would have been sufficient, in addition to normal working stocks of around 300 million bushels held in trade channels.

Since that time, we have done additional research on this problem, much of which contributed to the 1964 report of the National Agricultural Advisory Commission on the subject.

Under present law, the Commodity Credit Corporation is under a mandate to dispose of its stocks as rapidly as possible consistent with its price support program and orderly market. The proposed legislation would permit us to stop short of total disposition of our inventories, to use the reserve to meet priority needs, and to encourage production of those items for which larger reserves are needed.

Wheat and dairy products offer current examples of how this authority might be used. Our wheat stocks will have been reduced to about a reserve level by next June 30. We have advised spring-wheat growers that there will not be a program to reduce 1966 acreages below allotments. If it appears by midyear that the June 30, 1967, stocks will be below reserve needs, we may wish to increase wheat allotments by enough to build our stocks to reserve levels by mid-1968.

Dairy products are currently in short supply. We have virtually no inventory, although we expect to acquire some products again this spring. We have already announced our offer to purchase dairy products for school lunch program at market prices above support levels. Under this bill, authority would be provided to take action to build up reserve stocks if that course of action seemed to be required to assure adequate supplies and stable prices.

CCC inventories of rice, fats, and oils, and nonfat dry milk, are presently low, but some of these commodities may be increased as a result of 1966 production.

To the extent possible, reserve commodities would be maintained as a part of the Commodity Credit Corporation's overall inventory for the particular commodity without individual lot specification. Government-owned stocks of reserve commodities in most cases would be stored under existing Commodity Credit Corporation storage contracts, and handled in the same manner as price support commodities—utilizing the usual and customary channels of trade. Reserve inventories would be stored in or as near the area of production as possible so as to minimize the cost of transportation and handling, and to permit greater flexibility in making dispositions.

Our aims would be to use the reserve agricultural commodities in the national interest. Under emergency conditions, the nature and extent of the emergency would dictate the disposal procedures to be followed. Under normal circumstances, dispositions from the reserve would be made under procedures now used for disposition of Commodity Credit Corporation price support inventories. We would plan to announce our procedures as far in advance as possible, so that producers and the trade could make their plans for the year.

This is an important bill at a crucial time. We need it to protect our consumers at home. We may need it to meet commitments abroad.

It will supplement the Food-for-Freedom program.

In many ways, the new Food-for-Freedom program will operate in a manner similar to the operation of our "Food for Peace" program under Public Law 480. But the new legislation, designed to meet new conditions and urgent needs in the years ahead, will call for some significant modifications in the operation of the program. We expect

that these will evolve with experience. But I know you are interested in our expectation as to how the new features of the program will be implemented. I will try to summarize some of the highlights of these new features.

Food-for-Freedom programs and domestic farm commodity programs, while not dependent upon each other, must complement each other. This will add to the responsibility of the Secretary of Agriculture, who will be called upon to administer commodity programs in a manner that will assure the availability of commodities needed for food aid as well as to meet all domestic requirements and commercial exports.

Our commodity programs are flexible enough for us to meet that requirement, especially when buttressed by legislation for the establishment of commodity reserves. We expect that quantities needed for food aid may increase in the years ahead. As needs increase we can call back into production some of the acres now diverted.

Obviously, if this is to be done responsibly and effectively it will require more forward planning, a more careful evaluation of prospective needs and probable supplies, than was required when food aid was generally limited to surplus commodities. The resources and procedures of the Department of Agriculture, as well as those of the Agency for International Development, for estimating needs on both a short- and long-range basis will need to be expanded. The Secretary of Agriculture will need to take into account the foreign policy aspects of food aid and the degree of success of self-help efforts in recipient countries before he can make final determination about commodity programs.

A higher level of interagency coordination will be further implemented by adapting existing interagency operating procedures that have worked well under the old program.

Coordination under Public Law 480 has been carried out through the Interagency Staff Committee, on which representatives of Agriculture, State, AID, Defense, Treasury, Commerce, and Bureau of the Budget meet under the chairmanship of the USDA. I would expect something like this interagency structure to continue, but that its increased responsibilities would enhance its importance.

The new Food for Freedom program contemplates closer coordination of food aid with other assistance programs directed toward food and agriculture in recipient countries. President Johnson, in his message on Food for Freedom, emphasized the need for a unified effort. He said: "To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together even more closely than they have in the past in the planning and implementation of coordinated programs."

The Department of Agriculture and the AID have for several years been developing closer working relationships with each other in the food aid part of U.S. assistance programs. But the kind of unified effort to which the President referred means that Agriculture will also be called upon to participate in the planning of agricultural as-

sistance activities and in reviewing the progress made in agricultural development.

This means that we are called upon to develop closer interagency operation relationships that will involve the Department of Agriculture in a shared concern for—not only the food component of assistance programs—but also that part of economic assistance that relates to self-help in the agriculture related sectors of developing nations.

This planning is primarily the responsibility of the AID. In discussing this problem with the administrator, Mr. Bell and I have agreed that both the AID and the USDA could carry out their respective responsibilities most constructively if representatives of the Department of Agriculture accepted AID's invitation to participate in the planning—particularly for those major aid-recipient countries where problems of food and agriculture are of critical importance.

Specific procedures will be worked out under which such participation in agricultural planning can be carried out effectively. Through such participation the Secretary would be currently informed about the level of success of self-help efforts, and of needs which Agriculture might be called upon to meet.

President Johnson also pointed out that AID's policy of "calling upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service" would "become even more important as we increase our emphasis on assisting developing nations to help themselves."

Mr. Bell has indicated this hope that the USDA will be increasingly helpful in this area. We have just signed a new interagency agreement under which AID seeks to—

enlist as fully and effectively as possible on a partnership basis the pertinent resources of the Department in planning, executing, and evaluating those portions of the foreign assistance program in which it has special competence.

Under this agreement we expect to expand USDA's participation through participating agency service agreements with the AID.

The Department of Agriculture will thus become increasingly involved in providing technical assistance in agriculture and related fields. We will be able to, as the President said—

extend the world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

The new Food-for-Freedom program can truly be an instrument under which the millions of lives that are now threatened by famine under present trends can be saved. But this will result only if it proves effective in changing those trends by stimulating, encouraging, and—if necessary—insisting on effective self-help measures. This may mean agreements for no longer than 1 year, with provisions for periodic reviews of progress made toward self-reliance.

I should like to conclude this testimony by sharing with you my own forecast of the course of this new war against hunger—a view of the potential outcome of the frightening race between population and food supply.

I make this forecast in the light of another explosion that has taken place in our generation—one that can hold far greater meaning, and

that certainly holds far greater hope, than the explosion of population. I refer to the explosion of knowledge that characterizes our times.

Science and technology have progressed so far that it is now physically possible to produce enough for abundance for all.

But science and technology have likewise progressed so fast in the physical and material fields that our knowledge about the social, economic, and political relationships necessary to realize that abundance has not caught up.

This gap lies behind one of the most significant statements that I find in the "World Food Budget, 1970":

The race is not so much one between population and food supply but a race between what could be done and what will be done.

What could be done has been largely determined by scientific and technological progress.

What will be done can be influenced in a large measure by how you, in this committee, take the lead in launching an all-out war on hunger by passing the Food and Freedom Act of 1966.

Under this Food-for-Freedom program, I foresee, in the years ahead:

A likely increase in our food aid programs, as they are used to meet the deficit in developing countries making a major effort to increase their own food production.

A consequent corresponding increase in American farm production, responsibly carried out under our flexible farm programs. As I see it, some, but not all, of our diverted acres will be needed in the years immediately ahead.

A gradual shift from aid to trade, under which our declining exports for food for freedom would be more than made up by increasing exports on commercial terms. These increased exports for dollars would be a product of the development that our food aid had helped to bring about.

As agricultural progress would stimulate accelerated economic growth in the developing nations I would hope to see higher standards of living, rising incomes, and a growing volume of international trade. As poverty, dependence, and insecurity decline, and as more of the developing nations become able to stand on their own feet and enter the international commercial market, I would expect a more rational pattern of international trade to develop. That would mean, for the American farmer, a very substantial increase in our exports of those commodities for which we have a real comparative advantage.

Most important of all, I would look forward hopefully to a future of peace and freedom, where:

Peace would be more secure:

And freedom more widely cherished; because the fear of hunger no longer threatened the people of any nation.

The Food-for-Freedom program proposed by President Johnson less than 2 weeks ago is directed toward that goal. Its appeal has already aroused deep interest around the world.

I have seen cables and reports telling of that appeal. I have personally seen the hope that kind of program offers to the peasants in Vietnam.

The United States of America today has an unparalleled opportunity to use its abundance to the benefit of all.

Thank you for your patience while I delivered this statement here today. I realize that it has been long, but the subject at hand is of critical importance, and I thought that it would be useful to you if I brought to you in considerable detail this subject and the overall review touching on the many critical important aspects of it. I thank you for your patience and your courtesy.

Mr. Chairman, and members of this committee, the bill—and the opportunity—are in your hands.

The CHAIRMAN. We thank you very much, Mr. Secretary, for a very splendid statement. I am sure that the committee will give careful consideration to your views and observations.

It seems to me a little confusing and frustrating when we contemplate a war on hunger and the necessity of providing technical assistance to developing nations for the administration to come out with the recommendation to take away from the Extension Service and the experiment stations money which is to be used to teach and to train technicians in agriculture. Just the other day our State university and the head of the experiment station told me that they just cannot function if they do not get this money. Congress provided the money to do this, but I understand that it has to be released by the Bureau of the Budget. It just seems to me to be silly for the Government to make contributions to other developing countries, when these, the people we train right now, should be serving in the backward nations, they are going from our colleges abroad, and we need more of them.

All of the 10 experts that testified here last week emphasized that one point through all of their testimony that we could not feed the world, but we could help them with some technicians, to give them people with know-how and show-how. And to show them how we have done this production job in America in agriculture.

I do not know that this is the appropriate time to talk to you about it, but I think that the administration could look into this question again, because the presidents and the others in the land-grant colleges and in the experiment stations are all disturbed—they do not know what to do.

I think that those in North Carolina probably were the first to communicate with us. And we had a meeting of the congressional delegation with them, both Republicans and Democrats, and all of them felt that it was an unwise move.

And, let me say, you do not have to have a doctor's degree, a Ph. D., just to be a good farmer. I told those who were present last week that I know some good farmers who cannot read nor write, but they are good farmers, and they could teach some of these people in foreign countries how to farm.

And then we have the problem of transportation in many of these areas.

I apologize for breaking into this discussion with this subject, but it seems to me that it might be appropriate here, because these technical assistants could be of help. These people in the administration came first from the agricultural colleges, the land-grant colleges. And they have been of help in these programs.

This committee is very much interested in this general subject and will consider everything that you have said.

I will ask you one other question and then turn it over to somebody else.

I have been informed to the effect that there are 40 ships which are loaded with food in Vietnam which cannot be unloaded. I first heard that it was in Calcutta, but I was wrong on that. It is in Vietnam. There are 40 ships standing out there at anchor with people needing the supplies, and yet we cannot unload them. I do not know whether you had a chance to look into this or not, but I wish that you would have somebody investigate to see whether or not it is true and if there is anything that we can do about it. It is said some ships have been there for months.

Secretary FREEMAN. I do not know about that, sir, at first hand, Mr. Chairman, because my itinerary did not direct me to the ports when I was in Vietnam.

It is, certainly, true that there had been a serious congestion in the points in Vietnam and very herculean efforts have been taken to construct these facilities and to better organize and to expedite and to handle the massive amounts of material that are flowing in there. I do not think that there are many ships in Vietnam carrying food that are caught up in there. There might be some. And there might be some quantity of food, but I am quite sure that there are not 20 ships carrying food, but there is a backup of shipping which I think now is being resolved, but which has been a very serious problem.

The CHAIRMAN. And as you pointed out, even if we had the food in sufficient quantity to feed the world we would not be able to do so in many instances, because they do not have the facilities to distribute the food. They have the docking facilities to unload it first, and then the distribution system, and all of those things that are necessary. There must come a time when they must have them. And the only thing that we can do temporarily is to provide relief and give them the vital food that we have to supplement their diets.

It seems to me that it is very inconsistent for us to embark upon a program to retire 40 million additional acres of fertile farmland where we already have 60 million acres retired, while we have a hungry world, when our friends are starving. It seems to me that this is something that we should be concerned about. I suggested that it be suspended in a letter I wrote, until the Congress and the Department of Agriculture could go into that matter.

Secretary FREEMAN. Mr. Chairman, if the 40 million acres, which is the target of the cropland adjustment program, were, in addition to the 60 million acres, which is a rough estimate of the amount of land that is diverted now, I would, certainly, agree. But because there has been some confusion about this, I appreciate the chairman bringing it into focus, so that it can be made clear. What is involved is not 40 million additional acres, but 40 million acres that would substitute for the 60 million acres that already are retired. Therefore, we would seek, roughly, to hold it at the level that we are at now, and to substitute, so that some that is out on a short-term basis would be on a longer-term basis, where it can be done more economically and to move some land back into production as the Food-for-Freedom program goes forward and as we can effectively and efficiently use it. But there is not contemplated, Mr. Chairman, that there will be 100 million acres of land retired at any one time.

The CHAIRMAN. What about the 60 million acres already retired? I was told about that, and it was tried to be explained to me the other day that there is a misunderstanding about that. I understood that the program was to take out 40 million acres more.

Secretary FREEMAN. I think that the chairman has been very wise in bringing this to the attention of the committee and the public so that it would be understood, that it is not a duplication but rather a substitution.

The CHAIRMAN. Thank you. Mr. Dague?

Mr. DAGUE. No questions.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. Mr. Secretary, this shipment of food for the foreign aid program it would seem to me could be improved immeasurably and without any hurt to the recipient nations. It has always seemed to me that we ought to help ourselves and do so without hurting our friends.

I am sure that you will agree with me that we ought to send them the things that we have in surplus, but that is not to say that we should not send them other things that are necessary, but right now we have a great deal more feed grains than we have wheat.

I can think of no reason why we should continue to talk solely in terms of wheat or rice. Certainly, many of the Eastern nations and many of the African nations have long used grain sorghum as food, and some of them have used corn, particularly, the Latin American countries.

Your statement does not indicate any preference at all, but I would hope that we could understand that you are going to ship a larger group of grains rather than relying basically up wheat and rice. Can we expect anything along that line?

Secretary FREEMAN. We cannot only expect it, but it has been and is being done. I know that you noted the President's announcement recently in connection with the program for India and that, in addition to wheat, there was included a million tons of grain sorghum that is moving rapidly out of this country to help meet the famine in India. I quite agree that those things which are good wholesome food items such as milo, that we can produce the most efficiently and, certainly, that we have on hand, ought to be used wherever possible and we are acting accordingly.

Mr. POAGE. That leads to another situation which might have been brought up by somebody else, but since I am at bat, I want to ask you about it. India produces presently about 5 million bales of cotton. I do not know how many acres they use for that, but it is something on the order of 10 to 15 million acres for the production of cotton. That land that is producing cotton could produce food. Every acre of it can produce edible products.

I see some folks are laughing about this, but to me it is a deadly serious problem and one which I think is of extreme importance to the United States. I want people to be fed, I mean it, but I do not see any reason on earth for hungry people devoting 10 or 15 million acres of land to the production of a commodity which we have in stupendous surplus, and there is not anybody on earth who can say that it is simply "abundance," it is a "surplus" cotton that exists in the United States. We have around 14 million bales of cotton and

you have no way on earth of using it, you cannot eat the stuff, you cannot spin that volume of cotton, you cannot get rid of it, and you will buy more next year. Why should we not call on these countries to do their own part in producing food for themselves? Why could we not say to India, for example, "Take out at least part of that cotton acreage"—and I know that it is impractical to go and say to people in a great nation, "You remove all of a large crop"—that is, obviously, impractical, but you, certainly, can take out 30, 40, 50 percent of that crop, and put that land into something that will feed your people. We can say that to them. And let us say to them that we will give you cotton to take the place of that which you do not grow, because of the substitution of food for fiber on your land.

That will solve many of your transportation problems, too. They will have their food much better distributed in India when they grow it themselves than they will if you try to ship it all into Calcutta or into Bombay. What is wrong with that?

Secretary FREEMAN. There is nothing wrong with it. I quite agree with you that this deserves careful study. I think that it should be done. I think that one of the consequences of the Secretary of Agriculture participating more closely with some of the forward planning which will be the product of this new thrust by the President in the overall economic assistance program is going to be to take a hard look at exactly the kind of question that you are directing attention to. There is no sense in countries producing something that is a glut on the world market, and which as a result, is priced very low, and not producing something else which they desperately need.

Mr. POAGE. Mr. Secretary, three countries get the great bulk of our assistance in the way of food, that is, India, Egypt, and Brazil. All three of them produce very substantial amounts of cotton. Every one of them could substitute the land that is now in cotton and put those acres into food production.

And the same thing holds true with regard to the production of sugar. There is a difference of opinion on this subject in this committee, and I know it. I felt, and I still feel that it is a tragedy that we gave India the sugar quota that we did. They ought either to eat it themselves or they ought to be growing something on that sugar land that they need themselves. We ought not to be telling these countries that we are going to buy from them, where they are producing a commodity, replacing the food that they need. You cannot grow cotton and you cannot grow sugar without displacing the ability to produce rice and wheat and food that those people need. We reduce their food producing capacity by every pound of sugar that we take into the United States. We reduce their capacity to produce food for themselves.

Secretary FREEMAN. It is not a simple problem, as I know you thoroughly realize. If you rejected desperately needed exchange that India might get by selling sugar, which she would use to buy fertilizer, and that fertilizer in turn makes it possible for them to double their wheat and rice output—why you then would come to the conclusion that we either say, "We concur in your producing sugar or cotton," or "We will make the fertilizer available."

Mr. POAGE. I understand that, but there is no such agreement with India at this time. I just ask you to make a statement to this com-

mittee that you are going to require some such cooperation on their part. I understand that they could do it, but they are not doing it. We are told that the intent of this bill is to require more self-help. This committee has urged that for a long time. I am just asking for assurance that you will require such self-help. I am not suggesting that we put these restrictions on them to make them do these things in return for our gifts. If they do not want our gifts, they do not have to take them—just as if they do not want to help us in Vietnam, that is their privilege. And if they do not want to help us feed the Indian people, that is their privilege, too. But it is very hard to send food to them rather than to some other place where we get better cooperation.

Mr. OLSON. Will you yield?

Mr. POAGE. Yes.

Mr. OLSON. I think that you are making an excellent point, and we should consider the full significance of what you are suggesting. When you send cotton to replace the cotton that they raise we will be utilizing to the fullest measure the resources of both countries. This requires more attention than is accorded these situations ordinarily. The only reason that we have every member of this committee every member in this room and the American public behind us today is because of hunger and it takes a little more growing up to send cotton in to displace the cotton that they raise, so that they can afford in their own economy to make such an adjustment. For us to recognize the necessity of a broader view in the whole picture of foreign assistance would be well. If this discussion helps, I would say that we are serving a purpose today beyond considering your statement alone.

Mr. POAGE. I think that there is a point in saying to them that if you will get our food, you are not going to grow as much cotton. I am not talking about exporting cotton. You run into a different proposition, actually, there. That is especially true in Egypt where they are exporting large amounts of cotton. They are actually paying for Soviet arms with their cotton crop—that is what they are doing. And to me that is a considerably different thing to replace such cotton and to supply them with the amount they need to maintain their own domestic economy. I assume, roughly, 5 million bales is necessary to maintain the Indian domestic economy. I do not think that we can properly ask them to cut their supplies below that amount, but we could ask them to cut it one-half, in two, and then we could supply them with 2½ million bales of cotton easier than to supply them with the amount of food that could be grown on the acreage occupied by cotton.

The CHAIRMAN. Mr. Belcher.

Mr. BELCHER. The first thing that you have is that you have a very tough problem and when they raise sugar and sell it to us and we give them food that could have been produced on the land that they used to raise the sugar to sell to us—that is one of the reasons why I say that we should not eliminate from this bill the concept of favored nations. This new bill has nothing in it at all concerning food and so forth that shall be given to favored nations. This section says that the program is for assistance which shall be directed toward the at-

tainment of the foreign policy objectives and national interest of the United States. That is the only restriction that this bill has on supplying food or anything else to any nation, any Communist nation or any other nation in the world.

We ought to apply the favored-nation clause to some of these nations, that they are going to be favored or not favored. If we feed people while they raise these other things to sell to us—maybe it is a good deal for them—maybe it is necessary for their economy, but at the same time I think that they ought to take into consideration the food that they could raise in this world concept.

Mr. POAGE. I brought this up simply because the bill does not actually have any provision on that, if we get anything in return, and I simply thought that this was obvious. I appreciate the statement that the Secretary has already given us that he will try to see that we use more of the grains that we have in major surplus and to move some of our surplus crops rather than giving them only the items that are in short supply in the United States. I appreciate the statement we have from the Secretary on that. We cannot write into the bill such details, but I have always known that we must give some leeway, although I might suggest that my friends in the Cotton Belt feel rather strongly that we better spell out every detail, and I must confess that our cotton law experience makes me feel that we ought to write details into the bill in elementary terms.

Mr. BELCHER. Mr. Secretary, in the past have we disposed of about as many commodities as we could under Public Law 480, in other words, under Public Law 480 have we been disposing of about all of the commodities that we could?

Secretary FREEMAN. Those commodities that have been in surplus supply, to meet that definition as they have been needed and fit into the pattern of the receiving country, in that instance we have moved them into the program; yes.

Mr. BELCHER. In other words, we have moved them. Could we have increased our movements of foods under what we call Public Law 480? Most have been giveaway programs. How will the new bill increase the disposal of American commodities?

Secretary FREEMAN. For one thing, the demand worldwide in terms of the enormous population increase resulting in a progressive growing demand, because the countries themselves have been falling behind their own population increase. That is number one.

Number two, the Food-for-Freedom program is tied intimately into the economic development in that country with more resources for their purpose—is going to provide the opportunity to use more effectively the food that we have or potentially can have for the direct purpose of expanding the economy of that country and meeting the needs of the increasing numbers of people in that country.

Mr. BELCHER. Under Public Law 480, we can do the same thing that we can do under this program, can't we?

Secretary FREEMAN. The new program represents an expansion, both in concept and in resources over what we have had in the past.

Mr. BELCHER. I thought that we had been getting rid of about all that we possibly could in both types of programs. The only reason we will be able to increase that is because there will be an increase in population in these underdeveloped countries.

Secretary FREEMAN. I think that we are going to be doing a better job of finding effective and meaningful outlets which, as I say, will contribute to the joint purposes of feeding hungry people and strengthening their economy and we will be using more than we have been in the past.

Mr. BELCHER. Of course, there will be no return to this Government for the extra quantity that is given away, will there be?

Secretary FREEMAN. Yes. You will note that the bill does provide for moving from a soft-currency sale to a hard-dollar sale on a longer term or basis, and we feel confident that as these economies strengthen and expand in those countries they will begin to repay these obligations in the future.

Mr. BELCHER. If we increase the amount of the commodities that we give away it will cost more money, will it not?

Secretary FREEMAN. Yes, sir.

Mr. BELCHER. Public Law 480 in the beginning, if I understood it, and I was here at the time that it was passed, had two objectives, and one was that because of the surplus in this country we had to dispose of it or we wanted to dispose of it, and the second was to develop markets for these commodities in foreign countries.

Are you abandoning those concepts and now making this program strictly an aid program?

Secretary FREEMAN. No. It states there, rather clearly, the purposes of the program which are to expand international trade, to develop and expand export markets, to use our abundant agricultural productivity to combat hunger and malnutrition and to encourage economic development in the developing countries. So the emphasis is on trade and expansion of our own markets which is one of the strong points of emphasis. And the whole thrust of this program is that in the future we will be replacing long-term credit sales, or sales for soft currency by hard dollar commercial sales as the economy of the respective countries becomes stronger. We have seen that, as you are well aware, Congressman Belcher, in Taiwan, Spain, Greece, Israel, to mention just a few.

Mr. BELCHER. Will that permit you to increase the allotments in order to produce these commodities that we are going to put into this program?

Secretary FREEMAN. Yes. In my judgment, we will be increasing the allotments in the acreages in the future as this program goes forward. I do not put any direct date or time on any special commodity, but we will, I think, be using greater amounts of our food and fiber, and as those amounts come into use, I think we will be using more of our own acreage to produce them.

Mr. BELCHER. There is a rumor that this will permit the Department of Agriculture to take off all allotments, to permit the farmers to raise all of the commodities that they can and to put these 40 million acres back into production and still not reduce the support prices or the markets. Is there anything to that rumor?

Secretary FREEMAN. No; there is not. It is difficult to predict in such a rapidly changing area what will be the situation 2, 4 or 5 or 10 years from now, but I think that it is quite clear. The chart to which I referred in my testimony makes it quite clear that if we took off

all of our allotments and all of our efforts to match production with effective demand that we would be back where we started in rather short order, and that is not practical.

Mr. BELCHER. Does the chart not show that even in the years ahead we would still be able to produce more than we could actually dispose of?

Secretary FREEMAN. Yes.

Mr. BELCHER. There will never be a time when we can actually dispose of all of the produce that we could raise if we took off all restrictions and let them produce.

Secretary FREEMAN. In the absence of effective programs to use what we are able to produce it would, according to our projections here not be until 1984 that this supply and demand would come together. From that point on we would not be able to meet the need. Up until that point there would be a gap between the two.

Now to the extent that we are able to improve the standard of living of the people as represented by the black line in the chart we would, presumably, be using then more of our own production. The black line represents only a minimum which is to raise the nutritional level to a minimum, not to a satisfactory level, but to a minimum standard.

To the extent that these countries go forward and their demands increase, why we would then be moving more into use, both concessional programs and commercial programs. And there is no way to predict that with any preciseness.

Mr. BELCHER. As I understand it from this program here, the degree of increase in the amount of food that we are going to supply would be in addition to the commodities that we have been supplying. You do not contemplate a great increase in the amount of wheat that we are going to supply or in feed grains. Apparently, this is pointing toward other types of food that are not in surplus which have not been supplied in order to provide a better diet for these people; and, therefore, the increase, so far as the farmer is concerned, is not going to be in the basic crops but is going to be in the other commodities that have not been in surplus.

Secretary FREEMAN. No. I cannot respond directly in the affirmative to that, Congressman Belcher. Where wheat is concerned, I mean. We have already put more acres in effect in production by not making available the voluntary diversion on the spring wheat crop. It would depend upon international developments as to the wheat situation. We anticipate that we will be at the end of this crop year about at the desirable reserve level with no more surplus. At that point we will have to make a decision as to whether we will or will not be having an increase in the acreage allotments. And I would hesitate at this time to make any prediction.

Let me just say if it is necessary I am perfectly prepared to act in that direction.

Where soybeans are concerned we are in short supply with, again, the real possibility that action will be taken to increase that supply.

Where rice is concerned we already have acted and have increased the acreage allotments.

Where feed grains are concerned at this time we have more than an adequate supply. I foresee no action to increase in the immediate future feed grains.

So you really have to go commodity by commodity, but I envision down the road that there will be a significant increase in the number of acres and that in all likelihood it will run to the commodities that I named with the exception of feed grains.

Mr. BELCHER. I noticed that all of these restrictions that have been in Public Law 480 are practically eliminated, as to the Communist nations, and so forth. I anticipate that we are going to have some trouble on the floor if we take a bill over that absolutely has no restrictions whatsoever so far as supply to Communist nations or such nations, and if there is no restriction put in there similar to the ones that we have in Public Law 480, we are going to create a storm on the floor.

Secretary FREEMAN. I would call your attention, if you please, to section 306. Instead of having the language currently in Public Law 480, which is talking in terms of friendly nations, and then unfriendly nations, and friendly people, it has been somewhat confusing in its real impact and meaning. This language reads that the programs of assistance shall be directed toward the attainment of foreign policy objectives and the national interests of the United States.

I suggest that that is about what Public Law 480 says now, only to avoid some of the confusion, and that the President would exercise the discretion in determining when we should or should not deal with some of these countries and that decision is one that changes with the changing events and is a degree of flexibility that is necessary in the national interest.

Mr. BELCHER. Other than the U.S.S.R. I will read it:

As used in this Act, friendly nation means any country other than (1) the Union of Soviet Socialist Republics, or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement, or (3) for the purpose only of title I, any national or area dominated or controlled by a Communist government, or (4) for the purpose only of title I, any nation which permits ships or aircraft of its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of "friendly nations" for the purpose of that title. In the case of any such agreement which would be prohibited by any other act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.

That is going to sound a whole lot better to the Members than the mere statement that they are only going to do this for the attainment of policy objectives and national interest. I doubt if that is going to satisfy the young lady from New York, as well as a whole lot of other Members that we have on the floor.

I was wondering if these restrictions that are in Public Law 480 curtailed the operations to the extent that it made it advisable to have them eliminated from this bill.

Secretary FREEMAN. I do not think that there would be any difference in the operation and administration of this bill. Basically, under the language in the bill or under the language that was in Public Law 480. I think that the Congress has wisely concluded, after a good deal of debate, that the President does need some flexibility in connection with it. I think it is clear that the Congress does not intend, nor

has the President intended, that they should be used other than in the national interests of the United States. And it would be so used.

The semantics of it is another matter and you would, certainly, be more qualified to evaluate what the effects would be on the floor.

Mr. CALLAN. Will you yield?

Mr. BELCHER. Yes.

Mr. CALLAN. There is one point that you made about increased production. The budget shows a billion and a half dollars for Food for Peace. If we based that on an average price of \$1.25, and I think that my arithmetic is correct, that is about 1,200 million bushels of grain. If the average production figures of wheat and feed grains, 60 bushels per acre, are correct, there would be a production of about 20 million acres. If we have 60 million acres out of production now, and 20 million of this then would go for Food for Peace, this would indicate to us that we would be required to keep 40 million acres still out of production, and the only increase that you could get in production then would have to come from what we export for dollars and what we would have as an increase in the domestic consumption. And if productivity goes up then the chances of reducing this 40 million below 40 million acres into diversion would be rather dim at this time. Is this about correct?

Secretary FREEMAN. You kind of lost me a little bit on the numbers, but let me say that it is pretty difficult to be very precise in relation to it, because referring again to this chart, to the extent that receiving countries are able to effectively absorb increased amounts of food and put them to good use, to the extent that they can go above just a minimum subsistence diet or adequate diet, as they begin to move their economy ahead, the demand for food will increase. Part of that food will be continued under Public Law 480. More and more of it will be, we think, commercial, and the amounts can grow very rapidly as we have seen when people begin to make some money, their economy grows, they want some food, and they want more diversified food.

So I would hesitate to say exactly how much and how many more acres will come in. I would only say that overnight we are not going to put 60 million acres more back in. That would create havoc. We have no place to put it down the road. It is very, very difficult to say. But for the next 2 years we will need to continue to have our domestic programs to prevent a piling up again of surpluses. But if this program works down the road until 1984, why I would hesitate to vouch an opinion as to exactly where we would be.

Mr. BELCHER. Mr. Secretary, it is not up to me to determine the strategy of the administration, but it just occurs to me that it would be much easier to keep Public Law 480 and put in amendments that you need for this Food-for-Freedom program, than it is to repeal Public Law 480 and bring in a completely new bill, in that you are going to have to explain to every single Member of Congress why.

Secretary FREEMAN. Well, this was, of course, considered and given a lot of thought, Congressman Belcher, but it was concluded that because there are some basic changes necessary, and because the bill had been in effect for 10 years and there were many things in it that were no longer applicable, many amendments that had been made, that would be in the interests of public understanding, congressional

understanding and of good administration, in effect, to kind of clean it up, and to have a bill that says really what it means.

As a matter of fact, I think I will venture this: I would welcome this committee and some others to do a job in codifying and cleaning up a good bit of the agriculture laws that are highly confusing, because we have piled amendment on amendment over the years. That is what we hope to avoid in this one.

Mr. BELCHER. Public Law 480 has had a lot of support in the Congress throughout the years. And while they have argued about some of the provisions, as a general rule the Members do not have too much of a problem in passing it. But when you go to the floor and say, "This is the law that is to repeal Public 480," and to write a complete brandnew foreign aid program in an agricultural bill, I think that it will be a lot harder to explain than it is to say, "This is Public Law 480 with some amendments," and then you will only have to explain the amendments, but from the standpoint of the general public it will still be Public Law 480. I am not telling you how to run your program, but I think that you are going to get a lot more support for that type of an operation than you are for one when you go and say, "This repeals Public Law 480 and we are starting a completely brand-new program and a new concept of foreign aid, international surpluses, and the elimination of all of the restrictions on selling to Communist nations, et cetera," and somebody can sure throw a lot of brickbats at you and it will take a lot from the gentleman from Texas, Mr. Poage, to explain this bill, to explain all of those things to them. It will take a lot of his time and effort.

Secretary FREEMAN. I am sure of that, knowing the reputation and the effectiveness of the service of the Congressman from Oklahoma that whatever this committee does that it will report it forthrightly and accurately and honestly to the Congress and this, of course, is not a brandnew program. It is not a completely new direction. It is not a deviation from past experience. It is a continuation of Public Law 480, a bill which is now much more understandable, which adds some new features to it, which could be added by way of amendments, certainly, and, perhaps, that would be easier to understand or easier to get some people to follow, but, basically, this is not a new approach—it is a new approach, but this incorporates what we have learned and it strengthens and improves them, and I am sure that when this committee, with its expertise and leadership so reports to the floor of the House, that they will follow the recommendations of this committee as they have in the past.

Mr. BELCHER. In view of the fact that it is a new program, that it is a continuation of Public Law 480, but with slight variations, why do you not go to the floor and tell them that instead of saying this, "This does not repeal Public Law 480."

The CHAIRMAN. Mr. Belcher, as you know, this committee is going to work its will on this bill. And if we accept the recommendations that have been presented to us, we will repeal the other.

Mr. BELCHER. Yes. Maybe you can repeal Public Law 480 and pass the foreign-aid program.

Secretary FREEMAN. If anybody in Washington needs any advice it is me. Thank you for any you have given me.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. Mr. Secretary, I was pleased to note that you are included with those officials from the United States on the trip to Hawaii, to meet with the officials of the South Vietnamese Government. I was impressed with that. And subsequently, by your trip to Vietnam. It is most heartening that the need to bolster morale by providing food and know-how in agriculture has been recognized.

I wondered if you would give us some observations as you found them on your trip, most particularly your visits in South Vietnam where you visited and talked with the villagers.

Secretary FREEMAN. I certainly did.

Mr. GATHINGS. I wonder if you would give us a summary of what you found and did.

Secretary FREEMAN. Yes; I would be very happy, Congressman Gathings, with the chairman's permission.

First, as I suggested earlier, I was encouraged to find an adaptation and an awareness of modern agriculture practices in Vietnam; to find repeated evidences where our programs of aid had been successful in stimulating attention to a knowledge about modern practices, such as new seed, the use of fertilizers, chemicals, various improvements in their animal stock and that there is a strong demand for these things; that the average Vietnamese farmer today is looking for and willing to buy improved seed and fertilizer and chemicals. And I think that one of our real logistic problems now is to make these things available to him, so that he can increase his production and improve his position and his state in society and improve his standard of living.

As the President said, this is a two-front war—the military war is a hard, tough, difficult one, but it must be accompanied by equally difficult and complex war on the second front of giving some hope and some identification with the nation and for a future for these people who make up the greatest proportion of the population. Some 75 percent of the people of Vietnam depend directly on the land for their living. And agriculture has a tremendous contribution to make in winning this war, because to the extent that these people begin to see what they can do to improve their standard of living, to make a little more money, so that they can care for their children and make their way of life a little more pleasant, then to that extent they have a stake in their government's and their country's will to resist the Communist invasion—and only these villagers are willing to resist the reinfiltration, once the Communists have been driven out, will those areas be firmly held.

There was an area where I traveled where the government people said that they could move around freely at night and need not worry about the Vietcong terrorism. In that area the level of agriculture development was very marked. This was an area along the coast where American vegetables had been adapted to the South Vietnamese conditions. I stood on a little tract of land which had been wasteland, in a sand dune just a year before. It had been a part of a land reform program of the South Vietnamese Government. The farmer in question had gotten I hectare of land which was just a sand dune. That is 2½ acres. There was a land-improvement program which

had been carried out to smooth that land over and make it usable. Some Chinese technicians who had come to Vietnam from Taiwan at our instance were there to give him a little help in vegetable production. He had put in one crop and this was onions. Congressman de la Garza, you will be glad to know that it was a Texas onion by the name of Granex that had been adapted to the Vietnamese conditions. He planted the onions, following the new techniques. And the return he got on that hectare of land was 200,000 piasters which is \$2,000. The return on that amount on rice in that area would have been about \$20.

This particular peasant had a little irrigation system that he put in, along with another dozen who had land adjoining, with a gasoline pump—a very simple concrete trench irrigation system. He, also, had brought a very bright red motor bike. This was the first thing that many people in that part of the world would like to have. So he was making good money. He was a good customer for a lot of things. He had a stake in that community.

I went to the village nearby and the village I found had recently completed building a warehouse. The warehouse had been a self-help project that we had participated in but the men of the village had built the warehouse. The materials had come from the United States to the Vietnamese Government.

Today they were storing those onions and other vegetables in that warehouse. The returns from that were going to the village and were being used for schools and health.

As I rode about in that area there were any number of new homes, not by our standards, they were one- or two-room homes, very humble dwellings, but quite adequate in that area, which represented progress for the people involved.

And as I say, with that kind of development which rested on a sound agricultural base, why that was a secure area. The province chief said to me that he did not have to go out during the day under security to see those people and to take them away from their work, but that he went out and met with them at night. This is one illustration of how important agriculture is in winning this war.

I came back considerably encouraged because of this potential. I could give any number of other examples. We have been working with the Vietnamese in isolating about 25 kinds of rice seed out of 750 kinds that we started with. These are high-producing seeds.

I saw peasants who came in from as far as 20 miles with a wicker basket on their heads trying to buy fertilizer. They were surprised that they could not get it. It was not available. But they knew that fertilizer, combined with chemicals to prevent plant diseases and pests, could double their production of rice. And they want more.

In some of the fishing villages, I visited fishermen who had increased their take by as much as 600 percent by having motors so that they could get out beyond just close in and could have much better return on their fishing. And many of them today want to buy more motors.

We are trying to work out a basis by which they can get some credit, because they can pay for them. All they need is a little credit in order to get the job done.

So this kind of awareness, this acceptance and wish to use new techniques combined with systematic rural construction programs, is of

help. Today the Vietnamese "rural construction" program is training men from the provinces, young men—training them in loyalty and patriotism—training them in meeting communism and in the opportunities in their own nation under free institutions—training them in paramilitary units, arming them heavily; training them a little bit in health education, community welfare, and agriculture, and returning these rural construction cadres into the villages and the hamlets when they have been liberated by the military forces. They are to stay there to resist the reinfiltration by the Vietcong, to give some security so that the area can reconstitute its own community life, and to give the Vietnamese peasantry some assistance when they ask for it, so that those peasants will have a stake in the future—have something to fight for and will have an enhanced loyalty to their government.

This combination of forces led me to feel that, although it will be slow and difficult, real progress is being made and more can be made on the second front, the social revolutionary front in this war.

I make one final observation. I felt that the current Vietnamese Government is deadly serious about accomplishing this, that these young generals who today are kind of a ruling committee, are patriotic men, that they are strongly desirous of improving the life of the people in their country, and that they recognize that this is the only way that this war can be won. They are deadly earnest about land reform—about improving education—about improving agriculture. And they recognize that they have got to serve and they want to serve and improve the well-being of their people. The whole combination of activities I observed made me feel considerably more encouraged as to what we can and are doing in Vietnam than when I initially went there.

Mr. GATHINGS. Thank you so much.

The CHAIRMAN. Let us go off the record.

(Discussion off the record.)

The CHAIRMAN. We will recess at this time to come back at 1:30 o'clock.

(Whereupon, at 12 o'clock noon the committee recessed, to reconvene at 1:30 p.m. the same day.)

AFTERNOON SESSION

Mr. GATHINGS (presiding). I think that we ought to proceed and move right forward. We will come to order.

I was glad to receive your report on Vietnam. It is my opinion that if we need to win the hearts and minds of these people who live in the villages, in order to have a successful effort out there on the part of our military forces. So the work that you did was most helpful and encouraging and heartening to all of us.

I would like to ask you, Mr. Secretary, in furtherance of the questions by the chairman with reference to cropland adjustment. What has been done with reference to that, which is title IV, as to the Agriculture Act of 1965—have instructions gone forward to the field on the cropland adjustment?

Secretary FREEMAN. Yes, Congressman Gathings. The administrative regulations to carry forward the program were issued last fall—I think in December. The signup period has begun. The program has

been going forward. Our reports on the volume of signup are rather limited so far. The indications are that the signup will be more modest than we had expected, that the program is being very conservatively administered.

The rates are set at a conservative level as we gain experience on the program. And so far we really do not have enough results to give a very firm estimate, but we are going forward very carefully but systematically.

Mr. GATHINGS. I opposed that legislation before our committee and on the floor on the ground that we did not need two types of programs that would get land out of production—that we had a feed grain program in the bill and the purpose of it was to divert acreage—it contained a wheat program and it was to cut back on the production of wheat—that was its purpose. There was a cotton program that had for its purpose cutting back the acreage on cotton. So it was my thought that it was not necessary to come up with still another program to take croplands out of production and I opposed it.

Since then there have been all the more reason to oppose crop retirement. It is so necessary to obtain food in large quantities for hungry people all over the world.

I wondered, Mr. Secretary, just what signup has been done on this program? Do you know whether or not it has had acceptance in certain parts of the country more than in other sections?

Secretary FREEMAN. These are merely preliminary estimates. It appears that the program has been more accepted in the Southeast and in the Northeast than it has in the Midwest and in the North Central States where the prices and the attitudes have been very bullish on feed grains and wheat, and the farmers have hesitated to put the land into the long-term retirement program in those areas.

On the other hand, there has been a great tendency in the Southeast and in the Northeast to put more land into it—at least that is the early indication—but I would want to add to this, in response to the evaluation you made earlier, than I am sure that this program is not going to immediately accomplish the goal of 40 million acres. We are going to learn as we progress, that the purpose of the program has been to do more efficiently, more methodically, at a lower cost and with more flexibility in land use of what we have been doing for quite some years now in feed grains and corn, and we will only have to see by experience how it works out, but so far as the signups have been very modest. And I repeat that, stronger in the Southeast and the Northeast, than in the Midwest and the North Central States.

Mr. GATHINGS. Mr. Secretary, in furtherance of the questioning by the gentleman from Oklahoma with reference to eliminating Public Law 480 and writing a new program, I noticed that the Department had worked up a comparison of Public Law 480 and the Food for Freedom Act as proposed here. In that comparison over on page 3, when we look under Public Law 480, to section G, that is not included in the provision of the bill that we have before us at this time. It seemed to me that should be a part of the law here and that you would not want to eliminate section G plus the fact that those funds that have been generated in these various participating countries over the globe could be used to meet our country's obligations within that

particular country. That is just one of the many items that could be referred to here, if we eliminated Public Law 480, and then write a new Food for Freedom Act.

Secretary FREEMAN. Congressman Gathings, you will find, I think, if you look at the bill as introduced that section 304 would accomplish exactly the same purpose as was effectuated under section G, to which you have referred a moment ago. As the chairman said earlier, I am sure that this committee will in its wisdom determine under what—in what shape and form it wishes to act on this bill, but in the interests of clarity, in the interests of eliminating sections that no longer were applicable, and avoiding confusions that exist, this, really, is primarily an effort to just do a workmanshiplike job to streamline and to clarify and avoid confusion, and the differences are really there, very nominal.

The only two basic ones I referred to in my testimony, is to eliminate the surplus requirement and to move directly to a sales for hard dollars, instead of for soft currency. Otherwise, everything in the bill for the most part was in the other one, and a great deal of confusion is eliminated by just updating and streamlining it—that is all.

Mr. GATHINGS. I have received a note here that there is a rollcall on the floor at this time, a yea-and-nay vote on the tax bill.

Mr. HAGEN of California. I would like to ask a question before I answer the rollcall.

Mr. GATHINGS. Proceed.

Mr. HAGEN of California. Mr. Secretary, referring to this land retirement program, it, certainly, does not hurt the purposes of the Food-for-Freedom program to retire cotton production, does it?

Secretary FREEMAN. No, sir.

Mr. HAGEN of California. I come from a cotton-producing area. I want to commend you on your retirement of cotton land. I hope you divert some funds from the other programs and increase the soil-bank type reduction of cotton acreage.

As I understand it, you are permitting feed grain and wheat operators who are being paid to retire such crops to plant soybeans on these acres without loss of payment.

Secretary FREEMAN. Yes.

Mr. HAGEN of California. On the feed-grain acreage?

Secretary FREEMAN. Not on the retired acreage. Those acres that he has diverted he cannot plant soybeans on.

Mr. HAGEN of California. He cannot.

Secretary FREEMAN. No.

Mr. HAGEN of California. What can he plant on them?

Secretary FREEMAN. He can plant the same crops that the Congress set down last year: sesame, castor beans—and there are several others of the nonsurplus crops.

Mr. HAGEN of California. And not soybeans?

Secretary FREEMAN. Soybeans is not included in that list. You may recall that we recommended that soybeans should be included, and the Congress ruled otherwise.

Mr. HAGEN of California. What is the special rule on soybeans?

Secretary FREEMAN. It is that the farmer can plant soybeans on acres that he otherwise would have planted to corn and still get the

price-support payment. In other words, if he takes out 20 percent of the acreage, which he must, in order to, under the feed-grain program, on the balance, the 80 percent which he would otherwise plant corn, he now may plant soybeans, but he can get the price support payment of 30 cents a bushel on his projected yield, even though he plants soybeans instead of corn.

Mr. HAGEN of California. I see. You have not extended that same privilege to the cotton growers, have you?

Secretary FREEMAN. No.

Mr. HAGEN of California. If not, why not?

Secretary FREEMAN. It is just not in the statute. I mean, under the law as it now stands, we can not do so.

Mr. HAGEN of California. But there is something in the statute that permits you to do it with respect to corn?

Secretary FREEMAN. Yes.

Mr. HAGEN of California. This new bill does not change the situation with respect to the U.S. merchant marine, does it?

Secretary FREEMAN. No, sir.

Mr. HAGEN of California. Why do you talk about hard dollar sales? Why is that in here? Because, as I understand it, these countries are not going to repay a lot of these loans that they make in connection with soft currency purchases and under other programs.

Secretary FREEMAN. I think that the use of soft currency has been said to be a fiction in excess-currency countries and it is more in the national interest of the United States, and more in the interest of a sound program to make these sales now for dollar amounts and to postpone the payment period over a longer period of time and I think therefore the likelihood of repayments are significantly strengthened.

Mr. HAGEN of California. In that same connection, I notice that on page 11 of the committee print of this new bill it eliminates subsections O, P, and R which prescribe the uses for these soft currencies, primarily dealing with educational interests in the recipient countries. Why are those eliminated?

Secretary FREEMAN. Well, frankly, they can be accomplished under other programs that currently are in existence and it was the thought that they had been used very, very modestly, if at all, and as such they were not really serving a useful purpose and, in effect, it would just kind of clean up the bill to have them out of there. I do not think anyone is particularly opposed to their inclusion. It was, really, a matter of just—well, let us say, of having a better and neater bill.

Mr. HAGEN of California. Mr. Secretary, with all due deference to you and the very learned people who preceded you, you have dealt largely in generalities. Do you visualize some program using these foods as a source of revenue to establish extension services in India, or some form of getting credit to the small farmer in India—do you contemplate any such program? It is not spelled out in the bill.

Secretary FREEMAN. Yes, indeed. There was not any effort here on a country-by-country basis to outline what the program would be, but as I mentioned, there is recommended to the Congress a substantial expansion of funds for economic development purposes in agriculture. And if I may say so, the key thing in this whole business is the strong direction by the President to all of the Government

as to the importance of agricultural development and the mobilization of resources for that purpose. This means, frankly, that the currencies available will be used more effectively for agricultural purposes. It means that the countries who are recipients will be counseled very firmly about their agricultural development. It means that we will have more technical people sent to those countries. It means that more dollars will be spent for fertilizers than has been the case in the past.

Mr. HAGEN of California. I do not mean to interrupt you, but I have to answer the rollcall, too. Will the funds be generated out of the surpluses? The way that I read your statement this will come from appropriated funds, rather than from the funds derived—or the resources derived from this food?

Secretary FREEMAN. They will come both ways. In the first place, the use of food itself will be greatly expanded and it will be used more effectively for on the job projects in relation to malnutrition and the rest.

The currencies that accumulate will be most effectively used, because they are used wherever possible to pay for the programs right now.

Mr. HAGEN of California. For example, under this proposal you could take rupees accumulated there and establish an extension service in India with approval of the Indian Government?

Secretary FREEMAN. Exactly.

Mr. HAGEN of California. You have the same authority under the present law?

Secretary FREEMAN. Yes, sir.

Mr. HAGEN of California. Thank you very much.

Secretary FREEMAN. We have to get appropriations for that, as we do anything else, as you well know.

Mr. HAGEN of California. Out of the funds generated by the Food-for-Freedom program?

Secretary FREEMAN. They could be used there exactly.

Mr. POAGE (presiding). Mr. Quie.

Mr. QUIE. There are two questions that I want to ask relating to questions that have been posed to you this morning. One has to do with the reserves. I understand by your statement that for this Food for Freedom program, some of the production we now have cannot be used for it, as you presented it here.

Secretary FREEMAN. Let me say this, that we could not next year, certainly, use it for that; that is, find a home for everything that we could produce. And there is not much likelihood that we would be able to use all of the grains that we could produce in the next, let us say, half a dozen years. I want to make it clear, however, as to how much we will use will depend upon how vigorous and effective this program is and what the response of other countries might be to it and how rapidly they may progress.

The black line in the chart, I would like to emphasize, represents the minimum nutritional level attained here by 1975, which is 10 years from now. We would like to reach that level more quickly if we could. We ought to do better than that, if we can and, perhaps we can.

To the extent that we do the amount of food in addition that might be used would be correspondingly greater.

So I do not want to foreclose at all the possibility of moving a very considerable number of additional acres into use and fairly rapidly, but I just wanted to express the reservation that we cannot say when this will take place. We cannot do it overnight. We only need to move aggressively in the direction of making better use in the future than we have in the past.

Mr. QUIE. What is the minimum calory intake?

Secretary FREEMAN. The minimum calory intake or let us put it this way—we have been talking in terms of grain and have made our projections in terms of grain—the minimum that has been established by the United Nations is about 180 kilograms a year. The current level is about 161 kilograms. That represents quite a significant increase on a per-capita basis.

Mr. QUIE. You do not have that broken down into calories?

Secretary FREEMAN. It is extremely difficult, because it varies so from country to country. The calory intake in various countries deviates widely because of the conditions, the size and nature of the people, the climate, the nature of their occupation. Roughly speaking, the calory level in most of these countries, if you would hit an approximation, would be in the area of, let us say, 22 to 23 or 24 hundred calories a year, where it ought to be a minimum of 2,700 calories. In this country it is in the neighborhood of 3,000 calories. But there is really no firm standard. You almost have to go on a country-by-country basis to get any workable figure.

Mr. QUIE. Do you have an estimate, based on your statement, of what would be the cost to the Federal Government if we did not have any program for idle acres—could you make an estimate of that?

Secretary FREEMAN. Yes. We estimate that if you assumed that we could distribute this somewhere and there was an outlet for it, the practical matter, the cost of producing all we could produce and also distributing it would run about \$2 billion more than our current program level.

Mr. QUIE. What if we used only the short-term land retirement program, such as we have in the feed-grain program and the cotton program and the wheat program, instead of the CAP cropland retirement program—what would be the cost there over 40 million acres?

Secretary FREEMAN. I estimate, if I recall from our testimony of 6 months ago, was that we expected the cost of the CAP for the 40-million acres would be about \$200 million a year less than it would be under the short-term program. To the extent that we can move into these long-term programs and the costs are lessened, why it is that much less cost, I would say.

Mr. QUIE. Well, it would affect or this would be affected by the Bureau of the Budget, who have the authority on this, and you would thereby reduce the dependence on the surplus program and increase dependence on the long-term program; is that correct?

Secretary FREEMAN. Well, it is not exactly worked that way, because we are trying to learn on the job. The rates that we set in

an effort to cut costs and still get participation at the moment appear to be too modest to get the level of participation that we would think desirable. And with the bullish attitudes, particularly in the Midwest and in the wheat and feed grain areas, farmers have not been coming in for the program. As you know, the sign-ups on feed grains have been more modest than we had hoped and there is a general attitude that we are about to feed the world and, therefore, who hang on, fellows, the price can go only one way and that is up.

Very frankly, I am very worried about this and about the feed grain program, because of this general bullish attitude.

Mr. QUIE. In other words, you may not see the transfer being made to a long-term program in the coming years?

Secretary FREEMAN. We do not think that there will be as big a sign-up as we had initially estimated, but it is too early yet to give a firm estimate on that.

Mr. QUIE. If this is the case, we can then expect an increase in the production of feed grains?

Secretary FREEMAN. Not if there is an adequate sign-up in the short-term program. We have the same effects as we had a year ago, but as I said a moment ago early returns are somewhat worrisome, and as nearly as we can find it is primarily because of the general bullish attitude.

Mr. QUIE. In the new program, what commodities would be available that presently are not made available?

Secretary FREEMAN. Well, actually, initially pretty much the same commodities would be moving out. One of the things that we would begin to move towards would be some of the proteins. There are high protein sources. We, also, would be moving in the direction of a good bit of vitamin and protein enrichment. We are doing a good deal more research in the private sector of the economy and it is responding very strongly to some of our suggestions in trying to develop new kinds of protein enriched foods, particularly those that have vegetable oil bases and more particularly soybeans has responded most positively to this research to provide the necessary proteins. So I would look initially, perhaps, to contributing the same things with stronger emphasis in the progress of protein enrichment and moving to other enrichments, and moving, also, towards some special kinds of new foods that would be usable in some of these less-developed countries where there is serious malnutrition. Some private sectors of the economy have begun to get considerable success on a commercial basis. They are beginning to find a commercial market where they can operate and where they can make available commodities which move to commercial channels that are protein enriched. And this, of course, is highly desirable. And we are moving as strongly as we can in that direction.

Mr. QUIE. How about soybeans—possibly there are some by private manufacturers in production?

Secretary FREEMAN. Yes. There have been some of these that you and I have tried. There are others like Incaparina which is, probably, the best known. This has been developed in Central America. It has been promoted by some private firms, Quaker Oats in particular,

and I am informed that in Colombia they have conducted an excellent promotion and selling program, and they are selling this protein enriched item which is something like top dressing on breakfast food, let us say, with some success. And there we believe that we will get, through commercial methods, a faster, more effective distribution of these foods than you can get through Government concession programs.

One of the things that has become quickly and clearly apparent is that you cannot tell people what they are going to eat. That is one of the problems of trying to push out things that we may have in surplus and that they traditionally have not eaten. And what you have got to do is what was done in this country, you have got to cultivate a taste for some of these things and that takes time. And, again, to the extent that the commercial and private sectors of the economy can do that, why that is desirable.

Mr. QUIE. We observe that more of the foods would be processed under this program than has been true in the past.

Secretary FREEMAN. Yes.

Mr. QUIE. And that the mills in this country would be available to do this?

Secretary FREEMAN. I think that is probably true. And then more would go after having been processed in various ways, where they involve protein enrichment. I am not quite sure about this, because I am not a technician, how you put some of these protein elements into wheat—whether it has to be in the form of flour or it can be done in the form of wheat in order to get them in there. I do not know about some of the technical aspects of it. I am sure there is going to be a strong direction in that in the future.

Mr. QUIE. As a layman I can tell you that you will have to use the flour for that.

Secretary FREEMAN. And there will be more flour, I am sure, as well as more wheat.

Mr. QUIE. I want to ask you about your statement with regard to the purchase of dairy products, which is on page 19 of your statement. You have already announced that your Department would make purchases of butter for use in the school lunch program. I understand that there were offers made in reference to bids on February 7 and February 19, and in both cases, you rejected the bids that were made. I should like to find out why and whether they were acceptable or not. What was the reason that you did not accept those bids when you state here that you would purchase butter at the market prices, rather than at the support level prices.

Secretary FREEMAN. Because the bids were above the market prices.

Mr. QUIE. They were all above the market prices?

Secretary FREEMAN. The bids were very high.

Mr. QUIE. Perhaps that was in anticipation of an announcement that you might be making in the very near future.

Secretary FREEMAN. I do not know what you are talking about. [Laughter.] Really, I would hesitate to try and guess the thought processes of those who made the bids. The bids were so high that we, in all good conscience, could not accept them.

Mr. QUIE. I guess you know what we are talking about.

Secretary FREEMAN. Yes, sir. Let me say—

Mr. QUIE. I will not ask you about that at this time.

Secretary FREEMAN. The possible announcement will be given very careful and thorough analysis and attention.

Mr. QUIE. I am fully aware of the concern of the dairy industry, as you are.

Secretary FREEMAN. I might say that there have been some people urging that the price supports on dairy be raised who I never dreamed would urge it to be done before.

Mr. QUIE. You, also, pointed out here in the 1964 report by the Agricultural Advisory Commission that there has been some new study on the amount of reserves to be made available, but you do not state what the reserves ought to be on feed grains or dairy products that you mention. Do you have those figures, or could you say now from study of this, what the reserves should be that we would have on hand?

Secretary FREEMAN. Yes. I would be happy to read them into the record. These are subject to revision. We have them under constant study. As I said in my prepared testimony, this goes back to a Senate document in 1952. It is based, roughly, on the anticipation——

Mr. QUIE. You are not going to give me the 1952 figures, are you?

Secretary FREEMAN. I am going to give you the figures that are now current. Let me give them to you, and you can question the bases, if you wish.

These are recommended by the Advisory Commission and we are standing on them yet.

Wheat-----	_____bushels--	630, 000, 000
Rice-----	_____hundredweight--	9, 000, 000
Feed grains-----	_____tons--	45, 000, 000
Cotton-----	_____bales--	6, 200, 000
Soybeans-----	_____bushels--	100, 000, 000
Edible vegetable oils-----	_____pounds--	800, 000, 000
Dried beans-----	_____do-----	150, 000, 000
Lard-----	_____do-----	8, 000, 000
Dairy products, nonfat dry milk-----	_____do-----	530, 000, 000
Butter-----	_____do-----	100, 000, 000
Cheese-----	_____do-----	380, 000, 000
Flaxseed-----	_____bushels--	8, 000, 000

Those were the items that were set down at that time.

Mr. QUIE. As to dairy products, what would you estimate would be the cost of carrying the 530 million pounds of nonfat dry milk, and the 100 million pounds of butter, and the 380 million pounds of cheese?

Secretary FREEMAN. Frankly, I do not know. I will get that. The overall cost of carrying at the level that has been recommended, these reserves, once it was assumed that we were up to that level, as I best recall, was in the neighborhood of \$250 million a year.

Mr. QUIE. I recall the figure that has been used many times to keep the dairy support program below is \$300 million a year. So you are shooting below that.

Secretary FREEMAN. That was for everything—not for dairy. You said the carrying charges. That would mean primarily the storage charges.

Mr. QUIE. Correct.

Secretary FREEMAN. We would assume in operating a program of this kind that we would take on these amounts in the period when it

could be done most efficiently which would be at a period of bumper crop and strong availability. We would not assume that we would always hold these levels. This is there to be used. And then in a period of tight supply, why that amount might go down—might be cut in half and then it would be built up again in a period of long supply, using the ever-normal granary principle.

So the cost of acquiring that much would depend upon projecting now current supply availabilities and this reserve level, and we do not necessarily contemplate at this time a tight supply, engaging in a purchase program at high cost to build up to these levels, but we would be prepared to build up to these levels as soon as it would be optimally efficient to do so, and that cost would depend upon how much we had to acquire. It would not be anything in wheat, because we have much, or in rice or in feed grains or in cotton. It would be, of course, something in all of the others where we do not have quite that much on hand, but then if we did get built up to all of those levels, why the cost of carrying it would be \$250 to \$300 million a year.

Mr. QUIE. I understand from what you have said in your statement that this would be available on the market at any time that the price got down to the minimum resale price.

Secretary FREEMAN. Let us put it this way: It could be sold—there would be no legal prohibition.

Mr. QUIE. It could be sold and it would have an effect on the market, just as though it were considered to be in surplus.

Secretary FREEMAN. Well, that respect, whatever that effect might be. There might be some difference of opinion about that effect.

Mr. QUIE. But you will admit, will you not, that it does have an effect on the market—a very substantial supply of the commodity available for sale?

Secretary FREEMAN. I think a very, very modest effect, if any. I think that the experience of the last year would indicate that it has none.

Mr. QUIE. I would not agree with you.

Secretary FREEMAN. I realize that you would not.

Mr. QUIE. If we did not have the surpluses on hand, the price of feed grains, for instance, and of wheat, would be much higher.

Secretary FREEMAN. I would correct my statement a little bit in that light—I suppose, yes, if we had no reserves of any kind, and we had a short supply, why the price is going to go up. I mean that follows like night follows day, but by the same token if we feel that a given price range is a reasonable one—if an amount of activity in the market, marked by its volume—if the level of prices received by the consumer were set—by the producer—if this, by way of a standard in terms of measuring is brought into play, why, I think that the existence of these reserves and the facility of being able to use them is a healthy thing for the producer and for the consumer. And I think that the history of the last 4 years makes that rather clear.

Mr. QUIE. I would agree with you that it is, probably, a healthy thing for the consumer, because they have been able to get their commodities at lower prices to some degree. However, it is not a healthy thing for the producer. It seems to me that the pending measure that we have here (H.R. 12784) intends to maintain reserve of agricultural

commodities, and I cannot see the necessity for carrying a reserve in any commodity other than wheat. From the experiences I have had so far in my home district it has appeared that the depressing effect of the reserve commodities on the market is all that the farmers can expect. The passage of this legislation would prolong this way into the future, and they would still have that reserve cloud hanging over the market.

They are living in hopes now that this new program for disposing of the food overseas will eliminate the reserves—so that you cannot use the reserves except under the minimum resale formula, and then they expect that the market price would go up.

Secretary FREEMAN. I would forecast that they would be back where they were 5 years ago when we started with 90-cent corn, instead of \$1.25 corn. I think that they like \$1.25 better.

Mr. QUIE. They would like \$1.50 corn better than \$1.25 corn.

Secretary FREEMAN. There is no argument about that.

Mr. QUIE. And they know that \$1.25 corn or thereabouts is there because of the movement of corn onto the market. If you did not have those reserves, it would be substantially higher.

Secretary FREEMAN. But if we did not have the program to moderate the amount of production, why I think you would have both to the degree where, otherwise—

Mr. QUIE. And the very inception of the program is not to moderate the production. There is a greater eagerness among farmers to have the cropland adjustment program for putting some land into the reserve than there is to put commodities into the reserve, because you cannot turn on the land that is in reserve and affect the price, but you can put the commodity onto the market and strongly affect the price or attempt to affect the price. But here, with this new bill, you show that you are not satisfied with the authority that you presently have in the law for the reserves, but that you want a new program on the reserves so that consequently we will have to go through the same thing that the copper and the aluminum people went through this year. So we feel that the farmers of the country, instead of seeing the excess being consumed that way, would, in other words, see the opposite—whatever the market will provide for them. We know that in feed grains we will be able to produce more than we can use and more than we can sell overseas, so that means that we will be having planned excesses to hold down their prices into the foreseeable future.

Secretary FREEMAN. I think that is right. And we might as well face it. You draw an analogy to copper and metals. Well, at least, we can exist and not perish as individuals if we have the shortage of those items, but if we run out of feed grains or we run out of wheat, why we face national catastrophe. I, for one, think in all of these items that we need to have adequate reserves. And I think that food is different than anything else. And, therefore, having to have reserves we will have to live with them. And the problem then becomes how we can set up a system whereby it will have as little negative effect as possible. And I think that we both agree on that objective. There is some difference about how that can be done.

I think on the record, the record the last 5 years indicates that we have operated these programs and insulated this from the market as

a practical matter, so that it has worked extremely well. The volume of market activities the last year is 10 times more than it was just a few years ago. The price has been strong. And I think that the program has been operated reasonably and rationally, but I think that we are going to need to have in feed grains as well as in wheat a working reserve, and we cannot let this get down so low that this market is fatally short.

I further think that we have got to recognize that the farmer cannot have it all one way. If we are going to buy in by the Government when we have too much production, we have got to recognize that we will have to sell back a bit when prices are stronger. And we have got to have a measure of moderation. We are working averages on this, but to get the fair and decent price for the farmer, but, also, recognizing that the consumer has some rights for consideration as well. And if we do not do that, as a practical matter, we sign our death warrant, because the consumer's voice in this country and in this Congress is a lot more numerous—not necessarily more effective—than that of the farmers.

Mr. QUIE. The Department of Agriculture, now, is more the voice of the consumer than it is of the farmer.

Secretary FREEMAN. I am concerned about that, but I plead guilty in the sense that the Department is an important consumer service agency, and that it will continue to be so, as this committee in many ways has directed it to be, and I think that is right and proper, but further, I think that it is essential that if we are going to command support for our farm programs, we have to be responsible and show some interest in those who do not have any immediate or direct stake in it, or statement to make, in connection with it.

Mr. QUIE. I have been concerned with the prices that the farmers receive, the low prices in the market that he receives there. Really, this bill has no hope for either higher prices for these farmers or very much of an increase in production for them. And these are really two things that the farmers hope for, that they look for, both of them—higher prices and an opportunity to produce more than they are producing right now.

Secretary FREEMAN. I think that there is an opportunity for both. Certainly, farm prices have gone up significantly in the last few years.

Secondly, I think that the volume of production that we have, that we are going to find a working outlet for, both domestically and export commercially and under the Food for Freedom program, is going to continue strong and it will involve increasing production. It is not going to be as you well know all out and produce on every acre; at least, that is quite a way down the road, but it will represent, I believe, a healthy increase, and a continued strong place in the income position.

Mr. QUIE. You say that it will continue strong. I do not feel that the farmer has felt its strength yet in the market prices. The market prices in the marketplace are much lower than he had under the previous administration.

Secretary FREEMAN. I am glad that you include the payments, because, of course, that is a pretty important part of the whole approach. If I remember rightly, you were the architect of that payment in terms of the feed grain program, in the conference committee, and I think

that it has worked extremely well, and I think that you were very wise in supporting it.

Mr. QUIE. Thank you.

Mr. POAGE. If you are through, Mr. Quie, the Chair is going to announce that we are going to ask every member, from now on, to confine his questions to 5 minutes, and then if we have any time we can go back and question the Secretary again. There is no way in the world that we can get through with all of the questions of the members unless we do confine it to 5 minutes. Mr. Purcell.

Mr. PURCELL. I have just one or two questions. It is with reference to this policy discussed this morning in regard to having the foreign countries operate so as to increase their ability to produce their own food. It is a very interesting one, in the short run, not only in India, but in the other foreign countries. But we are experiencing quite a little difficulty here in our own country in the mechanics of transporting our wheat and other commodities to them. There is a shortage of boxcars that we have at this time in this country.

Secretary FREEMAN. You are absolutely right. We are moving more wheat out of this country this year than we have in any single year in the history of the United States.

Mr. PURCELL. And the Department, and private enterprise, and everyone dealing with it is experiencing, in fact, difficulty in getting the cars to the ports.

Secretary FREEMAN. That is correct.

Mr. PURCELL. In connection with that, is there any prospect in the more or less immediate future that the industry or the railroads or the Government can do something to help this situation?

Secretary FREEMAN. Let me defer that question to Mr. Eskildsen who is more familiar with that. Would you respond to that inquiry?

Mr. ESKILDSEN. Mr. Purcell is quite right about it. We do not have a complete solution for the problem at the moment. We are doing a few things.

One, we are taking advantage of the types of foods that we have to meet urgent requirements like those in India. We are making grain sorghums available in larger proportions than we have in the past, because the location of grain sorghums related to available ports will permit a larger total volume of food to be shipped.

Secondly, we are working with individual railroads to try to make arrangements in combination with ports to begin to use the facilities that would not normally be used at the regular level of activity.

These are two things that we have underway at the moment. Undoubtedly, if the problem continues as it may well do, we will just have to be even more resourceful to try to find other ways in meeting it.

Mr. PURCELL. I would like to say this, Mr. Secretary. I would say that I agree with what Mr. Poage said about other products, than just wheat. Certainly, there are some items that have been brought up here that I think most of us on this committee are interested in seeing that we try to do something about them at this time when we have an opportunity that would be beneficial, primarily, not only to us, but getting a better job done in the foreign areas. Then, I want to compliment you on your studies in your recent trip and in general on the approach and the presentation that you have made here, because this

is an area that, at least, holds out great hopes for the farmers. It is an opportunity to do the same thing that we have wanted to do for a long time. I compliment you and your Department on the dedication and willingness to work on this. I am sure that with some degree of flexibility with give and take we will get somewhere. That is all. Thank you.

Mr. POAGE. Mr. Teague.

Mr. TEAGUE of California. I do not have a question. To your surprise I will say something kind, to compliment you. Maybe for the first time in my many years in Congress I took a little trip abroad in the November recess. I was very much impressed with the way our program operated in Spain. As you, of course, know, and all of the members, of course, know, we sold corn for dollars to Spain to meet their needs. I was extremely well impressed with it. I spent some time in Madrid and throughout Spain. This is a great thing for their country and our country.

I would express the hope that we will have more similar contracts in the future.

Secretary FREEMAN. Thank you, Congressman Teague.

Mr. POAGE. Thank you. Mr. Jones of Missouri.

Mr. JONES of Missouri. Mr. Secretary, I was pleased to note that you used the word "surplus" a minimum number of times in your statement this morning. As you will recall, I have objected to the use of the word "surplus," because I do not think that we have had any surplus of food in my judgment, in this country. Maldistribution, yes; surplus, no.

However, there is one thing that I want to see done, if possible. I would like to ask you if you think we have any hope of getting more attention paid as to the use of commodities that we are giving away now. In other words, when we put commodities into a country, where the recipient receives those commodities, that they will perform some service, not to the United States, but to their own country, in the way of trying to make improvements. I think too often they have received the food and they have done nothing.

I have a question that I would like to ask you, Mr. Eskildsen, because of your experience in India. Is there any opportunity, or what can we do to try to encourage or to point out to the people of India, the great amount of potential foodstuffs that have gone to feed and maintain the cattle, foodstuffs that could be diverted to human use, whereas now they are going to animal use—is there any possible way that you can think of changing that? I realize that they have religious views in regard to cattle and the like. Can we do anything about that?

Mr. ESKILDSEN. Do you want me to answer that question first?

Secretary FREEMAN. Yes.

Mr. ESKILDSEN. I wish I knew how you could convince the people in India, as many of their own people are convinced, but not enough of them. There are considerable savings in food that could be accomplished by the very measures that you mentioned. I would say in their behalf that this has been a matter of very great concern for them also. There are a large number of responsible Indians who feel the same way that you do and the way I do. There are efforts going

on to try to bring this home to their people, but as you mentioned these are deep-seated feelings. Many of them involve religious feelings. It will take quite a long time to get these completely turned around.

There are efforts being made, I am convinced good efforts being made, and some progress is being made. I think you or I would agree that it is not fast enough, but I do not know—I wish I did—how you could go about making this kind of a big movement, in view of the importance of it. I just do not know how you could do it much faster than it is now being done.

I do hope that the new program, that the Secretary mentioned this morning, the new approach of relating our food aid to self-help measures on the part of the countries, like India will, probably, have a marked effect as to this as well as other measures to increase agricultural production.

Mr. JONES of Missouri. If you will permit me, Mr. Secretary, I feel that you feel that we should go a little farther than we have gone. And I know that it is not your fault, but I think that it falls on another agency of our Government that has always embraced the theory that our help was based on a policy of “no strings attached.” I think that we have to be practical. And we are going to have to put some strings on and require these people to do something, not for us, but for themselves when they accept these programs. We can accomplish more in that respect. They have made some improvements, I will say, but in my opinion they have not gone far enough, and I hope that you will encourage that. I hope that you will use your office to bring this to their attention.

That is all.

Mr. POAGE. Thank you. Mrs. May?

Mrs. MAY. Mr. Secretary, yours has been an excellent statement. I feel, in fact, that you have already ascertained that a great many of us are with you on the goals and needs as outlined in the Food for Freedom program. But I, also, would like to say this (agreeing with the Chairman’s statement of this morning) that a number of us have been discussing this program’s political future. It is very necessary, as you know, in political processes to see that there is public acceptance, understanding, and hopefully enthusiastic support, when we propose to spend \$8 or \$9 billion for a new program to give agricultural aid to foreign nations. Now the Administration has just cut the budget for American farmers—cuts that will hurt land-grant colleges agricultural research, school lunch and milk programs, ACP and \$60 million is being frozen in the Federal Home Administration. This paradox will cause us some real trouble when it comes to selling your Food for Freedom proposal.

How do we sell to our people, the Americans, this foreign aid program when at the same time the Administration is asking that we cut back on existing programs so important to American agriculture?

With that statement as preamble, I would like in the time allotted to me, to get you thinking on the implementation of suggestions made in the Food for Freedom Act. My main question goes to what is your thinking on how we might go about acquiring this self-help and how do we determine that nations are living up to whatever self-help cri-

teria you may set up. You mentioned possibly a review every year—have we anything or any thinking within your department on that?

Secretary FREEMAN. We have given a great deal of thought to this. And like many important questions it does not lend itself to any easy or all-embracing answer. Suffice it to say, that it involves a careful review and cooperative study with the country in question, its leadership as to what its economic development program is in relation to itself and what part food would and can and might play in that, and once it has been worked out it then involves establishing some criteria, a kind of monitoring system where you have some checkpoints. For example, if you determined that one-fourth of the budget of a given country should go into the different aspects of agricultural development, where there is system, you will find out soon enough if it is not done. If it is not extended, you will find that out soon enough. If it does not get the results it is supposed to get, you can measure that pretty well, also. If it involves the use of an extra amount of foreign exchange to import fertilizer, you can determine whether it is imported and distributed. If it involves the development of various kinds of industries that are critical to agriculture, such as chemicals and fertilizers, why you can measure the progress made in that direction.

So it is really not too complicated a process. You work out a program agreement. If you cannot reach an agreement, why then so be it. You approach this in a reasonable basis. We cannot dictate or push people around, and we do not want to do so, but I think that there is no country that we could name that would not be amenable to considering these things. And when we approach it on that basis, why we have then been successful in working out a common program. Then we have just got to be alert to monitoring it.

The main thing and the main point here that I hope the record will write this very clearly is in the past, and I do not express criticism as to anyone—this has been general—not this committee, but it has been general—that in our economic development programs in the overall and in those of the developing countries, agriculture has been generally downgraded.

The amount of the country's resources, investment, the amount of personnel available, the amount of economic assistance put into the country has been significantly less in agriculture than it should have been, in the past. Our reasons for this we do not need to detail now, but that they have now changed, and it is my firm conviction in other parts of our Government and in the President's mind, without any ifs, and buts, that the time has come to recognize the vital importance and necessity of agricultural development in the less-developed countries.

And the real meaning of the three messages that he sent on economic development, particularly the one on food for freedom, is that it is critical to giving to the people around the world, critical in the contest between totalitarian and freedom around the world. We now have top billing. We are sitting right up there to the table. We are not just getting the crumbs from the table.

Mrs. MAY. This brings up another question. How about other free world countries? Have we made any attempt at all to bring them into this and to ask them to help us in this world program of feeding the hungry people?

Secretary FREEMAN. Indeed, we have the world program—we are the architects, as you well know of it. Many countries today are in it. It is only a modest beginning.

In the consortium of various kinds that we participate in around the world, agriculture is getting attention which it should have gotten in the past. In the current vital and disturbing problem in India, great efforts are being made by the United Nations, by the Indians, with our support, to try and get other countries in the act, so that they would, also, be participating in meeting the drought emergency in India. The whole thrust here has been one of a multilateral and other participation effort and not just a going alone by the United States.

Mrs. MAY. On the other side of the coin, have you had some fears expressed by other countries that we might be interrupting regular channels of trade in the world market?

Secretary FREEMAN. Not particularly on this new program. We have always had these reservations expressed constantly of which you are well aware, and this was ever a present policy. Most of the countries have reasonable confidence, based on our experience, that we recognize their problems and not just trample over them in the process here.

Mrs. MAY. I have one more question. Can the farmer produce for the world market at a lower price than he will be producing for the American consumer? This is a question being asked by many farmers.

Secretary FREEMAN. This is not directly related to this program. I think this is more directly related to our overall domestic program and our commercial sales aspects of it. Fundamentally, under our new program we are seeking to get into a system whereby we can compete at the world prices without export subsidies. I do not foresee that we will be producing at a lower price for overseas markets. Unless they mean by that the combination program such as the wheat program, where you have a price plus acreage diversion program for aid given to the domestic share, and then the balance would move either for the domestic peace purposes or for market purposes, presumably at world prices.

Mrs. MAY. I understand under this program that we are going to supply all types of foods—we are not confining this to price support products, as it is now—that we will share any type of food or fiber that we are able to ship to other countries. What is the price connection here?

Secretary FREEMAN. The same price. This would move in the private sectors as it does under Public Law 480, which is to move at the market price.

Mrs. MAY. Thank you.

Mr. POAGE. Thank you. Mr. Morrison?

Mr. MORRISON. I have no questions, but I, certainly, want to commend the Secretary and to compliment him on a very excellent statement. And, likewise, he should be commended on his trip to Vietnam, and what you have told us today is most important. Action by your Department is most timely. I think that this is one of the most complicated and important decisions that we face at this time. And I,

certainly, want to commend you on the very fact that you have gone into it so deeply and have a remarkably comprehensive understanding of it and, certainly, a very definite recommendation which you have given us in very concise and very excellent manner.

Mr. POAGE. Thank you. Mr. Findley?

Secretary FREEMAN. Thank you, sir.

Mr. FINDLEY. During the last year we have authorized three big shipments of commodities to India. Can you tell me what measures of self-help were imposed as a part of the agreements under which these shipments were made? In other words, they occurred at a time when we recognized the crisis and that gave us an opportunity to negotiate for some help measures. I am wondering what, if anything, was worked out with India.

Secretary FREEMAN. We did not level a gun at India's head and say, "Because you had a drought and there is a danger of 50 million people starving, to get you either to do this or that or else you starve." We did, however, sit down with the Indian Government and work more closely with them than ever before in reviewing their now 5-year plan and agriculture's part in it. I, personally, had something to do with it. I spent many days, not hours, days, with the Minister of Agriculture of India. And he was in the process of working with a program. And I found his program to be what I felt would be in India's interest and, therefore, in ours. That program was enunciated and accepted by the Indian Cabinet and by the Indian Parliament and is presently being carried out. It is the whole new emphasis on agriculture and also on increasing the participation of the private sector of the Indian economy in the agribusiness as well as the agriculture part. And we feel that the program is a good one and that it is being attacked with zest and with energy and we are very hopeful of the results.

Mr. FINDLEY. In other words, India is now doing all we can expect her to do in terms of self-help. And may I, also, conclude that you are satisfied that with the program as presently spelled out in terms of self-help?

Secretary FREEMAN. It might not be 99 $\frac{44}{100}$ percent pure, like Ivory soap, but it represents, where we are concerned, very significant progress and, certainly, more than could have been possible a year ago.

Mr. FINDLEY. In this legislation I see nothing spelled out which would place a floor on the prices at which any of these commodities might be sold by the Commodity Credit Corporation.

Secretary FREEMAN. No, they would move into the market.

Mr. FINDLEY. Is there a floor, or is there any limitation on the quantities within a given period of time?

Secretary FREEMAN. They would move into the markets under the same laws that we operate with now on commodities. There is nothing except to stay within the statutory requirements. As you know, in the case of wheat, the CCC selling price is now 108 percent of the support price, plus carrying charges.

Mr. FINDLEY. Can you tell me why it is only 3 countries are participating in the tourist dollar program, even though about 22 countries long ago accepted this program? To the extent that this program is utilized, our balance-of-payments problem is relieved.

Secretary FREEMAN. I can only say wherever it is felt that these funds can be used with consistency with the interests of the United

States, why the decision has been made to use that soft currency for this purpose. There are six countries where these currencies are excess to U.S. needs and where the countries have accepted this program. Negotiations are underway in the other three in addition to the three where the program is now operating.

Mr. FINDLEY. I cannot understand why, when the other countries accept the tourist dollar exchange program which obviously is to our principal benefit, we do not carry through and put it into operation.

Secretary FREEMAN. Again, a special country—if you have a special country in mind, I can get an answer for you. I am not current enough on this to answer a general question.

Mr. FINDLEY. Egypt, Israel, and India, are the only three participating in the program. When I checked into it 6 or 8 months ago there were 22 countries. Many of them are small, but each country has a U.S. visitor once in a while. It would be to our advantage if the visitor used the dollars he planned to spend to buy some of the local currencies we own.

Mr. ESKILDSEN. If I may, it might be necessary to augment this for the record, but I do know that we have been told that the Treasury, which has the primary responsibility for this, is now negotiating with these three other countries, Tunisia, Guinea, and Ceylon for the sale of currency to tourists and to businessmen. There are no provisions in the agreements with some of the remaining excess currency countries—Burma, Pakistan, Yugoslavia, and Poland.

Mr. FINDLEY. That does not include countries in which these subsections are authorized.

Mr. ESKILDSEN. The other countries do not have excess supplies of local currencies for use of U.S. Government agencies. Section 104(t) of the law prescribes sales under that section of excess currencies. Similarly sales under 104(s) to American tourists would benefit the U.S. balance of payments only if made in excess currency countries.

Mr. FINDLEY. Thank you.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. Mr. Secretary, do you have any specific plans to use peanuts in this food for peace program?

Secretary FREEMAN. Peanuts, like other commodities, will be used where they fit into the needs of the receiving countries. There is a good deal of research going on with peanuts and with peanut oils in terms of the protein enrichment program, and I think that peanut meals, also. And I look for a good deal more use in those programs of peanuts or peanut derivatives.

Mr. O'NEAL. Do you have any idea at this time how much increase in peanut production would be anticipated?

Secretary FREEMAN. No, I really have not at this time.

Mr. O'NEAL. None at all?

Secretary FREEMAN. No estimate at this time, no, sir.

Mr. O'NEAL. I suppose then I know the answer to my next question. Somehow the farmers have come, or jumped, perhaps, to the conclusion that the passage of this law would immediately remove all allotment restrictions on peanuts and, certainly, they are in error about that. Do you have anything definite that I could tell the peanut farmers about increased production or increasing allotments?

Secretary FREEMAN. No. I really do not at this time. For the immediate future I do not foresee any increased allotments on peanuts. The supply, as you know, has continued to grow with the increased efficiency of the peanut producers. I could only say that down the road here when this program gets rolling I think that there is going to be an increased demand for most of our commodities, and among them peanuts, but I hesitate at this time to try and name a time or an amount.

Mr. O'NEAL. Thank you.

Mr. POAGE. Mr. Cooley.

Mr. COOLEY. Everybody has insisted during these hearings on our coordinating our efforts with other friendly nations who will participate in this whole program we are talking about. I was hoping that we would have somebody from the FAO to come here and tell us what the FAO is doing, but I have been advised that it is the understanding that delegates to the FAO will not appear before a committee. It seems to me that we helped start this, and every year I send somebody over there to Rome to attend their meetings. And now we want to know what they are doing. I was wondering if you could help us in arranging to have somebody either from your Department or from the FAO come in and give us some kind of a report on what they are doing.

Secretary FREEMAN. I, certainly, would be happy to do that, Mr. Chairman. Mrs. Jacobson spent 3 weeks in Rome at the FAO and is on the Executive Committee of the FAO. I'm sure that she would respond with alacrity to your invitation to outline what they are doing. Furthermore—and this is a purely personal observation—when the Director General comes to the United States, which he does frequently, why I would be happy to arrange a kind of informal session with you and as many of the committee as you wish to meet with him.

I think that the problem here is that it has been the policy of the FAO, which is an international organization, not to appear formally before various governments because they feel that they would be getting into an improper relationship as an international body, which might seem to have the effect of influencing a given government, and it has been the policy set down by the delegates in the constituent assembly of the FAO. However, I do think that—I have no doubt in my own mind, when the Director General is here that he would be very pleased, and I would be very happy to sponsor a lunch or something, and we could get the members of the committee from both sides of the aisle together, and I am sure that he would respond to any questions.

Mr. COOLEY. I think that it would be very good, if you could do that, because I know in a general way that their work is in trying to provide technical assistance to these developing nations, and to provide small tools and all of these other things that we are talking about, and we should have somebody come before us to tell us about that.

Secretary FREEMAN. I quite agree. As I say, Mrs. Jacobson will be happy to do so. I will say this for the record, Mr. Chairman, that the FAO was initially conceived, and its primary function until recently has been one of research, of coordination, being the source of information for the world and of dramatizing the attention of the world as to

the food and agriculture situation worldwide. There has in recent years been the development in the United Nations of various kinds of special economic development programs, such as that headed by Mr. Paul Hoffman, in the World Fund, I think it is called, and in UNESCO and other specialty groups and programs. These groups have made appropriations and have requested the FAO to carry forward on their behalf and in their stead different kinds of special economic development assistance programs. This is now being done in a number of countries around the world, but it is not indigenous to nor was it contemplated in the initial organization of the FAO. Mrs. Jacobson is thoroughly familiar with this and would be happy to come here and tell you about it.

Mr. COOLEY. Mr. Paul Hoffman is under the same restrictions as everybody else.

Secretary FREEMAN. I guess he is.

Mr. COOLEY. It might be that you might call on Mrs. Jacobson to come up and tell us about it.

Secretary FREEMAN. And I might say that our people made an excellent contribution.

Mr. COOLEY. I think that we ought to hear what they have to say.

Mr. POAGE. Thank you, Mr. Chairman. Mr. Dole.

Mr. DOLE. I will just take 3 minutes to ask one question.

I understand, Mr. Secretary, from your statement that this will be under the direction of the U.S. Department of Agriculture, that is, this program?

Secretary FREEMAN. Yes.

Mr. DOLE. All phases of it will be?

Secretary FREEMAN. As you will note in section 301, they are clearly and specifically outlined as under the U.S. Department of Agriculture. There is no change in connection with that. However, the participation of the Department in the economic assistance and development phases has significantly broadened in terms of our participation in all levels of planning and, also, of evaluating programs.

Mr. DOLE. When I returned from the FAO Conference in Italy it was clear to me that there was one area that needed consideration, the area of technical assistance. We heard from many excellent witnesses last week and every one indicated, very strongly, the need for technical assistance, just as you did today in your statement. Therefore, starting last November I spent a considerable amount of time in what I refer to as the "Bread and Butter Corps." It would be under the jurisdiction of the U.S. Department of Agriculture, working through the land-grant colleges and the extension services, in providing technical assistants at a low cost to these countries. As a part of that effort I contacted all of the presidents of the land-grant colleges and the State extension services, farm organization leaders, and other people directly interested in agriculture. I have received a great many responses.

I mention the idea and trust we can agree on it, perhaps, as an amendment to the bill for I know of nothing in the bill which would implement increased technical assistance.

Secretary FREEMAN. I have not seen any language on it and the machinery of how this might be done. I would want to see it before

I made, obviously, any statements in the record, but I would say that I think that this is a splendid idea. I would, certainly, say, also, that there is a lack of agriculturally trained people. I will go so far as saying that, in the process here, that we are actually trying to recruit some for Vietnam. We need them very badly. I would make almost a public appeal before this committee right here and now for trained agriculturists who had a desire for service to make themselves available. We need, at least, two dozen in Vietnam right this minute. And we need a lot more around the world. And we will be recruiting them. So I think we share the objectives of this proposal.

Mr. DOLE. It has been said by Mr. Paarlberg that too often Americans become very impatient and we send too many overdeveloped people to underdeveloped countries. What we need is people with practical know-how and agricultural experience and with some training for Vietnam and everywhere else.

Secretary FREEMAN. What we really need is implementation in some of these countries. We need more and better in Vietnam. Really, what we expect and we usually get by way of performance of the policies set down under laws passed is not matched in many places around the world, not because they do not want to do it, but because they are not motivated in the same way. It takes some understanding, patience. It takes daily persistence to get results. And we need those kinds of people and, particularly, we need some of them who are young people with stamina and desire.

Vietnam today is a hardship situation. It is not one where you can take your family or your wife along with you. There are dangers involved in the countryside, but I am sure that there are hundreds of trained and dynamic and service oriented young agriculturalists in this country and we need them.

Mr. DOLE. Thank you.

Mr. POAGE. Thank you.

Mr. Stalbaum?

Mr. STALBAUM. In light of that question, Mr. Secretary, I note that your message was rather sketchy on technical assistance. As Congressman Dole has pointed out—there is really no reference in the bill that you have brought to us in this regard. Is it contemplated, or would you contemplate drawing up something more specific to put this technical assistance phase into this particular act that we are now considering, or do you just feel that the enabling legislation would be sufficient?

Secretary FREEMAN. The technical assistance part per se is found in the aid message per se, and our part here is as a participant with aid, but a much broadened participation and a much more integrated food function than has been the case in the past.

Mr. STALBAUM. We might ask Mr. Bell about that when he comes up here.

Secretary FREEMAN. I would be happy to follow that up. What it comes down to, really—and I have gone into it in some depth in response to Mr. Findley's question on India—is that there is no way of putting in a bill all of the nuts and bolts of a development program for a given country. This is a matter of rather a mandate which

comes in terms of what is already set out in that legislation, and then we would try and implement it, country by country, and we would respond to that to give you more details in that fashion.

Mr. STALBAUM. In the dairy field we are for once ahead of the pack in permitting the purchase of commodities on the open market, which is in the Farm Act of last year. And you have not availed yourself of that section on any of these foreign programs. Why, when you have had this power, this authority, haven't you exercised it with regard to dairy products in the foreign program?

Secretary FREEMAN. We asked for bids and some bids came in and the bids were significantly higher than the market price. They were so high that we could not accept them.

Mr. STALBAUM. Those were for the domestic programs?

Secretary FREEMAN. Yes.

Mr. STALBAUM. You have not requested this on anything for the foreign program?

Secretary FREEMAN. You see, the supply for the foreign has been adequate so far. As these programs begin to expand we think that there will be a need for a greater supply. We will, undoubtedly, under the normal course of events, under our normal purchase programs. We do not have adequate supplies and if we do not, we are prepared to purchase as set out in the section 709.

Mr. STALBAUM. Thank you.

Mr. POAGE. Mr. de la Garza?

Mr. DE LA GARZA. I have no questions.

Mr. POAGE. Mr. Redlin?

Mr. REDLIN. Mr. Secretary, I think that your statement has been most informative. I want to commend you on your recent order where you placed the CCC resale price at 108 percent, rather than at 105 percent. And I am among those who are hopeful that we may see something more on that point.

I would like to ask you something about a matter that was brought up by Mr. Purcell when he talked about the boxcar situation. This has gotten to be a terrible snarl in the Midwest, particularly in the Northwest and in my State, perhaps, as much or more than anywhere else. In pursuing that I inquired of one major railroad, particularly, and they tell me that they have built 7 percent more cars than they have taken out, so that they have increased their supplies from 1964 to 1965 by 7.5 percent, but, nationally, according to their information we have lost 20 percent of our boxcars and have failed to replace them.

It seems to me that we have a bigger problem here than we have some places overseas and if we are going to take on this matter of shipping more foods into other areas that we need to have a fundamental improvement in this. Does your Department have any specific recommendations, or are you intending to pursue this with some long-range projections and suggestions for this committee or some other committees?

Secretary FREEMAN. We are acutely conscious of this. As a matter of fact, I cannot remember when there was not a boxcar shortage. It comes up at certain periods of the year. I do not have any more detailed information; although we are carefully following it and studying it, we have not yet surfaced any specific recommendations by way

of action. I think your point is extremely well made and we will try to expedite our studies and reach some conclusions.

Mr. REDLIN. Thank you.

Mr. POAGE. Mr. Walker.

Mr. WALKER. No questions.

Mr. POAGE. Is there anyone else?

Mr. Secretary, if we are to understand from the statement that you made earlier this morning to the chairman it is to the effect that in the land adjustment program, an equivalent acreage under the new program will be taken out of the retirement programs now in effect, so that at no time shall we have more than 60 million acres in the foreseeable program—is that what you meant to say?

Secretary FREEMAN. That is what I meant to say.

Mr. POAGE. If there are no further questions, we are very much obliged to you, Mr. Secretary.

The committee will stand in recess until tomorrow afternoon at 2 o'clock.

(Whereupon, at 3 p.m. a recess was taken until 2 p.m. Thursday, February 24, 1966.)

WORLD WAR ON HUNGER

THURSDAY, FEBRUARY 24, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 2:10 p.m. in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Jones of Missouri, Stubblefield, Purcell, Foley, Resnick, de la Garza, Redlin, Greigg, Callan, Belcher, Teague of California, Quie, Mrs. May, Findley, Dole, and Hansen of Idaho.

Also present: Martha Hannah, staff, Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel, and Francis LeMay, consultant.

Mr. POAGE (presiding). This committee will please come to order. Mr. Bell, we are delighted to have you with us. We know that you will bring us food for thought. We will be glad to hear from you.

STATEMENT OF HON. DAVID E. BELL, ADMINISTRATOR; ACCOMPANIED BY HERBERT J. WATERS, ASSISTANT ADMINISTRATOR FOR MATERIAL RESOURCES; AND FRANK ELLIS, DIRECTOR, AID FOOD FOR PEACE DIVISION, AGENCY FOR INTERNATIONAL DEVELOPMENT

MR. BELL. Mr. Chairman, members of the committee, it is a pleasure and a privilege for me to appear before this committee again. I still have pleasant recollections of my last appearance before the committee, when you were kind enough to give me the opportunity to talk with you about the foreign aid program, its objectives, and how we go about our business.

I emphasized then the valuable contribution to development being made by American agricultural abundance, shared with others under Public Law 480. I also endeavored to make clear that food alone could not accomplish all that needed to be done.

Both conclusions are truer than ever today.

President Johnson has sent to the Congress a special food aid message, calling for new and improved arrangements for using our agricultural resources not simply to alleviate hunger in the world, but to help establish strong and growing economies in the developing nations—economies capable of producing the food they need or of purchasing it commercially. I am here to support strongly the President's recommendations.

You have received from earlier witnesses testimony concerning the seriousness of the world's food problem; the strongly rising trend of demand for food in the developing countries, resulting both from rising populations and from increasing incomes, and the inadequate rate of growth of food supplies in those countries. You are familiar with the reasoning which led the President to reject the costly and impractical alternative of trying to meet the entire gap over the coming years by more and more massive shipments of food aid, and led him to propose instead the more sensible course of helping other countries to develop their own food production, and through increased food aid shipments to fill the immediate gap until their production can be expanded.

In this task, the principal contribution of the Agency for International Development is to organize technical and capital assistance to help the developing countries raise their rates of increase in agricultural output as part of the general task of economic development. As you know, there has been considerable improvement in agricultural output in these countries over the past 15 years, so the problem is not that of overcoming the total inertia of a motionless machine, but of sharply accelerating growth processes already underway. To this end, we must mobilize the best talent available in the United States, in the Department of Agriculture, in the land-grant universities, and in the farming and business communities of our country.

AID, in planning and implementing its programs to assist nations to grow economically, has learned that it must look at development objectives on a countrywide/economywide basis. This country planning begins, of course, with the host country. The U.S. AID mission in the country is responsible for working with and advising host country officials on planning and implementing programs that make the best overall contribution to economic growth. It is clear that agricultural development is an important element—often the most important element—in this picture. Our AID mission is also responsible for planning and implementing, following approval here in Washington, U.S. assistance to complement host country development efforts.

I should like to stress the essential relationship between self-help measures by the aid-receiving countries and our assistance. Only if we are convinced that countries are doing what they can for themselves are we prepared to give them full-scale assistance.

It is a complex task to analyze the various measures—some directly in the agricultural field, some outside—which are needed to achieve food output increases. They range from price, credit, and supply measure by the AID-receiving countries and our assistance. Only if affecting, say, the importation of raw materials for fertilizer production, and policies encouraging (or discouraging) private ownership and initiative. The AID missions in each country, with help from experts from the Department of Agriculture, the universities, and other sources, must study all these matters, and lay out the combined pattern of self-help and outside assistance which will achieve the results that are necessary.

As we look about, we expect that our AID capital and technical assistance directly to enlarge agricultural output, will rise by about

50 percent, to around \$450 million in the next fiscal year. This will cover such items as the following:

(1) Fertilizer plants and imports. AID financed about \$65 million of U.S. fertilizer exports in fiscal year 1965 and that amount we expect will rise next year. We are also helping to build fertilizer plants abroad. We are encouraging these efforts directly through surveys, through the possibility of joint financing, and through investment guarantees. AID currently has before it applications for guarantees covering \$250 million in planned American private investment in fertilizer production overseas. In fiscal 1965, AID guaranteed about \$12 million in fertilizer plant investments in Korea, India, and Nicaragua, and lent \$48.8 million to two new plants in Korea, in which the principal American private investors were Swift, Gulf, and Skelly.

(2) Educational activities related to agricultural, including schools, extension services, research, and training. In India, for example, we have been working with the Universities of Illinois, Missouri, Tennessee, Ohio State, and Kansas City, to develop agricultural universities in seven India states. We shall increase our support in these projects for adaptive research in plant breeding, soil and water management, and in pest and disease control.

(3) Technical advisory services to governments, farmers, and agricultural institutions. For example, in Uganda under a contract with the National Farmers Union, since 1962, over 8,000 cooperative leaders and managerial personnel have been trained. For another example, we have just signed a contract with the University of Minnesota to review with ourselves and the Government of Tunisia what steps are needed in order to establish a better base for planning agricultural policies and programs in that country.

(4) Wells, irrigation, and other activities related to water in support of agriculture, including specific attention to making the most effective utilization of water which is available. For example, we have helped Pakistan with the installation of tubewells (many of which are public, and some 40,000 private), with engineering consultation to the West Pakistan Water and Power Authority, and in a 1.2 million acre irrigated area assisting a demonstration program in modern farming techniques. We are helping irrigation projects in Korea, in Laos, in India, in Tunisia, in Ecuador, in Morocco, in Afghanistan, and other countries.

(5) Transportation facilities, greater improvement must be made in the capabilities of agricultural producers to transport commodities to markets on a timely and efficient basis. Road programs in south-east Asia, in Latin America, and in other areas will contribute to this effort.

(6) Under these efforts, we are financing well over 1,000 agricultural technicians overseas, most on a contract/or participating agency basis. We also finance the training of almost 2,000 participants in the United States. We anticipate increases in these numbers in this country for one kind of training program or another. We expect that the numbers will increase and the numbers that we have abroad will increase, and the number that we bring into this country for training.

In all these ways, we shall be encouraging and supporting the expansion of agricultural output in the developing countries as part of their general economic growth. This work will go forward, under the President's recommendations, in close cooperation with the food aid programs.

As the President made clear, food aid is expected to be more closely tied together with our other economic assistance, and to be conditioned upon self-help cooperation by the recipient nations.

We strongly support the food for freedom program submitted to you by the President because we believe it will enable a far more effective job to be done in the future.

Elimination of the "surplus disposal" concept will end once and for all any idea that food aid is not a resource of real value, strengthening our bargaining position in obtaining self-help commitments by making clear we are sharing our actual productive capacity—not just something we want to get rid of.

We are also convinced that the proposed transition from local currency sales to sales for dollar credits, putting the valuable resources of food and fiber on the same loan term basis as we follow in making nonagricultural commodities available to aid-receiving countries, will help compel developing nations to face up to the fact that eventually they must be able to produce for themselves or to buy their food requirements.

Although it is our intention to move to sales for dollars within the 5-year period, there will be instances in selected countries where U.S. interests may be better served by our continuing to accept some local currency in lieu of dollars. The proposed bill envisages three kinds of situations where this might arise. The first is where foreign currency receipts can be used to meet our Government's financial obligations abroad. The second situation occurs when foreign currencies can be used for the common defense, as in Korea and Vietnam where currency generations from existing Public Law 480 programs make an important contribution to joint security related interests. The third situation we envisage is when foreign currencies can be usefully employed to support, through loans, American private investment abroad. When foreign currencies are needed for any of these uses, we are requesting authorization to permit the U.S. Government, at the time sales agreements are negotiated, to provide for payment in foreign currency rather than dollars.

In other words, while our objective is to move to dollar credit sales, we want to reserve the option to receive payment in local currency where it is in the U.S. interest to do so. We do not want to accumulate local currencies for which we have no requirement.

In addition to consolidating the former title I and title IV provisions of Public Law 480 into a single new title I concessional sales program, the legislation before you also consolidates the former title II and title III provisions of Public Law 480 into a new single donation section covering famine relief, economic development "food for work" projects, school feeding programs, and people-to-people distribution programs of the American Voluntary Foreign Aid Agencies operating overseas.

At the present time, more than twice as much food is transferred abroad under concessional sales programs as is donated. We expect

this ratio to be maintained in the years ahead. Nevertheless, title II of the new act covers activities that have become increasingly effective in recent years.

Under title II, section 202, of the present law, the number of economic development and community development programs has continued to increase. As experience has been gained, an increasing number of governments and voluntary agencies are discovering that food, when intelligently applied with the input of other resources, is a powerful resource to promote development.

During the past year, 53 new economic and community development projects were undertaken in 41 countries, and 126 projects were continued, for a total of 179 projects in 65 countries providing food to 12 million people.

Typical activities being carried on under these projects are:

In Bolivia, workers and compensinos are constructing schools, roads, irrigation canals, sewage systems, sanitary units, and water supply systems; in Korea, works projects are being expanded to employ more than 250,000 workers engaged in land reclamation and farm improvement, farmland rearrangements, reforestation, feeder road construction, and flood control.

A most significant change in the donation program has been occurring in the title III programs, in the response by the registered voluntary agencies and our AID missions to the challenge to use food rather than merely to dispense it. This is in accord with the congressional mandate in the 1964 extension of Public Law 480 which provided that title III food should be “* * * directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.” The worldwide response has exceeded our most optimistic expectations. In areas large and small, urban and rural, in every part of the less-developed world, many thousands of people have begun to use the energy the food provides, together with other resources, in activities designed to eliminate their need for food assistance.

This change in policy gave the “go” sign to the voluntary agencies to use the food given to hungry people to do more than satisfy the immediate pangs of hunger. The 800 nongovernment Americas working abroad with 6,700 privately employed foreign employees, many, many thousands of volunteers, and hundreds of State and Federal, village and town officials, cooperating with our AID missions, have combined to implement this new direction. Typical results include:

In India, Church World Service is distributing food to 17,837 men (representing families totaling over 84,510 people) engaged in such activities as digging wells, building roads, and repairing school buildings.

About 13,000 workers received title III food from Lutheran World Relief during 1965 for their work on clearing land for new settlements in Brazil and Tanzania, building roads in Chile, constructing dikes and playgrounds in Taiwan, and reclaiming tidal land in Korea. In each case, the title III food was given to the workers and the needed cash was provided by Lutheran World Relief.

Catholic Relief Services is utilizing title III foods in many self-help projects around the world. For example, in Peru, projects include laying pipe for water systems, school and road construction; in Chile,

repairing roads, construction of small bridges, irrigation and drainage ditches; in India, building farm-to-market access roads and bridges.

These are just sample illustrations of the many, many cases of this type which are now being carried out by the voluntary agencies.

It will also be under title II of the new act that we will respond to requests for emergency disaster requests. In the last year alone, \$38 million worth of food was provided to meet 31 disasters occurring around the world.

Any discussion of the donation programs would be incomplete without mentioning the progress of stepped-up school feeding activities around the world. Each day some 70 million children receive supplemental food either through school, institutional, or family feeding programs. Perhaps the most dramatic example has been in the "Operation Ninos" program in Latin America, where the number of children fed increased from about 4 million to about 16 million over a span of 3 years. Most significantly, the effort has led to greater budget allocations by Latin American countries for expanding the school feeding programs, and has resulted in better school attendance as well as better school performance.

During the past year we have started to shift our emphasis from just school feeding toward greater efforts to reach the preschool child in medical centers and maternity clinics, because of our growing concern over the serious effects of malnutrition on these youngsters before they reach school age. During the past year \$1.9 million of AID funds were used to fortify nonfat dry milk with vitamins A and D for these feeding programs. We intend to step up other activities aimed at combating malnutrition in infants, including technical assistance and health education, as well as use of our investment guarantee authority to encourage the American food processing industry to undertake manufacture abroad of formulated infant food meeting proper nutritional standards.

As you know, title II also authorizes making food available through international organizations. It is under this title that we have encouraged other food-producing nations to share to a greater extent in food aid through our participation in the world food program, sponsored jointly by the U.N. and the FAO. For the past 3 calendar years, 1963-65, the program has operated on an experimental basis. In this period the world food program budget totaled \$94 million. The United States contributed \$40 million in commodities and \$10 million in ocean freight and cash. The program has demonstrated that economic development, child feeding and emergency programs utilizing food as the primary resource can be conducted successfully by a multilateral organization.

In December 1965, the U.N. General Assembly and the FAO Conference reviewed the world food program's accomplishments and agreed to extend the program with a goal for the upcoming 3 years, 1966-68, of \$275 million in commodities and the cash necessary to move them and to administer the program. Again, the United States offered to match the amount of commodities made available by other countries. The world food program projects are the same type we would normally carry out under our title II bilateral program. By participating in the world food program, however, we are able to

encourage other donors to share in providing the needed food and also obtain a bigger "bread basket" of more and different commodities for such programs. Our cash contribution to the world food program comes out of regular AID appropriations, not Public Law 480. The same will be true under the new legislation.

Before concluding, I would like to emphasize the crucial importance of the longer term authorization proposed in the legislation before you.

As we move from surplus disposal to sharing our agricultural productive ability whenever it best serves our national interest, it is going to be necessary to do longer term planning and longer term programing. We will need to look ahead as to requirements, so the Secretary of Agriculture can be properly guided in making production goal decisions. And we will need to have some assurance that the temporary food gaps can be supported while the developing nations carry through their longer range programs of agricultural development.

With the new concepts and authority of the food for freedom bill, and with the new emphasis on developing agriculture under our foreign assistance program, I am convinced that we can provide a balanced input of food aid with technical and other types of assistance that can, over a period of years, reduce to manageable proportions the very serious food gap confronting the world today.

The CHAIRMAN. We do want to thank you for your appearance here, and for your statement you have just presented to the committee and to congratulate you on the work you have been doing.

Mr. BELL. Thank you, sir.

The CHAIRMAN. And I yield now to Mr. Poage.

Mr. POAGE. You pointed out in the latter part of your statement that the cash contribution to the world food program comes out of the regular appropriations and not out of Public Law 480 funds?

Mr. BELL. Yes.

Mr. POAGE. On pages 4 and 5 of your statement you referred to a number of activities that are being carried on in various parts of the world, such as fertilizer plants, cooperative work with colleges and transportation, and so forth.

Mr. BELL. Yes, sir.

Mr. POAGE. I take it that some of that is financed by local currencies?

Mr. BELL. The dollar figures that I have used in here, Mr. Poage, are dollar appropriation costs directly from the AID appropriations. You are quite right, however, that in addition to the dollar costs of the programs of this type we do frequently use local currency funds where they will fit appropriately. For example, there is a fertilizer plant going up in India now which is utilizing some \$17 million worth of rupees made available under a Cooley loan to an American company that is building that plant. That is a typical use—well, not so typical—it is the largest Cooley loan, as a matter of fact, that has ever been made anywhere in the world, but the purpose for which it is being used is typical of the kind of use that we do make, wherever feasible, of the local currency which accrues under the Public Law 480 program.

Mr. POAGE. And that is to pay for local labor?

Mr. BELL. Yes, that is right.

Mr. POAGE. And such materials as can be purchased locally, I take it?

Mr. BELL. Precisely, in addition to that—

Mr. POAGE. And any machinery that has to be imported would be paid for out of AID appropriations?

Mr. BELL. Yes, sir; in the particular case I have cited the dollars are being made available, not under an AID loan, but under an Export-Import Bank Loan, but the effect is the same, just as you have described it.

Mr. POAGE. And the contracts with these schools and these groups, they are paid for in dollars in the United States, I take it?

Mr. BELL. Yes, sir; that is right.

Mr. POAGE. And you pay for those out of dollar funds rather than with Public Law 480 funds?

Mr. BELL. Well, with this exception—with this qualification, I should say—the local currency that accrues to the U.S. Treasury for U.S. uses under Public Law 480 sales is, of course, sold by the Treasury. That is, the local currencies are sold to Americans and American institutions and others operating in that country, so that if we have a contract with the Farmers Union to serve, say, in Uganda, they send a fellow over to Uganda, he converts his dollars at the embassy. And what he receives at the embassy is local currency which may have accrued to us under Public Law 480 sales. In that sense the local costs of many of these projects that I cite here are financed indirectly by the Public Law 480 program, because the dollars under that kind of a case do not flow out of the United States, there is no balance-of-payments cost.

Mr. POAGE. I have always understood that was true in some countries, but I understood that it was not true in other countries, because in many cases these agreements provide that 10 or 15 percent is set aside for U.S. uses, and while it is perfectly true that in a country like India or Brazil we do not have the U.S. uses that consume all of the 10 or 15 percent, it has been my understanding that in most of the countries where we did not have this massive program that the U.S. uses actually exceed the amount of money that was set aside.

Mr. BELL. That is true.

Mr. POAGE. Is that true?

Mr. BELL. Yes, that would be true in many countries. The kind of expenditures I am referring to here are expenditures of an AID contractor which are considered as official U.S. uses. Therefore, insofar as Public Law 480 local currency is available it would be used by the Farmers Union or the University of Illinois, as the case may be.

Mr. POAGE. That is true, but I think that it would be a mistake for us to assume that in every country where we are spending what we call Public Law 480 funds that we are simply using local currencies to pay all of our local expenses.

Mr. BELL. No, we use this to pay for our local expenditures so far as we have local currency under Public Law 480.

Mr. POAGE. So far as that portion which is reserved for U.S. uses is concerned?

Mr. BELL. Exactly.

Mr. POAGE. In most countries, most of it is earmarked for other purposes, for instance, in India, 42½ percent was given to them and 42½ percent was loaned to India. That did not leave but 15 percent.

Mr. BELL. As you know, of course, Mr. Poage, repayments on 104(g) loans are also available for U.S. uses, so that we have both the new accruals and the repayments from previous loans. And, of course, in India, as you said a minute ago, those two sums together exceed the needs which the United States has for Indian currency.

Mr. POAGE. That leads me to something that I would like to have your opinion on, because I have never been too clear on it myself, that is, the making of these grants to countries in connection with Public Law 480 commodities. We make grants.

Mr. BELL. Yes.

Mr. POAGE. Take for instance, the grant of 42½ percent to the Indian Government. The law provides that we cannot sell these commodities for less than the world market price, and the purpose of that is to keep us from breaking the world market price—it is not to get money for the United States—we are not going to get money under those circumstances, but to prevent any break in the world market price and it has always seemed to me that if we turned around and gave back 42½ or 15 or 45 percent or any other percentage, that we are sort of dealing under the table and it was about the same as discounting the price by that amount, in the first place. And it has seemed to me that would, certainly, have a tendency to lower the world prices. Yet I have heard people say that it had no effect on the world prices.

Mr. BELL. It does not work quite that way, Mr. Poage, because the price at which the food is sold in the Indian market does not reflect any discount. They sell at the Indian market prices. The 42½-percent grant is a grant not to the consumer in India, but to the Indian Government of the proceeds of rupees that the Indian consumer pays for that grant, so that the price in India is not affected by the 42½-percent grant. There are other issues, pros and cons whether we should make the grant or not, but it does not, I believe, sir, affect the price level in India—it does not decrease either the Indian prices or the world food prices.

Mr. POAGE. I know that it is not supposed to.

Mr. BELL. I believe, sir, that it does not in practice.

Mr. POAGE. That is what I was wondering. How can it avoid doing it when people get something for which they have no obligation to pay—how can the Indian politician, as a practical matter, fail to pass on some of that to the Indian consumer?

Mr. BELL. No, sir; the rupees that we grant to the Indian Government are used to pay part of the cost of the Indian budget expenditures—it is paid to build irrigation projects and to pay for highway construction and all of the rest of the budget expenditures of the Indian Government. That does not in any sense reflect or result in a change in the price that the Indian consumer pays for his grain.

Mr. POAGE. I know that it is not supposed to, but that is the point that I am getting at—what happens in practice?

Mr. BELL. I have never seen any evidence that it did, sir, either in India or in anything I have seen reporting on the subject there.

Mr. POAGE. That is what I am trying to get at, whether it has any effect or not.

Mr. JONES of Missouri. Will you yield for one question?

Mr. POAGE. Yes.

Mr. JONES of Missouri. What effect does it have in giving the United States an advantage as a preferred supplier. We get business in competition with other countries because, naturally, the recipients know that they are going to get the grant back—they are buying the food that much cheaper—what effect does it have on our friends in other countries trying to sell in the same market?

Mr. BELL. I am sure, Mr. Jones, that you have watched this over a period of years and you probably know more about this than I do. Certainly, I have heard of many, many instances—not just in India, but in other countries—where the Canadians and Australians and the Argentinians and other grain producers and sellers watch very closely the arrangements that we make under the present Public Law 480 and protest quickly and loudly when they consider that any action that we take under the present law adversely affects their normal markets. And, of course, the committee in passing the statute has required that we make sales arrangements so as not to unduly affect the normal marketings. What is the appropriate judgment in any case is frequently a matter of some argument, but the United States is a preferred supplier from the point of view of a receiving country, whether or not there are grants involved. Grants may make us a more preferred supplier, but we are a preferred supplier anyway in any case in which we provide more concessional terms than normal commercial terms. And that I think will be true in many countries for some years to come under the prospective statute, as well as the present one. Therefore, we will have to continue to observe sensible rules about normal marketings and try to accomplish our legitimate purposes, including market development for the United States without unfairly and improperly cutting into the markets that other people have logically and appropriately earned for themselves. It is a very sensitive point, as you know, sir.

Mr. JONES of Missouri. Has the criticism gone up or down?

Mr. BELL. I do not think that I am close enough to it to give you a good answer to that.

Mr. JONES of Missouri. Thank you.

Mr. POAGE. I want to ask about a matter that I fear may be misinterpreted: Now I may well have a prejudiced viewpoint, but after all we live in a world where there is much prejudice. I note on the first page of your very fine statement you suggest.

President Johnson has sent to the Congress a special food aid message, calling for new and improved arrangements for using our agricultural resources not simply to alleviate hunger in the world.

I have gone through it, but I have not been able to find out just what improvements there would be, except that we propose to sell commodities or to provide commodities not in surplus under the terms of this program. You have covered that. And I think very efficiently and very wisely and you have pointed out that it helped to make these arrangements more acceptable and I think that it will. It seems to me that the rest of the changes are nothing in the world except writing into the legislation something to say that we would like to do what Congress has been trying to get you to do for a long time. Have we not been telling you—and have we not been telling the Department of Agriculture for a good long time that we thought that you ought to put more strings on these contracts? Have I not told you that?

Mr. BELL. You have, sir, indeed.

Mr. POAGE. And have not the other members of this committee told you that?

Mr. BELL. Yes, sir.

Mr. POAGE. Did this idea originate somewhere outside of this committee room, or did you hear it right here?

Mr. BELL. I did not mean to imply, sir, that these ideas sprang full bloom from the minds of somebody downtown. Quite the contrary. These are ideas that have been debated, discussed, proposed by many members of this committee, as well as by experts outside of the Government.

Mr. POAGE. Of course, I know that. I would be the last one to suggest otherwise. But I am suggesting that it seems to me that with all of the propaganda that has been going out in connection with this it has been for the purpose of giving the impression that we have sat, a committee of the House of Representatives, have never dreamed of requiring any kind of quid pro quo from foreign nations—that it never occurred to us—that we ought to require something from the people to whom we send our aid and that we have never thought of the fact that as we help these countries develop, first agriculturally and then industrially that they have become good markets for American products. Just frankly, I do not like that kind of implication, because I have been talking that for many years. I think it is good. I am not condemning anyone for suggesting it.

Mr. BELL. I understand.

Mr. POAGE. But to suddenly find that this is something that has just been dreamed up which has never been heard of before is surprising. What is new about it, except the sale of commodities that are not surplus?

I do not like for the Department to insinuate that it is something new, and that our committee never thought of it.

Mr. BELL. Let me say for myself, Mr. Poage, that I did not mean to imply any such thing, but let me respond to the substance of the question as I understand it. What is new are the improved arrangements that are here. I think that there is something more, sir, from my point of view than simply the change from the elimination of the limitation to surplus commodities that are in surplus.

Mr. POAGE. I do, too, but I want to hear what you have to say.

Mr. BELL. From our point of view, that is, looking at it from the standpoint of our dealings with the developing countries, and trying to get them to concentrate on what they themselves can do and should do to increase their agriculture output, it has been detrimental—and this is something that the members of this committee have frequently pointed out in the past—it has introduced the wrong bias to label American commodities made available under a statutory surplus disposal label. I am sure that many of the members of the committee have had the same experience I have had of having foreign government officials and foreign economists tell me that they are doing us a favor by taking our surplus foods. I have argued long and heatedly that that is not the way to look at it. These commodities are real resources of the United States. Certainly, we are serving our domestic agricultural purposes as well as our foreign policy purposes but when

we make available food resources to a country they should not regard this as doing us a favor—taking something off our hands, but, instead, that the food is a real resource and they had better think twice about how they are going to meet that same kind of a need in the future.

Under this new bill, by eliminating the surplus disposal concept we will be in a far better position to make this point sink in. It will be clear that whatever is made available under this program has been produced at a cost and that it takes resources from the United States.

Secondly, in looking at this in a slightly different way, the transition that is proposed from sales for local currency over this coming 5-year period to sales for dollar repayable credits on the same terms as development loans means, again, that the people who will receive these agricultural commodities will have to regard them on the same basis as any other assistance they get from the United States—for any other type of commodity.

Today sometimes they think of food as free and fertilizer plants or powerplants or whatnot as something that they are going to have to pay for with dollars—admittedly, over a long period of years and at low interest rates, but, nevertheless, paid for with dollars and having to pay interest on it.

When this transition has been completed that will be equally true of agriculture resources as it will be of nonagricultural resources. And this will mean that their policymakers, their economists, will have to look at the costs that are involved on an even equitable basis, so to speak. They will be compelled, therefore, far more accurately than they now are, to make solid basic economic plans for their own increased production and development.

From both points of view I believe that there will be considerable gain in our dealings with the developing countries and in their own thinking about what is involved in this relationship. I do think, sir, that is quite significant.

Mr. POAGE. I could not agree with you more in what you say. I agree with every bit of it, but I still come back to the fact that I do not see that there is anything new added. Do you remember about the Poage amendment some years back?

Mr. BELL. No, sir, I cannot say that I do.

Mr. POAGE. It was what is now title IV of Public Law 480. I offered it. And this committee adopted it. And we did it for the reasons which you so well set out now.

Mr. BELL. Good.

Mr. POAGE. I do not know a thing in the world that is in the present law that prevents you from doing just exactly what you have described right now.

The CHAIRMAN. And the Cooley loan provisions.

Mr. POAGE. Mr. Bell, I recognize that the chairman and I are at a disadvantage here in that we have to blow our own horns, as it were, but what I want to do is to emphasize the fact that this committee has done exactly, has authorized exactly the position that you are discussing, and I think now that in fairness we should go into the question of just what it is that you have just said that cannot now be done under title IV as written in the law right now.

Mr. BELL. I think, probably, sir, the major difficulty would be a technical one, having to do with interest rates and maturities on loans.

That is about all—that is about the only thing that would really be different.

Mr. POAGE. You want to raise the interest rate a little higher?

Mr. BELL. No, sir. The maximum under title IV is 20 years—that is the maximum period—

Mr. POAGE. Oh, the maximum number of years I referred to.

Mr. BELL. And under the proposed statute the terms could be the same as those for development loans which have longer maturities.

Mr. POAGE. I agree with you that the existing law fixes a shorter repayment period than I thought advisable. It was set at 40 years in my amendment but the committee felt that was too long.

Mr. BELL. Apart from that point, which I would agree is a secondary matter, the basic attitude that we are expressing—both of us—could be carried into effect by using the present statute. I do believe that there is much to be gained in the psychological atmosphere, and the negotiations with other countries in the way that this program is looked at and will be looked at in the developing countries, to change the terminology.

Again, I agree that you know we can look beyond the terminology to substance, I have argued this case myself, as you have, too, I am sure, with foreign government officials, that it is a mistake at the present time to put too much weight on the phrase “surplus disposal.” Nevertheless, it is in the law, and I think it will be a significant help in getting a better atmosphere to change that.

Mr. POAGE. Well now, I just want to lay this out. I think that there would probably be some unfair implications if we went into executive session. Besides, I think that the public ought to know about this situation. I think now it is quite clear that you are not seeking anything basically different from what this committee has been thinking about for some time.

Mr. BELL. Yes, sir, I agree with that.

Mr. POAGE. Certainly, this could be worked out. I would like to ascertain how you will take care of some of the specific items. Titles I and II of Public Law 480 expire the last of this year. Now as I understand it this bill does not make any provision for the extension of title I and II. Therefore, they are going to expire automatically. But the new bill does pick up a portion of the language that is now in titles I and II. But it leaves out most of the restrictions that were written in by the Congress for the past 12 years. I do not know whether we want to go along with that. Personally, I have felt that some of these restrictions go too far, but it was pointed out yesterday by Mr. Belcher that with all of those things taken out with no recognition of the views expressed by Congress in the past, just as though we did not know about it that this bill would likely be in deep trouble on the floor. We do know that these omissions are there. This bill takes them out.

This bill, as I understand it, has nothing in it about notifying the committee or anybody else prior to the making of these agreements. Is that right, or does it have such language in it? If it has, I have overlooked it.

Mr. BELL. Mr. Ellis informs me that the previous law did not, either; that we developed the practice over the years, which was a good practice, and I assume that it will be continued.

The CHAIRMAN. I am not complaining, but you put over one transaction of about \$2 billion with India. And, as Mr. Poage pointed out, gave them a 42½-percent grant and loaned the other 42½ percent. I doubt very much if you will approve that, but it was done.

Mr. BELL. Mr. Ellis tells me—and I will have to rely on him, since he has a good deal longer experience with this than I do—that the practice of prior notification to the committee was developed over the last 3 or 4 years. I think the case that you are referring to was some years ago.

The CHAIRMAN. Yes; that is right. I do not think that you should come to the committee with every transaction that you have, but the committee needs to be advised about what is going on, and about what is going on, for example, with reference to FAO.

Mr. BELL. I agree with you on this. I am sure that the Secretary of Agriculture, Mr. Freeman, does, too.

The CHAIRMAN. And that the Secretary of Agriculture would advise us informally or formally.

Mr. BELL. Right.

Mr. POAGE. I understand that the present law does provide that the committee shall be consulted with respect, first, to policies relating to loans, et cetera, I believe, under 101(g), and the amount of currency to be reserved, and so forth. And that covers sales and consultations.

Mr. BELL. Yes, sir; that is a much narrower consultation requirement.

Mr. POAGE. That is right. But that has all been left out; has it not?

Mr. BELL. I suppose so; yes, sir. I am not too familiar with the details of this.

Mr. POAGE. I believe I am familiar with the reason that there is no provision in the existing law for consultation on all of these items and notice about each agreement before it is entered into. The Secretary of Agriculture suggested that it might hamper his freedom of operation and we deliberately left it out with the agreement that we would have an advisory committee, which was provided for in terms of the existing law—it is not in the new bill—the chairman of the committee and ranking minority member of the committee, with whom discussions would be held—and I think that is proper and I think that they were held—

Mr. BELL. Right.

Mr. POAGE. I am not complaining, but if I understand this bill rightly, all of that has been left out; is that not right?

Mr. BELL. As I understand it, sir, it has. Some of the things that are involved will in effect, wash out under the new arrangements when we have completed the transition, at least, and as we complete the transition, because they relate to the uses of local currencies which will not be accruing so much in the future. Nevertheless, I accept your point. I, obviously, am not here to speak for Secretary Freeman on this point—but I agree with you that this committee has worked perfectly well and sensibly and helpfully. I do not think that there was any implication to the contrary in omitting it. We were not objecting to it. It was simply that it did not quite fit the new arrangements. And it seemed simpler to base our expected relationship on the straightforward agreement that the committee is entitled to be

informed of everything before we do it, and whenever there was any question raised we would discuss it fully.

Mr. POAGE. Are we now getting a ratification of that agreement for the new law?

Mr. BELL. So far as I am concerned, yes, sir.

The CHAIRMAN. Whether you give it or not, the committee will function and work its own will on this bill. I do not think that the administration will object to some of these things if we put them back in. They were, probably, inadvertently left out. Mr. Belcher did point out that if we eliminate Public Law 480, we would have difficulty in taking this bill to the House.

Mr. BELL. Right.

Mr. POAGE. The next point is somewhat comparable to what we have just been discussing. The President's message came to the House stating that we would have a 5-year program. I can understand the desirability of a longer program. I understand that it is of tremendous importance, but the arguments in support of this extended period have suggested that the Congress would retain control as it always had and could change the size of any program that it wanted to any year through the control of appropriations.

Mr. BELL. I recall the foreign aid message on that point. I do not recall the food-for-freedom message on that point.

Mr. POAGE. I think it is in there.

Mr. BELL. In the foreign aid message, as you know, the system of appropriations and so forth is different from what it is under this.

Mr. POAGE. I do know that if any consideration is given to any change through the use of the appropriation process that it would be behind closed doors, would it not? You would not have any newspapermen in here at the time that you changed under that method; would you? That would be the result the way the bill is written. But when you come before this committee you have some people here who are interested in this—they are here and they are welcome and we invite them to be here. And you have representatives of the press here, and they are welcome.

But the thing is that if it goes to the other committee there is no representative of the press who will be there, no representative of the public—it will be done behind locked doors with only you and the subcommittee members present. Is that not right?

Mr. BELL. I am not sure that we are talking about the same thing. I want to be sure that we are talking about the same thing, Mr. Poage.

So far as the economic assistance appropriations are concerned, not Public Law 480 funds, but the AID money, we appear before the Foreign Affairs Committee of the House in just exactly the same kind of session as we are having today.

In the appropriation hearings, however, those are conducted in executive session with the press and the public not present. The testimony is all printed and published later.

Mr. POAGE. I am, of course, speaking of Public Law 480 or the new food-for-freedom expenditures.

Mr. BELL. I am not trying to defend the procedure of the Appropriations Committee or, may I add, to criticize it but just to state what they are.

So far as the foreign assistance, the economic assistance system is concerned, we get an authorization bill, and the President has asked for a 5-year authorization bill for that just as he has here. Then we get annual appropriations in advance of the time of obligation. That is a different financing pattern than is involved in this particular program and in this particular bill. I think that the reference that I recall that the President made related to the economic assistance appropriations, where there is, in fact, an annual review in advance of the appropriation process.

I am not trying to argue the merits of whether it is good or bad to have a review, but there is one.

In addition, we have told the Foreign Affairs Committee that we would be delighted—and I am sure that Secretary Freeman would tell this committee the same thing—to come up each year, if the committee would like, and lay out our expected programs for the ensuing year, even though we have a 5-year authorization. We would be delighted to lay out annually or at such other intervals as the committee might wish as to what we propose to do over the forthcoming period of time, and in that sense we expect that the Foreign Affairs Committee will be fully advised at all times exactly as to what we are doing under the 5-year authorization. If they wished to amend the statute each year, that would be fully within their competence and they could do it if they wished.

Mr. POAGE. I want to clear this thing up. I am not criticising the Appropriations Committee either. I want to make it right plain that I am not criticizing nor condemning the Appropriations Committee, because I understand that there is a reason for proceeding as they do, but the reason for the closed sessions in the Appropriations Committee hearings is that, at least, at the time this procedure was adopted it was considered that the only function of the Appropriations Committee was to decide the amount of money that could be allocated to a certain purpose, and that they were making no policy decisions.

Mr. BELL. That is right.

Mr. POAGE. But it seems right clear to me that a good deal of support for the new bill has been predicated on the intimation that policy would be made by the other committee. I am not saying that the other committee is not as competent as this committee is.

Mr. BELL. I am sure that the President did not mean to imply that.

Mr. POAGE. But I am suggesting that the other committee can not, nor this committee, nor any other committee of the House, make policy decisions behind closed doors.

The CHAIRMAN. You do admit though that policy decisions have been made behind closed doors?

Mr. POAGE. Unfortunately, I will admit that.

Mr. BELCHER. I think the difficulty is just that. They can now come to the committee and advise them of what they intend to do under the present law. And if this committee disagrees with that—disagrees with the administration, and the administration disagrees with us—all we have to do is to get an amendment out of this committee, and to get a two-thirds vote of both the House and the Senate in order to amend that.

Mr. BELL. A two-thirds vote only if it is something that the President felt strongly about.

Mr. BELCHER. It takes a two-thirds vote to overrule the President of the United States.

Mr. BELL. If it is an issue on which he felt that strongly, that is right.

Mr. BELCHER. Knowing him as well as I do, I know that he feels quite strongly about his policy. Even to the time of day in which the House of Representatives can pass a beauty bill. [Laughter.]

Mr. BELL. I think, also, sir, knowing the President as we both do, that it is fair to comment that he has a very high respect for the opinions of the Congress and would think very carefully and very hard before he decided to veto a statute or a bill that the two Houses had passed. Nevertheless, I quite agree that the situation that you describe might come up.

Mr. POAGE. Mr. Bell, can we then have some agreement, so far as you are concerned, that you would be satisfied to come and discuss these things with this Committee every year?

Mr. BELL. Yes, sir, I would be delighted.

Mr. POAGE. And that you would not proceed on a course contrary to that suggested or requested by this committee, or are we to understand that you will just come up and hear us out and ignore us for the next 5 years?

Mr. BELL. I think the fair way to put it, Mr. Poage, is that we would be operating within the framework of a statute which, obviously, sets limits on what our power would be. We would be delighted to present to this committee in all of the detail that it might wish exactly how we propose to operate within the framework of the law. If the individual members of the committee differ with us, we would take that into consideration.

Mr. POAGE. I know that. I am talking about the majority—I am not talking about the individual opinion of the members.

Mr. BELL. If the committee itself proposed legislative changes or took formal action of an advisory nature, we would take that most seriously, indeed. I could not say and I am sure that you would not ask me to say today that in any such hypothetical case in the future we would do exactly thus and so.

Mr. POAGE. No, I would not ask you to.

Mr. BELL. I would, certainly, say and mean it most sincerely that we would take any action very seriously into account.

Mr. POAGE. Then do you think that it is necessary to have it omitted from the existing law?

Mr. BELL. As I understand it, the only thing that is not repeated in the bill before you that was in the previous legislation—not the only thing, but the main thing—does not relate to the committee, but to a special joint executive legislative committee on which the chairman and the ranking member of the committee sat. I am not trying to make a case for leaving it out of the new bill. As I said before, I have had no trouble with this arrangement. I think it has worked well. We left it out. Insofar as I was involved in the decision to do so, it was simply because the arrangements contemplated a type of transaction and a kind of transaction in terms of currency

and so on that we are going to be phasing out. Therefore, it did not seem quite to fit the new plans for carrying out this bill. But that is a different thing from saying that we have any strong objections to it. We do not.

Mr. POAGE. I am not trying in any wise to delay or to destroy the bill. I would like in passing a necessary bill to protect the committee of which I am a member and of which membership I am right proud, which committee I think has contributed considerable to the foreign food distribution programs. I would like to protect for that committee, at least a speaking acquaintanceship with the program during the next 5 years. Of course, we can wave at it as it goes by [laughter], but I do not like to be cut off completely. That is all I am saying; that some effort should be made to include this committee in it, so that it has some responsibility in connection with the program.

Mr. BELL. I would subscribe fully to what you have said.

The CHAIRMAN. Mr. Belcher.

Mr. BELCHER. The only comment that I would make, Mr. Bell, is that so far as you are personally concerned I think you have been very fair with this committee. And I would be perfectly willing to trust to your relationship with this committee. But we are passing a law that will be binding on everybody for 5 years. You may not be in the Department—and most of us may not be up here when that time arrives.

Mr. BELL. So far as I am concerned it is almost a certainty.

Mr. BELCHER. I have always thought that the administration has had too much power and has ignored this committee on many occasions. We even had a gentleman appear here who told us about his action in a certain transaction, and that if it came up again, he would do the very same thing—he sat right there where you are—he looked us all square in the face when he said that, that he would do it.

The CHAIRMAN. And he is not sitting there today. [Laughter.]

Mr. BELCHER. Yes, that is correct. He is not. But we do not know when he might be back.

The CHAIRMAN. We do not know where he is.

Mr. BELCHER. That is correct, we do not know where he is.

I said to the Secretary yesterday that instead of making it more difficult for some of us to support this bill because of the objections we have had, that I think that it would be better to make it easier by retaining Public Law 480, leaving out a lot of the things that we have followed year after year, if necessary, and not needed, rather than, practically, making it a whole lot harder for us to pass a new bill. As I say, that is no reflection on anything that you have ever done. I have complete confidence in your operations.

Mr. BELL. Thank you, sir.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. Mr. Bell, as the chairman and, also, Mr. Poage have said, they had something to say about their part in Public Law 480, in that they helped to develop certain provisions of it which bear their names. It just happens that there is just one little line in it that was put in by a man by the name of Gathings. I am proud of those few little words that are in there, which have to do with the international student exchange program. That phase of the legislation will be com-

pletely eliminated if this legislation is passed as it has been sent up here.

Mr. BELL. My colleagues know the details of this bill, Mr. Gathings, much better than I do, and assure me that while the words may be gone, the substance is exactly the same. I would like to ask Mr. Waters, if I may, to point that out. The objective you speak of I am obviously in thorough accord with.

Mr. GATHINGS. This is the Fulbright program. He asked me to attempt to put it in this legislation years ago. Currency generated by title I would be used for this particular purpose. It has meant a great deal in building goodwill all over the world.

Mr. BELL. Yes, sir, I agree with that.

Perhaps, Mr. Chairman, we could come back to this in a moment when Mr. Waters and Mr. Ellis have found the references to it.

The CHAIRMAN. While we are waiting, we may proceed.

Mr. GATHINGS. I yield.

Mr. BELCHER. I want to say to you that there is no part that is being eliminated, that is, any comma or period that I put in the bill, because I have never been able to get any of my suggestions adopted. So, therefore, I do not have anything in Public Law 480 personally to protest. I am just protesting this for the good of the people that I represent back home.

Mr. GATHINGS. I am interested in protecting this little line that had to do with this important subject which offers an opportunity for the exchange of deserving students with other nations.

Mr. BELL. Mr. Gathings, that provision is in section 304(b), under item 2, at the end of page 10 of H.R. 12785, "to finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961." That is the Fulbright-Hayes Act. As I say, this is a consolidation—not exactly the words, sir, that you put into the previous bill, but it covers the same subject and two or three other related points which have been consolidated into that language.

Mr. GATHINGS. Yes. I would like to get the opinion of the committee counsel to see whether or not that covers it.

Mr. BELL. Yes, sir.

Mr. GATHINGS. Thank you.

The CHAIRMAN. I have a suggestion I should like to offer. Is there somebody in the administration who could tell us what will be accomplished by the last bill I have submitted that will not be accomplished by my first bill? I introduced my first bill on January 19, and introduced another bill on February 14.

We are interested in this subject. We ought to know what the answer is to Mr. Poage's question as to what would be accomplished by the last bill that will not be accomplished by the first bill. I will not ask you to answer that now, but have somebody go over it and submit the answer.

Mr. BELL. Right.

(The information follows:)

The objectives of the food for freedom bill are to expand export markets for U.S. agricultural commodities, to combat hunger and malnutrition, to further economic development in the developing countries, and to promote in other ways

the foreign policy of the United States. The objectives of H.R. 12152, although it does not explicitly so state, are substantially the same.

You have asked how these objectives can be accomplished better under the food-for-freedom proposal than by amendment to Public Law 480. In our opinion, the probability of significant accomplishment is substantially greater under the food for freedom proposal. The key to this increased probability of success lies in the nature of the legislation proposed.

The food for freedom bill is directed toward the sale of American agricultural commodities for dollars, whereas, Public Law 480 still would be primarily an authorization to sell for foreign currency.

We believe that food aid should be on the same basis as other developmental assistance. We recognize that title IV does authorize limited dollar credit sales, but the terms permitted are inadequate to accommodate the foreign exchange debt serving capacity of those countries which are the major recipients of food aid.

Placing agricultural aid on the same dollar repayment terms as other assistance forces the developing countries to accord to agricultural development an equal priority of attention as is accorded other development sectors. This is essential to balanced economic growth and to greater self-sufficiency.

The image of Public Law 480 as a legislative device to dispose of surpluses has been a negotiating disadvantage. Merely expunging the word "surplus" by amendment, in our judgment, will not erase this image. The food-for-freedom bill is new and makes it clear that agricultural commodities are resources of the same relative value as any other form of assistance. Our ability to negotiate and to insist upon tangible self-help efforts would be, in our judgment, greatly strengthened by the food-for-freedom proposal. In addition, the elimination of references to "Public Law 480" and "surplus disposal" will remove the basis for any charge by other food producing countries that the U.S. prime concern is to get rid of surpluses. We believe a new bill will be helpful to us in our negotiations with other developed countries to have them contribute to the solution of the food problem.

With respect to donation programs to meet emergencies, for economic and community development and for donation programs for agencies, there are no significant differences between what we propose in title II of the food-for-freedom bill and activities previously carried out under titles II and III of Public Law 480.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE of California. I am like Mr. Belcher, I have abiding faith in the gentleman. I do want to go into another subject, briefly, which may be primarily under Secretary Freeman's jurisdiction. I think that you know about it. We have been talking mostly about the underdeveloped countries. I went abroad this past recess and went to Spain and I looked with some detail into our contracts to sell them some corn, to their co-ops, \$35 million worth of corn. I was very favorably impressed with that. The co-op, I understand, is financed privately through Spanish banks, which is not a government to government contract. And my impression is that it is a very excellent arrangement, not only for this country, but for Spain. For those who do not know, the co-op sells the corn to its members and realizes a profit and build slaughter houses and warehouses and the like, all sorts of things that they need in Spain. I think that this is very good. But I do not see that we need fear Spain as a competitor at all. I think that a more prosperous Spain agriculturally will inure to our benefit in many ways.

I think it would be a great thing for Portugal, too.

Do we have anything in the bill now for these countries which are not, technically speaking, underdeveloped?

Mr. BELL. We wholly agree with you, Mr. Teague, that this is an excellent pattern. That is, these title IV arrangements are thoroughly appropriate for, you might say, the stage after a coun-

try has advanced enough, so that it does not need concessional dollar loans and grants any more, but is still just entering a sort of stage of economic independence. Spain is an illustration. Taiwan is now an illustration of a country that has entered that phase.

You have then the subsequent question: How soon or at what stage does such a country reach sufficiently strong economic circumstances so that it no longer needs to have title IV agreements? We have to make that judgment one of these years with respect to Spain and Taiwan and so on.

The particular kind of arrangement that you have described is a relatively new one. We are glad to see that kind of arrangement. It is thoroughly constructive, a self-help type of effort. I am not just sure how many similar cases we have of that kind. There are one or two in Iran of a similar nature. I think those are about the extent of them at the present time.

In any event, we certainly agree with you on the value of these things. We strongly support them and are looking for opportunities of this kind.

Mr. TEAGUE of California. I would hope so. I think they are excellent.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. Mr. Bell, I want to congratulate you on the fact that you, personally, have begun to adopt some of the recommendations that have been made over a long period of years by this committee. For a long time it was like a voice crying out in the wilderness, but as Mr. Poage said, this matter of having strings attached, and I, also, have been quite vocal in that regard, both in this committee and on the floor and in communications that I have had with people who I thought had the ear of the President that we needed to put on some restrictions. I hope you can appreciate the fact that this committee, after experiencing in the past, the attitudes of some of the people in the State Department—and I think that you are at a disadvantage by being so closely allied with them—that we are a little suspicious of some of the things that are done, because as was said a minute ago about the man sitting there, and telling us that he did not agree with the Congress—he thought that the Congress was making a mistake and if we tried to enter into agreements, bilateral agreements, that they had three strikes against them. Those are some of the things, but I think that over the last 2 or 3 years you have made some improvements here requiring the recipient countries to utilize the help that we were giving them to improve their conditions, instead of just accepting it.

Mr. BELL. Yes, sir.

Mr. JONES of Missouri. While I cannot recall that, I do have, as some of the gentlemen have stated, something in this bill in which I have a pride of authorship. I have had an active and continuing interest in developing the Public Law 480 program, and feel that I have been fairly well acquainted with its operation. I have tried to make suggestions of a constructive nature. I have talked with you. I think that you are trying to do a good job.

All I can say to you is more power in seeing that there are some "strings attached." I think that you are getting from this committee

today the feeling that we do want to see some obligations and requirements included in these programs. Let's provide some opportunity for the recipients to make some contribution in an effort to improve himself or his country.

Mr. BELL. Thank you very much.

The CHAIRMAN. Mr. Quie.

Mr. QUIE. Thank you, Mr. Chairman.

Mr. Bell, I have a number of questions that I want to ask you. You say on page 6 of your statement, regarding these loans:

The same long-term basis as we follow in making nonagricultural commodities available to aid-receiving countries.

Is there a change of policy in title IV loans?

Mr. BELL. It would provide for minimum terms which are different than the title IV requirements, yes, sir. What we do in making development loans under economic assistance funds is to adapt the terms to the economic circumstances of the country.

For the poorest countries, those with the least present capacity to obligate themselves to make payments, we use the minimum terms under the statute which are, at the present time, a 40-year repayment period, with the first 10 years being a grace period without any payment on principal and interest rates which are 1 percent minimum during the grace period and $2\frac{1}{2}$ percent for the remaining period of payment. We use those terms for the countries which are in the most difficult economic circumstances.

For countries which are somewhat better off and making headway economically speaking, we use what we call medium terms. These are about the same as the present title IV terms, that is, $3\frac{1}{2}$ percent interest, up to 5 years' grace period, and 20 or 25 years' maximum maturity.

Mr. QUIE. And what is the grace period based on title IV loans?

Mr. BELL. I think that it is 2 years. A maximum of 2 years compared to our so-called medium terms for development loans under the Foreign Assistance Act where we allow up to 5 years.

Mr. QUIE. And for that period what is the interest rate?

Mr. BELL. The interest is $3\frac{1}{2}$ percent throughout.

Mr. QUIE. And the grace period under title IV is only 4?

Mr. BELL. In both title IV and under the Foreign Assistance Act, the interest is charged during the grace period. The grace period is only on payments of principal.

Mr. QUIE. You say on page 8:

At the present time more than twice as much food is transferred abroad under concessional sales programs as is donated.

Will this be true even if we no longer have surpluses? Will concessional sales in that program be the same as for the donations when that is done?

Mr. BELL. The volume of concessional sales under the new statute will be determined according to the Secretary's judgment as advised by AID and the State Department and others as to the requirements. The requirements at the moment are heavily influenced by the extremely disastrous conditions in India. This year the requirements—the needs for concessional sales—are going to be quite high with quite

possibly some carryover effect into next year. It is too soon to say what the requirements might look like in late 1967-68. So there is not any firm basis for advising you as to the exact volume that we expect will be needed under the concessional sales program in the future. It would be geared to the requirements as they develop. Over a lengthy period of time, say, 5 to 10 years, I would expect that the requirements might well be diminishing. They should be diminishing, because over that period of time it should be possible for a number of these countries to accelerate their rate of food production from their own resources.

My picture, therefore, of the likely projection of concessional sales is a high level right now and for the next year or so because of the special situation in India. There will be requirements of some magnitude for some years to come because of the basic food problems with which you are familiar. But looking ahead say, to the order of magnitudes for 5 or 10 years we should see the beginnings of catching up with the food gap because of increases in local food production. These are concessional sales requirements, therefore, I would expect them to be derived from what happens in the developing countries.

The donation programs are somewhat different. They are all intended to meet needs which exist. They are not intended to provide food where it is not needed, but they are dependent in large measure on the action—the positive action of voluntary agencies or other groups which set out to accomplish something. That is, that we have set out, and the voluntary agencies, such as CARE and others have set out, to accomplish a spreading of the school lunch program in Latin America. That was a deliberate act. We thought that it was a very beneficial program to help the children—to help the educational potential of the Latin Americans and to build into the Latin American scene the kind of program which pretty soon they would be prepared to carry on by themselves. This has happened in the past, as you know, in other countries.

The magnitude of the program was, you might say, in fact determined by the vigor of the people who were running it, in developing, necessary arrangements, in getting local committees set up, building kitchens, and all of the rest of it. Do I make my point clear?

MR. QUIN. Yes, sir. Except in regard to the availability of the food in the country. Let us suppose that the United States had reached a point where our cereal reserves were less than 630 million bushels that the Secretary, as he said yesterday, feels we should have under this arrangement. If the need for grain in India was great enough I assume that we would make concessional sales to India even though the reserves were down below 630 million bushels?

MR. BELL. This would, obviously, be a matter that the Secretary would have to look at as to the relative costs and benefits. In addition, he obviously would need to consider the acreage limitations and other policies which affect production in this country in terms of restoring the necessary reserve if, indeed, he had to eat into it on a short run basis.

MR. QUIN. For the next year——

MR. BELL. May I add one thing to this? I believe it is conceded that under this legislation and the related statute having to do with reserves, that the Secretary will do his best, with advice from wher-

ever he can get it, including our advice to look ahead 1, 2, 3 years, perhaps at what is likely to be happening in the developing countries. It begins to get a little murky, you know, when you look that far ahead in an agricultural situation. But where there is a clear trend in production, where there are programs underway in the developing countries, it may well be possible to take them into account in the Secretary's consultations which lead to his own judgment as to what requirements are likely to be in the future; and, therefore, as to the actions that may be within his discretion, that might affect production in the United States.

Mr. QUIE. Suppose that the determination was made that the concessional sales ought to be made to India, would the same point of view be held toward title II donation programs? You mentioned the Lutheran World Relief which used food for 13,000 workers in Brazil, Chile, Taiwan, Korea—would you still have the same available there, or would there be less availability?

Mr. BELL. The Secretary has to tell us—to tell the voluntary agencies—what is available. If there were a sudden drain, a sudden requirement of concessional sales of, say, wheat, he might well have to say to the voluntary agencies that for the next few months we will be tight on wheat and we cannot make as much available as otherwise we would like to. This, indeed, is the sort of thing that has happened in the last 2 or 3 years, not with respect to wheat, obviously, but with respect to some of the other commodities.

Mr. QUIE. It would be true in the case of famine that it would have a higher priority?

Mr. BELL. Certainly, yes, sir.

Mr. QUIE. And concessional sales would be next?

Mr. BELL. Yes.

Mr. QUIE. And then donations?

Mr. BELL. Yes, sir.

Mr. QUIE. That would be the last one?

Mr. BELL. Yes; that is right. I repeat, you have to recognize that some of these donation programs extend and represent commitments for a period of time, so that you cannot turn them off and on like a faucet. Taking that into account I believe that the Secretary would agree and I would certainly feel, that you have stated the priorities in order that we would apply them.

Mr. QUIE. Thank you.

The CHAIRMAN. Mr. Callan.

Mr. CALLAN. The budget shows \$1,500 billion for Food for Freedom and the authorization is \$3.3 billion. Would you expect that the administration would come in and ask the Appropriations Committee for \$3.3 or \$1.5 billion?

Mr. BELL. I am sure, sir, that this is, again, something that the Secretary could answer better than I. I would assume that the budget figure reflects the best judgment anyone could make today as to what the requirements are going to be, and that the authorization is something that is deliberately set at a higher level, so that it can take counterfluctuations as they later may come along.

Mr. CALLAN. The reason that I bring this up is that I think that there is some general feeling in the country that the enactment of

this legislation will mean that we are practically through with production controls and that we are on the way to all out agricultural production. And the difference in sales between \$1,500 million and \$3,300 million would make a tremendous difference in the number of acres that could be brought into production.

Mr. BELL. My understanding is that that would be an erroneous interpretation of what is involved here. In the present situation, with the Indian requirements so large, some expansion in American agriculture may be necessary but I do not think that the Secretary has a very firm judgment as yet as to how much that is likely to be. It certainly would be very wrong to assume that all of the wraps would be taken off. That is not the situation in the world at the present time.

Mr. CALLAN. Thank you.

The CHAIRMAN. Mrs. May.

Mrs. MAY. On page 8 you refer to combining titles II and III provisions of Public Law 480 into a new single donation section covering the American voluntary agencies operating.

What is the situation now of the voluntary aid agencies as to the way they operate?

Mr. BELL. Under the arrangements which exist, Mrs. May, AID is responsible for maintaining the register of voluntary agencies. We have an advisory committee of very distinguished, able, and effective people, chaired by Mr. Charles Taft, of Cincinnati, Ohio, and with representatives who are experienced in the voluntary agency field—about 8 or 10 members of which Mrs. Margaret Hickey of St. Louis is the vice chairman. It includes a number of other very able and hard working citizens. They have developed over the years standards for recognition of American voluntary agencies. They perform an excellent service in doing this. The standards are not unreasonable in the slightest, but they do require, for example, that the agency be a bona-fide charitable organization, that it have a recognizable corporate status—not that it is incorporated, but that it be an entity that one can expect to be responsible for commodities and for supporting money that we provide for shipment including the items that they may donate; that if they are going to operate abroad they are prepared to send and maintain overseas the necessary individual or individuals to be responsible for what happens to the items that they donate or that we may provide under this statute to them.

When an agency has been judged as meeting these standards, we publish formal recognition in the Federal Register and they are then listed as being eligible to receive commodities under this statute. And, incidentally, also, as eligible for the payment of shipping costs with AID funds for donations of books or clothing or whatever else they may have, such as machine tools which they may wish to donate abroad. It is a system that I have come to know something about only in the last 2 or 3 years. It began to be developed right after the war. It was expanded during the Marshall plan. It is an excellent system. I believe that they do a fine job. I believe that you will find that the American voluntary foreign aid agencies feel quite comfortable with it and believe that it is fairly reasonable and supports their activities very strongly.

Mrs. MAY. That is a question that I wish to go to next. I share your great admiration for the fine work done by many private agencies. Many of whom were well known in the field of foreign assistance long before this type of aid was involved at the Government level. They have been a source of great help on their own initiative and have been self-supporting and self-generating.

Mr. BELL. Right.

Mrs. MAY. Will you explain what their present status is in connection with the Public Law 480 program? Could you explain to me what the proposed change in this act means or does it change the agencies' relationship with AID?

Mr. BELL. We anticipate that there will be no change whatsoever in our relationships with the voluntary foreign aid agencies. There will be no change whatever in the intent or the substance.

Mrs. MAY. As to this proposed change, you have talked to these voluntary agencies, have you not?

Mr. BELL. Yes, we have. And all indications that I have had are that they strongly support the recommendations that the President has made and the bill that is before this committee. I am sure that they can speak for themselves, but that is my understanding of the situation.

Mrs. MAY. I wanted to get this into the record.

Mr. BELL. I met with a group, as a matter of fact, yesterday, and I met with another group this morning. And my impression is that they support this strongly and consider that it represents sensible progress in the use of our help in the assistance field.

Mrs. MAY. I have a question here to be directed to you which was submitted to me by Mr. Dole of Kansas, who is a member of this committee. He was here a few moments ago, but he had to leave to speak to a Freedom From Hunger group.

I would like to refer to your statement on page 6 of which you speak of financing right now 1,000 agricultural technicians overseas.

Yesterday the Secretary in his statement indicated that he would need more technical assistance under this program, particularly if you were to carry out the self-help goal. Someone said, I believe someone from New York, that they anticipated that Asia and Latin America could effectively use between 5,000 and 10,000 agricultural specialists.

In this regard, a number of us have been interested in the suggestion by Congressman Dole. He has said that we should coordinate our technical assistance programs in agriculture, in the land-grant colleges, in the international organizations, all of which are carrying on many activities overseas which sometimes overlap and do not bring about the maximum results. Therefore, he suggested the establishment of a "bread and butter crops" under the jurisdiction of the Department of Agriculture.

Without going into all of the details of this program, it was pointed out that many needy nations have the climate and the soil resources to grow food crops, but have a great lack in the field of technical know-how Mr. Dole feels could be supplied to them by sending trained farm people to these countries, to provide them the service patterned after our own extension service. His suggestion for a "bread and butter

corps" would be a way that could provide technical help through the assistance of our land-grant colleges throughout the country. These technicians would not necessarily have to hold M.A. degrees, and so forth, but that they would be highly trained within a period of time to meet the demands of these countries.

I do not know whether Congressman Dole's "bread and butter corps" idea has been brought to your attention, but in relationship to the many things that are proposed under this Food for Freedom program, he and others of us who are interested in this idea, would be interested in your reaction.

Mr. BELL. I would be very glad to give you a preliminary reaction, Mrs. May. I have not heard of this idea, but I would have two or three things to say about it.

First of all, the technicians we now have overseas—and I think they are smaller in number than we will need in the future—do, in fact, constitute something like what Mr. Dole is talking about. They are technicians who have been recruited from or provided by the Department of Agriculture, and by the land-grant colleges and universities. And many of them, as he says, do not necessarily need to be Ph. D.'s. We look for a fellow who can be effective in a foreign environment—he may have a Ph. D. degree or not. That is not a criterion as to his degree of training.

Also, we have recruited many people from other walks of life. The Freedom From Hunger Conference at the Washington-Hilton, where Mr. Dole went, will be seeing later this afternoon a half hour film which shows the work of an agricultural technician in East Pakistan. It is an excellent and I think an inspiring film. The man whose work it shows is named Ben Ferguson. He is a man working for us who had been a farmer and a businessman in Colorado. He is just marvelously effective in working with agricultural technicians and the farmers of East Pakistan.

Therefore, I do not believe that there is any difference at all in the objective Mr. Dole is talking about and what we are now endeavoring to do.

With respect to the question of coordination, I would agree that in a number of cases coordination is less today than it needs to be. However, I think that the extent of the lack of coordination is often exaggerated. Our instructions to our AID missions in each country are first, that they must be thoroughly coordinated with what the government and private people are doing. That is to say, that the first job of coordination is with the agricultural program activities that are underway in the country in question. We must work co-operatively. If we think they are doing something wrong, we should argue it out with them and, perhaps, suggest a better way to do it in which they and we will be combining our resources to achieve a common objective.

Secondly, our AID missions are instructed to be fully aware of what other U.S. missions present in the country are doing. This specifically includes the Peace Corps. There are numerous illustrations of combined projects between the Peace Corps and AID in the field of agriculture. I saw one myself, for example, in Chile where there was a training school—like two parallel training schools, one

for young men and one for young women from the villages who were being trained in community improvement work, with heavy emphasis on agricultural improvements. There were Peace Corps teachers in that and AID senior advisers helping to set up the curriculum and to guide the training that was carried on in those schools and then to guide the workers when they went back into the villages. It was a very excellent project, very well coordinated.

Certainly, we instruct our people that they must fully coordinate their activities with those of other sources of assistance—the United Nations agencies and the aid programs of other countries. In the agricultural field this means projects undertaken by the British or some other aid-giving country, by the FAO and by Paul Hoffman's special fund. He works in the field of agriculture quite a bit.

This puts quite a burden on the AID mission in a country, but it is a necessary one. We regard our AID mission in the country as a pivot point, and our mission director is the responsible person to make sure that all of this coordination is effectively accomplished. I am not arguing that each one does it 100 percent.

Mrs. MAY. We have had very little participation in coordination with AID from the agricultural attachés in certain countries. I understand that the social liaison is fine, but this is one example where better coordination of available expertise might be achieved.

Mr. BELL. This is something that we work on all of the time. The job of the agricultural attaché, of course, is not one of technical assistance, nor to increase production in the country—his job is to promote American commercial exports and he has heavy responsibilities in connection with sales agreements under Public Law 480. Nevertheless, there are a lot of areas where coordination is necessary, I quite agree.

Mrs. MAY. That is rather general.

Mr. BELL. May I add just one other point? We consider ourselves in AID not as an agency which is or wants to become a large operating organization. Instead, we regard ourselves as a small management cadre—a management corps or group—and most of the technical skills that we need we want to acquire, not by hiring people for our own payroll, but by obtaining them through cooperating agency agreements and by contracts with outside organizations. In the agricultural field that means particularly that we rely heavily on the participating agency agreements with the Department of Agriculture, so that, in effect, the Department of Agriculture takes on a job at our request and with our financing.

Not too long ago, for example, at our request the Department of Agriculture sent a small team of price experts to India in order to help the Indian Government improve its price policies, to provide more incentive for agricultural production, a very important job. The Agriculture Department had the experts. We provided the funds and made the arrangements. They did an excellent piece of work. And the Indian Government's policies are far better than they were before the job was undertaken. And the experts went back to the Department, which is far better than if we had tried to hire some experts and sent them to India to do the job and then had to look around to see where to send them next.

Similarly, when we have a job in helping to develop educational institutions, research institutions, we normally turn to a contractual

arrangement with one of the American land-grant universities and we draw on them heavily. I just saw a compilation where we have contracts today with some 26 of the American land-grant universities. That is very impressive. We are seeking to expand and to enlarge these arrangements.

Mrs. MAY. I think that this idea of Mr. Dole's would result in the creation of more technical assistance which this program will, obviously, call for. So that when you call on the Department of Agriculture it would have more of this know-how, perhaps, ready to go.

Mr. BELL. I agree with that. We are going to need more people.

Mrs. MAY. And we are all going to the same goal.

Mr. BELL. Yes.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. You have just raised a point that I have been interested in for a long time. You said, if I understood you, that the Agriculture Department was sending technicians overseas. And that you paid their expenses over there. Why did we pay those expenses and not use counterpart funds?

Mr. BELL. I beg your pardon. You are entirely correct in that. When I said AID paid for it I meant that we used our funding system which in India does exactly what you say. Their tickets would have been bought with counterpart. Their local expenditures would have been paid with rupees. Only the dollar costs would have been paid with dollars. Our regulations are very firm and clear on that.

The CHAIRMAN. Mr. Findley.

Mr. FINDLEY. I would like to mention that there are in the room today about 40 Illinois farmers who are keenly interested in this legislation. I am sure that they have been as much impressed with your statement as I have been.

I have pride of authorship in two items in Public Law 480. One is subsection "S, of Section 104, the tourist dollar exchange program." I am not certain in reading through the new legislation just where that winds up.

Mr. BELL. What happens to that?

Mr. FINDLEY. Would you clarify that for me?

Mr. BELL. Just one moment. I think that we can. I do not know offhand, either. Perhaps Mr. Waters does.

Mr. FINDLEY. While the search is being made for that, I could mention the other, and that is, the provision which prohibits Communist countries from participating in title I agreements. This is not retained in the language of the legislation before us. I would like to ask why the deletion was made. Does it mean that a change in policy toward Communist countries may be anticipated?

Mr. BELL. So far as your first question is concerned, I believe that the tourist provision is included in the new statute.

Mr. FINDLEY. The general language giving the President the authority to use the currency any way that he sees fit?

Mr. BELL. No, I think it is specifically there, if I am not mistaken. The bill provides for the sale for dollars to U.S. citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess, and so on.

Mr. FINDLEY. That is retained?

Mr. BELL. Yes, sir, I believe so. I am looking at a comparison of the two bills rather than at the Cooley bill itself, but I am sure that this is simply a reprinting of the provisions of the Cooley bill in a different form; and, therefore, I am reading correctly and inferring correctly that that language, as I read it, is included in the bill.

Mr. FINDLEY. I am very glad to hear that. Would you comment on the other question?

Mr. BELL. On the other question, there is, certainly, no intention to change the pattern that we now have; and, therefore, there is no chicanery for ledgerdemain involved in this change. The regular provisions of law, such as the Battle Act would, obviously, obtain. The decision as to whether or not to make a sale to one of the countries, such as those in Eastern Europe, would, I take it, be made at the time having regard to the various foreign policy considerations that were appropriate.

Mr. FINDLEY. This, actually, would have an effect on only two countries, Poland and Yugoslavia, with whom I understand we have concluded some title I agreements.

Mr. BELL. You are correct. Obviously, this would be affected by the proposed change of sales for local currencies to sales for dollars. The Eastern European countries are all countries which we would feel are in the class of countries that are getting out of the underdeveloped stage. Therefore, they would not be entitled to the minimum terms under the new statute, so that if any agreements were made they would be on terms like the present title IV.

Mr. FINDLEY. Mr. Poage raised the question as to whether the grant provision of agreements with India might affect the price within the country. I understand that there is a dual system of marketing in India—one, a set of markets operated by the Government where fairly low-price markets obtain, as I understand it, and the other, normal commercial markets. Is the lower price determined in part upon the net cost of the grain which is obtained in the United States?

Mr. BELL. I will have to put something in the record on that, Mr. Findley, if I may, because I cannot give you the details on it. My impression, however, is that the price charged in the so-called fair price shops would be related more to the world price level and the incentive price level for Indian farmers, rather than based on the amount of the grant to the Indian Government budget. If I may, I will put a fuller statement in the record on that point.

Mr. FINDLEY. I would appreciate it.

Mr. BELL. Thank you.

(The information referred to follows:)

FAIR PRICE STORES

(Wheat pricing)

Fair price shops sell both domestic and imported wheat without distinction as to price. The prices vary from State to State. In general, they are about 5 cents per pound (based on official exchange rates) and are equal to or above those for locally produced wheat. This price is well above the U.S. export price. While the price is actually based upon the guaranteed price to producers of Indian wheat plus handling and marketing margins, it averages out about the delivered cost to Indian ports plus inland handling margins of U.S. wheat.

Mr. FINDLEY. Can you tell us what measures of self-help India has agreed to in recent months in order to build up its own capacity for food production, and also, perhaps with regard to retarding population growth?

Mr. BELL. I will be delighted to say a word or two about that. I have been deeply involved with it. I sat with Secretary Freeman in the meetings that he had with Agricultural Minister of Food, Mr. Subramanian from India, when he was here in December. We had a lively, vigorous exchange with the Indian Government on this subject, which has resulted in the Indian Government—I do not want to overclaim here, just because we have suggested something and they have been persuaded of its merit—but because of the people in the Indian Government who saw the problem as we did and have been urging the same kind of policy changes, and for these reasons the Indian Government has, in fact, changed its policy very sharply in several very important respects.

No. 1, as I have already indicated over the last year or so, they have deliberately set out to make sure that internal prices of agricultural commodities to the farmers were at such a level as to create effective incentives for farmers to produce more and make it profitable for them to put more fertilizer into their soil, to buy pesticides and otherwise to improve their practices.

Mr. FINDLEY. Can you give us that in terms of percentage price increase?

Mr. BELL. I do not recall—I am sorry—I will be glad to put something in the record on that. It was significant. My vague recollection is that it is of the order of 25 percent, rather than 100 percent, but I will have to check the point and put it in the record, if I may. Of course, it was different for different crops.

(The information referred to follows:)

PRODUCERS INCENTIVE PRICE FOR WHEAT

The incentive prices fixed by the Indian Government for 1964-65, the first year in which this program was in effect, were about 15 percent higher than prices prevailing a year earlier. An important aspect of the program is that it provides an assured incentive price for producers throughout the year. The incentive prices for producers in India are higher than those prevailing in the United States.

Mr. FINDLEY. If you will, I will appreciate it.

Mr. BELL. Point No. 2, the Indian Government has come to officially recognize what the agricultural people in India and our experts have been saying for some time; namely, that the largest single source of changeover in output in the next 2 or 3 years will come from using more fertilizer—and that the use of fertilizer on the farms of India has been very low. While, as the members of this committee know all about, there is a danger in putting too much fertilizer on too soon, without making the changes in the varieties of seeds and so on that must go with it, in the short range you can get a big increase, a big jump in production by the use of more fertilizer. They are now fully persuaded of this.

The Indian Government has committed far more of its own foreign exchange in its budget to buying and distributing fertilizer than they have been doing in the past. We have made them one \$50 million loan

just a couple of months ago, so that they could buy more fertilizer. That all comes from this country.

And they and we together are agreed on a very strong endeavor to get some new fertilizer plants under construction.

MR. FINDLEY. Are these fertilizer plants state-owned or privately owned?

MR. BELL. Both. The Indian Government a few years ago felt that fertilizer plants should be owned by the state. We have been arguing with them about that for several years. They have abandoned that notion. They have not abandoned the idea that some plants should be state owned. I would argue with them about that still, but they still hold that view. But they have now agreed to and are supporting the establishment of a number of privately owned plants, or partially privately owned plants, and there are several more now in the advanced stages of negotiation.

MR. FINDLEY. If we were to put in the legislation some very clear language prohibiting the use of AID funds or the funds generated by Public Law 480 transactions from being invested in state-owned enterprises, would this seriously handicap you in your work?

MR. BELL. Yes; it would. I would support the idea of a stronger statement of policy. Our policy is the same as you have just stated. But you have to recognize that in India, as in other countries, that you have to start from where they are. They start from the position in which it has become an article of general belief and with strong political support from all parties that it is appropriate and proper to have state-owned fertilizer plants. We continue to argue with them that that is inefficient, but it would be a mistake to prohibit us, in my opinion, from having any contact with such plants. For example, there is an agreement in negotiation which has recently been almost finally agreed to—they are almost finished—in which an American firm, very experienced in the fertilizer business, is forming a joint venture with the Indian Government in which there will be a sharing of ownership between the American private firm and the Indian Government. This is not the ideal arrangement, but it is a practical arrangement.

When you get a fertilizer plant, my guess is that over a relatively brief period of years, the superiority of private enterprise in the fertilizer business will become very evident in India. A plant which starts this way is liable to end up a few years from now with the Indian Government selling off its shares of stock in the plant, and it will become a privately owned enterprise, but it would not be feasible for us today to say that you cannot have that kind of an agreement in India or to say, rather, we will not support that kind of an agreement. We want to say that we think that this is a step in the right direction. And that we hope they will go further. This is the best that we can do now. We will support it with appropriate guarantees for the American company that is going into this enterprise, and we look forward to the day when the policy changes even further.

MR. FINDLEY. Would it encumber your administration if we would put language in the bill that would require a portion of the ownership to be private in these enterprises?

MR. BELL. Well, I doubt very much much that I would want to enter into any agreement. I cannot, offhand, think of a case in which I

would want to support a wholly owned Government enterprise. On the other hand, I am reluctant to see ironbound prohibitions of this kind written into the statute. I do not think that there would be a case in which I would act contrary to such an idea.

The CHAIRMAN. Let us go off the record.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Mr. BELL. Let me quickly point to two or three other things that the Indian Government has done in the agricultural field which reflects the change in our policies. I have talked about the price policy and fertilizer. They have, also, taken several important steps in the agricultural credit field. Incidentally, on fertilizers, they have taken important steps to open up channels for distribution. They have undertaken and are supporting and we are supporting rapid action to introduce and test new varieties, both of rice and of several other crops.

The CHAIRMAN. We thank you very much for being here with us this afternoon. At 10 o'clock in the morning we will have Secretary of State Rusk.

We will now stand in recess until that time.

(Whereupon, at 4:15 p.m., the committee recessed, to reconvene at 10 a.m., Friday, February 25, 1966.)

WORLD WAR ON HUNGER

FRIDAY, FEBRUARY 25, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C. Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, McMillan, Abernethy, Jones of Missouri, Olson, Matsunaga, O'Neal, Redlin, Greigg, Teague of California, Quie, Dole, Walker of Mississippi, and Hansen of Idaho.

Also present: Martha Hanna, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel, and Francis Le May, consultant.

The CHAIRMAN. The committee will please be in order.

Secretary Rusk was scheduled to testify here this morning, but he was called to the White House and is still at the White House, and I have been notified that he could not be here at this time, he has sent the Under Secretary of State, Mr. Thomas C. Mann, who is well known to this committee.

We are delighted to have you here, Mr. Mann.

I understand that you will present Dean Rusk's prepared statement. Secretary Rusk might come in at a later time, and I hope that he can arrange to do so, in view of the fact that he is very much interested in this subject. Being called to the White House, I am sure the members of this committee will understand why he is not here.

I might also explain that I was at the White House meeting this morning, as were several other members of our committee, and perhaps they are still there. They will be in during the session, and I hope that Dean Rusk will be able to get here sometime before the meeting is over.

Mr. TEAGUE of California. Mr. Chairman, I would like to state for the record also that there is no business on the floor of the House today, and my Republican colleagues, in contrast with our Democratic colleagues, have reelection problems, many of them are out in their districts today to do a little campaigning, and their absence is not to indicate a lack of interest in a very important subject.

The CHAIRMAN. I might also say, in explaining the absence of some of the members of this committee, both the Democrats and others, that some of the Republicans are at the White House, where they very seldom get. [Laughter.]

You may proceed with your statement, Mr. Mann.

STATEMENT OF HON. DEAN RUSK, SECRETARY OF STATE, AS PRESENTED BY THOMAS C. MANN, UNDER SECRETARY OF STATE; ACCOMPANIED BY RICHARD REUTER, SPECIAL ASSISTANT TO SECRETARY OF STATE, FOOD FOR PEACE; D. MacARTHUR II, ASSISTANT SECRETARY OF STATE, CONGRESSIONAL RELATIONS; AND HERBERT J. WATERS, ASSISTANT ADMINISTRATOR FOR MATERIAL RESOURCES, AID, DEPARTMENT OF STATE

Mr. MANN. Thanks, Mr. Chairman.

First, I want to say, on behalf of the Secretary, how sorry he is that he cannot be here as he had planned and wanted to do, to talk about food for peace and food for freedom which is, as the committee knows, very close to his heart.

I think all of us in the State Department have a great regard for this committee and for its ability and for the public service that it has rendered over the years.

I know that he is particularly sorry that he cannot be before this committee today which has a long record of public service and a reputation for being hard working, very knowledgeable about agriculture.

I will present, Mr. Chairman, the statement that the Secretary intended to present this morning. [Reading:]

Since these hearings began 10 days ago, this committee has heard a most distinguished group of witnesses. The subject matter deserves our best. The world has made great progress in development; yet a majority of the people on earth still do not have enough to eat. And in recent years food production has not kept pace with the requirements of expanding populations.

This is a very disturbing trend. Unless checked it will lead to grave dangers. The key question is whether we—and I use the word “we” in a universal sense—have the capacity to prevent massive hunger and consequent political chaos. This is a question of basic importance, even to our own prosperous Nation with its ever-amazing farm production.

The central concern of our foreign policy is, in familiar words, “to secure the blessings of liberty to ourselves and our posterity.” We know that in the shrunken world of today, we cannot secure those blessings in national isolation, or through policies and defenses confined to the North American Continent, the Western Hemisphere, the North Atlantic Basin, or other limited areas. We have to be concerned with the world as a whole—and with mankind as a whole.

The goal of our policy is the kind of world sketched in the preamble and articles 1 and 2 of the United Nations Charter—a world of independent nations, each free to choose its own institutions, but cooperating with one another to prevent aggression, maintain peace, and to further their mutual interests—a world which yields continuing progress in economic and social justice for all peoples.

One of the most important segments of our foreign policy is assistance to the developing nations in modernizing themselves—to move forward economically and socially and politically. For, apart from our humanitarian interests in fellow human beings, we know that we cannot find enduring security in a world in which a few are rich and other people live in misery and starvation.

So, the question we address here is basic to the welfare, and even the survival, of the human race—hence basic to our own welfare and security.

Mr. Chairman, there appears to have been extensive agreement among the experts who appeared before you last week. The gravity of the downward trend in per capita food production can scarcely be exaggerated. The witnesses you have heard have emphasized that the world must give priority attention to the food/population equation.

In dealing with this problem, American food and agricultural skills are assets of great worth. This is especially true if their use is well planned, as has been

done in the broad interrelated foreign aid program the President has proposed to the Congress.

I recommend this program to you as strengthening the foreign policy of the United States. There are a number of different ways in which food is being used in the conduct of this policy. Hardly a day passes, in fact, that I am not involved in a food-related question somewhere in the world. Perhaps it may be helpful to discuss briefly a few examples:

1. Food for Peace has been an effective instrument in strengthening democratic governments. Nowhere has this been more true than in India. Over the past two decades the people of the United States have followed with friendly concern the efforts of the people of India to fashion a modern democratic state.

Those of us who campaigned in the India-Burma Theater in World War II carried away a profound respect for the people of south Asia and for the significance of this area in future world peace. While we have not always agreed with India's views on specific foreign policy matters, we have applauded her successful adherence to democratic concepts and practices; her energetic efforts, always against great odds, to develop economic and social strength; and her determined stand against external Communist aggression. Indeed, India, with 485 million people is the largest democracy in the world. Now, a drought in India, widespread and unprecedented in this century, threatens a hundred million people with the prospect of famine.

India is determined to meet the impending crisis firmly and boldly. The Government is distributing available food under tight rationing in the cities and through fair price shops. Special attention is being given to the needs of children and other particularly vulnerable groups. Additional manpower is being assigned to projects of urgent benefit to agriculture.

President Johnson last month released an additional 3 million tons of food to India bringing to a total of 6½ million tons of grain our efforts this fiscal year to help India close its food gap.

Eighteen other nations have also offered India some form of assistance. These contributions, with those of the Food and Agricultural Organization of the United Nations, and His Holiness Pope Paul VI, now total approximately \$70 million in value, and are increasing as the urgency of the problems becomes more clearly defined. We expect that other countries in a position to render assistance, whether in food, fertilizer, pesticides, shipping, or any other form, will come forward. We hope and expect that those which have already contributed will find the means to do more.

Although the effects of the drought in the subcontinent may be less severe in Pakistan than in India, acute food shortages are anticipated there as well. A Public Law 480 agreement signed in 1961 expired at the end of 1965 and we are now discussing with the Government of Pakistan an interim Public Law 480 agreement for fiscal year 1966.

But in the long run the problem of famine in the world cannot be solved by reliance on the transfer of food from surplus to deficit nations. Only by increasing their own agricultural production can the developing countries cope with the problem of adequately feeding their people.

Even more is at stake. It is in the rural areas, Mr. Chairman, that you and the committee well know the people are. In virtually all the developing countries of the world an increase in agricultural productivity may well be the critical element to satisfactory economic growth. In our own experience growing agricultural production proved to be the best stimulus for the growth of industry. We believe this will be true as well as for those countries that are now making a determined effort to move ahead. Advance in the countryside will go hand in hand with advance in the cities.

The present Government of India is aware of the need to give priority to agriculture as a key to economic development. In addition to its efforts to meet the immediate food emergency, India is giving high priority to programs to increase agricultural production. Our food assistance should help India achieve this objective.

Pakistan's impressive growth in recent years provides an excellent testimonial to the developmental value of food aid. Our Public Law 480 program there has made a particular contribution in a highly successful rural works effort, a labor-intensive self-help project through which the Government of Pakistan has supplied roads, irrigation facilities, and other basic agricultural help to its farmers, who make up the bulk of her population. One heavily Food for

Peace-supported, multipurpose power project, the Indus Basin development plan, will mean as much to the irrigation and economic development of an area of West Pakistan as the Tennessee Valley Authority has meant to the United States.

The subcontinent is both a test and an opportunity for the new concepts on the use of food embodied in H.R. 12785. We expect through this program to strengthen the efforts for freedom and democracy on the part of the two great countries in the area. On humanitarian grounds and on grounds of self-interest, we have the responsibility for continuing our support for this great effort, and for making our aid more effective.

2. Another kind of creative influence can be seen at work in North Africa. Throughout Morocco, Tunisia, and Algeria hundreds of thousands of unemployed workers or seriously underemployed workers have contributed to the economies of their countries through food for work projects. Of special interest here is the nature of the unemployed. In Algeria, for example, one of the major problems facing the country, following the 7-year war for independence, was how and where to put the work the large number of unemployed, amounting to over 50 percent of the labor force. Many of them had been fighting for years and knew no other skills. We had known from experiences elsewhere that unless such a group were put to productive work, it could play havoc with the development of a nation. Under a food-for-work arrangement, thousands of Algerians were called on to help reforest the country, denuded of trees by the lengthy fighting. In the process, these men learned skills, and realized too the importance of self-reliance in the solution of their economic problems. Similar programs have been undertaken in Asia and Latin America. We propose to continue and expand such programs under H.R. 12785.

3. In those areas of the world directly facing aggressive Communist expansion, our food programs have been of value in supporting military capacity and strengthening the will and ability of peoples to maintain their freedom and independence. Taiwan and Korea are successful examples of this policy, as were Greece, Turkey, and Iran earlier examples of mutual defense programs significantly assisted by U.S. food and food-generated local currencies. Our food is today supporting the energetic effort of the Government of South Vietnam to establish stability in its economy despite the strains of its defense efforts, and to provide adequately for its people despite the deliberate destruction of food stocks by the enemy.

This type of food assistance can be as important a contribution as weapons themselves in forestalling or coping with developments which are a basic threat to the national security of the societies in the area and, in fact, to world order itself.

4. When our friends approach economic viability, as in Greece, Israel, or Taiwan, our agricultural resources can serve a useful and sometimes necessary transitional role. If we maintain our aid programs in a country any longer than the minimum time required for "takeoff," we saddle ourselves with an unnecessary burden, and we do no favor to the country. We cannot, however, anticipate precisely a smooth transition, and there may be some unevenness in development that threatens to undo the previous investment. Under such conditions food provides a resource that can be used as a transitional and flexible device to assist an economy which may, thereafter, be a healthy market for American products.

5. Our experience has been that U.S. agricultural commodities provide a particular, valuable asset to support American foreign policy. Often the very success of our development efforts may bring problems with foreign policy implications. As countries increase their own agricultural production to the point where one or more crops may be exported, traditional marketing patterns may be affected. We must be careful to protect normal trade patterns, avoid hampering the economic development we have encouraged, and preserve our own commercial interests.

Our experience, of course, has been that markets become larger, not smaller, in the process of nation building. As our foreign assistance programs have strengthened economies overseas, they have served well, too, the American farmer. The same will be true for this program.

6. Our pattern of operation necessarily is different in different countries. The quid pro quo, for example, often is different as relationships with countries differ. But what I want to emphasize is that our food programs are important components of our overall bilateral relationships. We have programs in over 100 coun-

tries. In each case, as we negotiate agreements, we consider the U.S. national interest, just as the other country considers its national interest. As food aid must be part of an integrated foreign-aid program, so it must be part of our total policy toward each individual country.

I would like to reiterate, Mr. Chairman, that our food aid program has been a valuable foreign policy tool because it is directed toward positive changes—strengthening democratic governments, promoting political stability, encouraging economic stability, assisting national development. Our food has been and will continue to be used in the cause of peace. On certain occasions our donation programs, especially child feeding programs, have continued in countries when other forms of formal relationships were ruptured.

As President Johnson said, this food for freedom program “* * * proclaims our commitment to a better world society—where every person can hope for life’s essentials—and be able to find them in peace. It proclaims the interdependence of mankind in its quest for food and clothing and shelter.”

The legislation before you is based on two American traits—a compassion for fellow human beings in need, and a technical skill and productivity in agriculture which must surely be considered as one of the great success stories of modern history. These two threads of American greatness were woven together by the 83d Congress more than 10 years ago, during the administration of President Eisenhower, with the enactment of Public Law 480. As you well know, the evolution of the Food for Peace program over the years has made it one of the most successful and imaginative of our overseas assistance programs. Your committee has long encouraged this transition to self-help.

The achievements of Food for Peace have been many, and we have learned much during the decade of Public Law 480. The new legislation takes advantage of this experience. It is adapted to the needs and conditions of today.

President Johnson has proposed that, “* * * the United States lead the world in war against hunger.” I view the legislation being studied by your committee as the vehicle to this goal. Should the Food for Freedom Act be enacted by the Congress, I predict the day will come when we will regard Food for Freedom with the same respect in which we now hold the Marshall plan, point 4, Public Law 480 and other significant milestones of our U.S. foreign assistance efforts.

As I said at the outset, we are dealing with a problem of immense proportions. From my desk at the State Department, it looms as one of the major problems we will be facing during the coming decades.

I recommend to you the Food for Freedom Act and its companion legislation as being in the best interests of the foreign policy of the United States.

The CHAIRMAN. We appreciate your appearance, Mr. Mann, and presenting to us the statement of Dean Rusk who was unavoidably detained.

We are also delighted to have Mr. Richard Reuter, Special Assistant to the Secretary for the Food-for-Peace Program, Mr. Douglas MacArthur, who is Assistant Secretary of State, and Mr. Herbert Waters of the AID.

I just want to observe that these hearings have been completely free from partisan politics. We have had some excellent witnesses. We have never had any more prominent witnesses than we have had thus far in these hearings.

Of course, this committee appreciates the importance of this subject, because Public Law 480 was written in this committee. I think it has accomplished great good in the world, and it has been remarkably free from criticism.

We realize, as Secretary Rusk pointed out, that we are living in a hungry world and yet we are living in a nation that has an abundance and a remarkable potential for production.

I am glad you pointed out here, too, that this committee appreciates that we cannot jeopardize our own agricultural economy, nor should we do anything to adversely affect the economy of our country otherwise.

We will have other important witnesses to appear in connection with these hearings.

I will now yield to Mr. Poage.

Mr. POAGE. I want to congratulate my friend and neighbor, the Under Secretary, who lived in my hometown for several years. We are proud of the Under Secretary. We are delighted to have you with us today.

I would like to have you, if you would, Mr. Mann, tell us how this new bill is different from the present law. What new concepts are involved in it? I note that the Secretary refers, on page 11, to "an opportunity for the new concepts on the use of food embodied in H.R. 12785."

What are these new concepts?

And may I say I think that is a fine statement.

Mr. MANN. Perhaps, Mr. Poage, I should say first that many of the new concepts that the Secretary is referring to emanated from this committee. As the chairman said, Public Law 480 was written in this committee. The executive has, perhaps, borrowed from this committee many of its precepts, especially on self-help, and especially within that concept, the concept of a higher priority for agricultural development.

The concept that we should move to more and more sales of our products for dollars. I think that has been advocated in this committee. It is new in the sense that both the executive and the Congress are stressing these points which have been discussed before, and building around them an act with a determination and a purpose that is greater in the new directions than we had before, perhaps.

Mr. POAGE. I am glad to see that, because this committee has long felt that we needed to do more in the way of requiring self-help. This committee has long said that we needed more of these sales on a dollar basis, rather than on local currency basis, which is what title IV of Public Law 480 provides.

The new bill, as I understand it, does not require any of these things. It simply authorizes the various departments involved to carry out this concept, if it is still the concept next year or 5 years hence.

Therefore, it seems to me that it is appropriate that we go into the feelings of these various departments a little further.

I raised a question yesterday which I think needs to be emphasized directly with the State Department.

We know that in the case of India, that Indian people have been accustomed to using grain sorghums in their food for generations. There are other parts of the world where corn has been the basic food in some areas, such as South America, with which you are so familiar. I am speaking for myself when I say that I feel that as long as there is a smaller surplus of wheat than we have of grain sorghums and of corn, that we should substitute grain sorghums and corn wherever it is at all practicable, rather than supplying a commodity that is in less surplus in the United States.

What is the attitude of the State Department about substituting a substantial amount of grain sorghums and corn for wheat?

Mr. MANN. Well, Mr. Poage, I think we would agree with what you have just said with emphasis on "insofar as it is practicable." In

my experience, the people who are used to eating one particular thing sometimes, especially in the Indian society and in this hemisphere, for example, will not want to change another food, but wherever practical, I think it makes good sense to move the commodities which are in greater surplus in this area rather than those that are scarce in our own country.

Mr. POAGE. I think that we all recognize what you say as to what is practical. Obviously, if there is a famine, as we are told there is, a great deal more change is practical than when there is adequate food.

Mr. MANN. That is correct.

Mr. POAGE. During the siege of Vicksburg, I recall an interesting account of the people of Vicksburg eating mule meat with a great deal of relish whenever they could get it, but they did not acquire any lasting taste for mule meat. And it is not a big item on their menu today, but they ate it when it was the thing that they could get.

How practical do you think it is for the United States to try to provide other people with what we have rather than letting them insist that we provide the things that the recipient countries want? What should be the determining factor?

Mr. MANN. I think that we should certainly give great weight to supplying the things that we have, that we are able to supply with the greatest facility, with the least cost and the greatest efficiency.

Mr. POAGE. Well, now, let us return for a moment to our main theme. In India, there is a situation where they grow about 5 million bales of cotton a year. I have not found out yet how many acres that requires, but I think that it is something on the order of 15 or 20 million acres of land to grow that amount of cotton, they grow about a fourth to a third of a bale to the acre—I may not be exact on that, but it is about that. They grow about 5 million bales.

Certainly, whatever acreage is devoted to cotton could be transferred to wheat, rice, millet, and the grain sorghums.

What would be the attitude of the State Department if we provided a condition in our next agreement with India, that is, that we require as a condition for the shipment of additional American food to India that they remove from production a portion of that cotton acreage, at least the same percentage that our farmers have to retire, and then we would agree that we would furnish them with the amount of cotton that they needed.

I recognize that India's economy needs 5 million bales of cotton to operate on, but since we have a surplus in the warehouses today of around 14 million bales, it seems to me that it makes a good deal better sense to send them that cotton and let them grow their own wheat than it does for us to continue to pile up cotton in our warehouses and they not take their cotton acreage out of production in order to grow more food. It just seems to me that it makes good commonsense that they grow the things that they need the most and that we supply the things of which we have a great surplus.

Mr. MANN. Mr. Poage, I am not an expert on why India raises a certain amount of cotton. I know some things about it. I know that the cotton that they raise is a very short staple cotton which is inferior to our cotton, and does not compete with our cotton. I know that

they are a large importer of cotton, and that we have in the past supplied them with very large quantities of cotton under Public Law 480.

Whether the amount of this could be increased—whether they should cultivate food instead of cotton in these particular areas is something that I think we would certainly be willing to discuss with them. I understand the logic of what you are saying, but I would not want to commit myself until I know more about it, as to whether this would be feasible.

There may be reasons why this makes eminent good sense; there may also be reasons why it is more difficult to do in practice than it would appear at first blush on theory. This is something that we could discuss with them, and I can talk with people in the Department who know more about it than I do, and we could talk with the Indians and get you some answers, with the pros and the cons.

Mr. POAGE. That leads me to this, to a really more basic question: Much of this argument in favor of this bill, and I will say publicly as I have said several times, that I am in favor of the bill—I am in favor of going ahead with this new program, and I am not offering this as an objection of why we should not pass the new bill, because I am in favor of passing it, but the argument has been brought before us, which has been based on the statement that we were going to require more of the recipient countries in the way of self-help. I have suggested two specific measures that we might take. You are not sure about either one of them. You think that there is some merit, that it is worthy of consideration but that they may not work out.

You must have had something in mind that we were going to require of these people. When do you have in mind that we are going to require, particularly of India?

Mr. MANN. Well, Mr. Poage, we have been working for more than a year with the World Bank, which is, as you know, the bank that heads up a consortium to India. The Bank and the members of the consortium have been considering what India might do that she is not now doing to help herself.

A mission headed by Mr. Bell, and having some very distinguished economists on it commissioned by the World Bank, spent several months in India, and they came back with a number of recommendations. I do not know whether these have been made public or not, but in essence among the suggestions has been the question of dealing with the foreign exchange problem.

We think probably the currency of India is overvalued. This is a very technical field, and discussions have been underway for some time to see how we and India, and other donor countries, can reach an agreement on what needs to be done in this field.

We can see the range of possibilities of everything from a devaluation to various steps short of that which would be helpful.

Another view that we hold, in India, we think correctly, is that a greater priority should be given to the private sector in terms of industrial development and in terms of fertilizer, and so forth; more raw materials, more credit. More resources need to be made available to the private sector as opposed to allocating the largest part of the resources to the public sector. We think this would bring about a greater efficiency.

High on our list is a much higher priority—and this has also been discussed, as you and this committee knows—for agriculture. And we think that this needs to be put into practice. This would include a whole range of measures, stepping up the production of fertilizer, and many other things. Those are three, from memory, Mr. Poage, that I remember offhand. There are one or two others.

Mr. POAGE. All of those are things that you could have done under Public Law 480 and can still do under Public Law 480 as it now stands until the expiration date. You are permitted to do that now; you can do all of those things. You have had that power from the very day when the bill was passed, have you not?

Mr. MANN. I think that is correct, sir. As I said, we have been actually doing some of those things around the world that were not done before in the direction of self-help. I think that what this bill does is to give greater emphasis to the importance of this. I do not pretend that it is a new idea, that we had no authority before. This bill tends to underline the importance, as I understand it, of what this committee has always urged, what we agreed should be done in this field.

Mr. POAGE. I agree with you, Mr. Secretary. I think really all it does is to underline or to emphasize the doing of that which, at least, the committee has long felt should be done, and we hope that it will be done in the future.

That is why I was questioning you about these specific things, whether they would be done in the future.

As I see it, the things that we have in the greatest abundance should be used, and we should make the decision as to what is important and call upon any recipient countries, whether India or any of the others, that they shift their agriculture production so as to secure a maximum amount of foods that they need, and to accept from us the things that we have in great quantities. I used the example of cotton, because I am more familiar with that than I am with other crops. I happen to know that we have a greater surplus of cotton today than of any other crop, and, from our own standpoint, we are in a position to provide this cotton.

And, as you point out very correctly, the average quality of the Indian cotton is far lower than the average of the American cotton, but we, unfortunately, have some in those 14 million bales that will not meet the Indian standards.

The CHAIRMAN. And most of it came from Texas. [Laughter.]

Mr. POAGE. Maybe.

The CHAIRMAN. There is one thing that the two bills before the committee would authorize which are not now authorized: it would permit the using of crops for export without regard to whether or not these crops are in excess supply or in surplus.

The bill I introduced on the 19th of January provides for that, and I am sure that the other bills that I have introduced as requested by the administration provide for that, too.

The fact that we have confined our operations to surplus crops only has justified the propaganda which is going around the world to the effect that we are just getting rid of something that we do not want

and do not need and that we are not so generous and magnanimous, after all.

Last year, we had the omnibus bill which provided that we could go into the market and buy dairy products to put into this program.

I know that the Soviets have made great propaganda out of these programs that we have had in operation, but if you take out the word "surplus" as most of these bills would do, we will then let the world know that we are willing to share our abundance in production with the less-fortunate people in other parts of the world.

I do not know what they can grow in India. I have never been to India, although I have been criticized for much traveling. But I venture that we might send other products to some of these unfortunate nations, such as sweet potato slips.

I talked, for example, to one of the greatest sweet potato producing men in the country just last week. He had been to all of the big markets of the world, being interested in sweet potatoes as he is, and he looked around for sweet potatoes, and he did not find a single sweet potato anywhere. And they can ship the slips for sweet potatoes, to produce sweet potatoes.

I think that everyone of the witnesses who appeared here agreed—and I think all of those who will hereafter appear will agree—that what most of these nations need is some of our know-how. And as one witness put it, we should give them "know-how" and "show-how." We should send technicians over to those nations. These people do not have to be Ph. D.'s. They do not have to be college graduates to teach these other people something about our wonderful production techniques in this country.

I know that you are very well advised about such affairs. I am glad that you have appeared here and given us the benefit of the Secretary's views and your views, too.

I am not going to fuss about what you call this bill, but we have been talking about "war on hunger," and my bill calls for a "war on hunger," whereas the President's bill calls for "food for freedom" rather than "war on hunger." And we now have food for peace program. We have not gotten much peace yet, but we still have the program.

The idea of calling it a food-for-freedom program appeals to me, because that is what we are trying to do—to get these people to be free.

Mr. Teague?

Mr. TEAGUE of California. I do have one question.

First, I would appreciate it, Mr. Mann, if you would carry a message back to Secretary Rusk, that I think he did a magnificent job at the Fulbright hearings. I can only speak for myself but I know of no Republican—there could be some—who would not agree with the basic position as stated by Mr. Rusk in those very well publicized hearings.

If you will carry that message back to him, I will be grateful to you.

Mr. MANN. Thank you very much. I shall, sir, do that. And I thank you in advance for the Secretary.

Mr. TEAGUE of California. To follow through a little on something that Mr. Poage was discussing: We all agree apparently that we cannot feed the world forever. It is hoped that this is a temporary program so that we will develop more self-sufficiency throughout the world in these underdeveloped countries.

It is contemplated that we could do something like this: "All right. Here is an agreement whereby we are going to furnish you with foodstuffs, but on the condition that you increase your own production by 2 or 4 percent a year, or bring your population increase down so that you will get a better relation between food and population increase."

Is that practical; can it be done practically?

Mr. MANN. I think that you have precisely stated it very well, as to what we hope to achieve in this. The bill, itself, as you know, which is before the committee, proposes that we phase out sales for local currencies and move in that direction and to do that you would have to have more viability. You would have to have more self-help in the production of food, and I would hope, myself, greater attention to the population problem.

Mr. TEAGUE of California. I would certainly hope so, too. I think that it is highly important that these concepts be kept in mind.

Mr. MANN. I am sure that the executive branch has what you say very much in mind and agrees with it.

Mr. TEAGUE of California. I would like to have it more than having it in mind; I would like to have it put into practical operation.

Mr. MANN. I agree with that, and we are trying to do so.

The CHAIRMAN. Mr. Secretary, I realize that any country might hesitate to go out of the production of cotton entirely, as may have been suggested. Why could we not have discussions in the negotiations which would contemplate the reduction in the production of cotton and putting that land into the production of food for 4 or 5 years, during the life of this program? I think that you could say to the Indians, as Mr. Poage has so well said, that we can give them the cotton that they need, and it will not hurt as much as it will hurt us if we do some of the other things.

Another suggestion is that we try to get them to eat corn instead of wheat and rice. We have more corn than we have rice and wheat. A lot of people do not like cornbread, but I come from a cornbread country and I would rather have it than wheat bread. Cornpone is quite a dish down home. I do not see why some of these eating habits could not be changed.

It was pointed out in one instance that the people consumed mule meat. I understand that in some places they eat horsemeat. I could not get up an appetite for eating horsemeat, but maybe if I were starving, I would eat some of it.

Mr. TEAGUE of California. Certainly, I think it would be better than mule meat, and you might take the corn and make something else out of it.

The CHAIRMAN. I think that these people that you are conducting negotiations with should consider these subjects.

The same ideas came up in the hearing last week.

I think that Dr. Don Paarlburg said that it costs \$1.03 cents per bushel to keep a bushel of corn out of production, and it only costs \$1.10 for a farmer to produce it.

If we can enlarge this program as it is contemplated—and I believe it was said downtown that by adding \$1 billion to the present program, we could bring back 40 or 50 million acres of land into the production of food. And it seems to me that we could well afford to spend that additional money in this program, not only to help feed these people but to help our farmers to stay on the farms in the production of food. That is where they want to stay; they want to produce food, and they are capable of producing it, but if we keep on restricting acres, something will happen, and that is something that we will have to give consideration to. I think that we have gone just about as far as we can go, especially when you know we are living in a hungry world, and a hungry world is a dangerous world.

I know that these negotiations go on downtown, but I think it is the sense of the committee that we should require the recipient nations to do something other than to just sit back and accept the food that we send to them.

There is one other thing that I want to mention. I do not know who could give me information on this. I am referring to the 40 or 50 cargo ships that are now in Vietnam harbors loaded with food that cannot even be delivered ashore, because of the lack of dock facilities and inland transportation and distribution system facilities.

It is one thing when you talk about delivering food to hungry people, but if there is no distribution system or transportation facilities, I do not think that much good can come from it, to ship it and let it stay at anchor for months and months that does not do much good.

I wish you would find out and tell us what the situation is, not only in Vietnam but in Calcutta, to see if we are having trouble unloading our ships. Somebody, somewhere, in the Government should be able to give this committee that answer.

Mr. MANN. We can give it to you, Mr. Chairman. Mr. Gleason was over there and made a study of the port problem in Vietnam. It is not so much food, I take it, as all of the things that we are shipping to Vietnam these days. Progress has been made. I do not know how many ships are standing by at this moment or how long they have been there, but I know that a great deal of progress has been made and this within the last few weeks.

We can give you a report in detail on this, as well as the number of ships standing offshore at Calcutta.

The CHAIRMAN. Will you furnish that for the record, not only in Vietnam but in Calcutta, too?

Mr. MANN. Yes.

(The information above requested is as follows:)

VIETNAM AND CALCUTTA FOOD SHIPPING SITUATION

VIETNAM

According to AID's weekly report on Vietnam Port Status of Deep Draft Shipping, as of February 18, there were 25 cargo vessels in the Saigon harbor complex, the Danang complex, and the Quinhon complex. However, of that number, only six of the ships carried food cargoes. Some of the ships are

carrying only part cargoes of foodstuffs in conjunction with other cargoes, including military. Of the six ships carrying food cargoes, four were in the process of unloading and only two were still awaiting discharge of cargo.

The shipping report from the U.S. operation mission in Saigon, dated February 18, shows the following ships in Vietnamese ports with food cargoes:

Ship's name	Commodity	Tonnage	Amount discharged	Amount remaining
Elias Dayfuss.....	Rice.....	10,500	7,800	2,700
Chios.....	Flour—bulgur.....	3,500	2,600	900
Jean Lykes.....	Corn, bulgur wheat.....	2,207	0	2,207
London Banker.....	Rice.....	14,000	532	13,468
Arizona.....	Flour, milk.....	2,000	0	2,000
Teh Foo.....	Milk.....	600	200	400

Each day in Saigon a port committee composed of U.S. AID representatives, military officials, and Vietnam officials, meets to assess the port situation and assign next priorities for cargo unloading. In this way, the most vitally needed commodities are given preference in cargo unloading, regardless of whether or not other shipments may have arrived earlier.

CALCUTTA

As of February 15, there were 71 ships of all types in Calcutta. Only two were awaiting berths. No ships were waiting at the mouth of the Hooghly River. Discharge of grain has averaged 2,000 tons a day. An American steamship company reports that the current port situation in Calcutta is better than it has been in some time.

Draft limitation in the Hooghly River restricts the amount of cargo that ocean vessels may carry into Calcutta. For example, a vessel with 10,000 tons of grain customarily unloads 3,000 tons in Madras or Vizagapatam before proceeding to Calcutta.

A combined USDA-AID team recently toured India's ports and inland areas to study the distribution problems of expanded food aid during the famine emergency. Its recommendations are serving as a guide to both United States and Indian Governments in planning for cargo movements for the rest of the year.

Mr. ABERNETHY. Mr. Secretary, do you understand that there is any difference or distinction of any consequence between the end objective of the program that you refer to as the Food for Peace program and that which is proposed here as the Food for Freedom program?

Mr. MANN. I think one difference in this bill is that it takes into account the fact that our surpluses are not as large now as they were 4 years ago.

Mr. ABERNETHY. They are not as substantial.

Mr. MANN. They are in the field of cotton, as Mr. Poage mentioned, but in the field of grains they are considerably lower than they were 4 years ago, and the consumption here is decreasing and our commercial sales are increasing, so that the net result is that we have surpluses that we have available which are more and more limited.

And the experts that I have talked to seem to think that with the population growth around the world this is going to present a very serious problem for us in the next decade. This leads, logically, to the conclusion that we must, as Mr. Teague said, work harder at self-help, to underscore it more, carry it out in practice and not just in words.

Mr. ABERNETHY. This does not necessarily mean that there will be any additional markets or means for disposition of American-produced food? It does not necessarily mean that, does it?

Here is what I am after: This program is looked upon by many as a means of bringing back into production a tremendous amount of American land now in the soil bank or in some other similar program.

Mr. POAGE. In the land retirement program.

Mr. ABERNETHY. In the land retirement program, yes. And then the other side of the picture is that we talk of training these people to produce more for themselves, to encourage them to do so, to be more self-sustaining. What bothers me about the idea that we are submitting to the American people is that they and a large segment of American agriculture, is getting the idea that we are going to get all of this land back in production and that they are going to have a tremendously expanded market, and at the same time, one of the principal objectives is to encourage India and other countries where food is short to learn how to produce it for themselves.

So, may I ask you this: I am not being critical. I am for more markets and I favor food for relief instead of dollars.

What is it that we will do under the Food for Freedom program that we are not actually doing right now?

Mr. MANN. Mr. Abernethy, both you and the chairman have referred to acreage controls and domestic agricultural policy. This is an area in which I should say to the committee that I am not the best qualified witness to testify concerning.

The CHAIRMAN. I will interrupt you there. You can have Mr. Reuter answer that.

Mr. ABERNETHY. I am not asking him to testify on the point of whether or not agricultural allotments, marketing quotas, and such, are fine.

The CHAIRMAN. Mr. Reuter could go into that. He has charge of the Food for Peace program.

Mr. MANN. On the specific question that you put, I think that it is true that we did have under previous legislation authority under title I, for example, of Public Law 480, to sell for local currencies. And we had the authority under title IV, if I remember correctly, to sell for dollars.

Mr. ABERNETHY. Yes, sir.

Mr. MANN. What this bill does—

Mr. ABERNETHY. And you had other authority to give it away.

Mr. MANN. This proposed bill combines the two under a different title, but it retains the essence of the authority to sell, as you say, for local currency or for dollars, and then we have a new title II which combines and, we think simplifies, provisions about barter and grants, and that sort of thing, that were in the previous legislation.

What this legislation does is to recognize that the world is moving into a critical period in terms of the total availability of food versus the total demand for food by the growing population and the growing consumption. It underscores in headlines, if I can use that word, the importance of self-help, particularly in terms of self-help in the production of food.

Mr. ABERNETHY. Just this question: The grants made under the AID programs to foreign countries, which are intended to provide for them funds with which to buy additional foods and fibers in the foreign markets? What about that?

Mr. MANN. I realize that the State Department people are supposed to know everything, but this is really——

Mr. ABERNETHY. I thought they did. [Laughter.]

Mr. MANN. No. I am the first to admit that we are not—or that I am not—the repository of all knowledge. This is a program that is administered by Mr. Bell, and it concerns a particular policy. I am not personally familiar with it. Maybe Mr. Waters can answer it better than I can.

Mr. WATERS. I will be glad to comment on that, Mr. Abernethy.

We do not make grants for purchases of foods from other countries, unless it is not available from the United States. There have been a few isolated circumstances, primarily on rice where the lack of availability at a given time has required the United States to waive its normal requirements for aid programs of getting only U.S. production, for example, of getting some rice into Laos, we had to go across another rice-producing country, across Thailand, to get the rice into Laos. And it was the less expensive and the only way that we could work it out with the Thais to move Thai rice into Laos, rather than to move U.S. rice across a rice-producing country to Laos. The situation in Vietnam is another. We are not only using Public Law 480 rice from the United States in Vietnam, we are using our AID money to buy U.S. rice in Vietnam, but have made some procurements in limited amounts, not with our money directly but with the Vietnam Government itself, with its own free exchange in Thailand during the period when rice was not available in adequate quantities from the United States.

As the result of this rice situation, we supported the recommendation the President approved that the Department of Agriculture increase the rice acreage in the United States to make more rice available, so that we would not have to be dependent upon supplies from other countries.

Mr. ABERNETHY. One reason I raised this question was as to the purpose of providing them with the wherewithal to purchase food. I was just trying to find out if it might end in a reduction of funds appropriated for our foreign aid program.

Mr. WATERS. Actually, our foreign assistance legislation requires us to obtain our food products from the United States to the extent that they are available in the United States.

Mr. ABERNETHY. I understand that.

Mr. WATERS. And to the extent possible, under Public Law 480, and then further than that, to buy in the United States. Our general policy of AID financing is primarily under loan rather than grants—in fact, out of all of our total requirements for AID financing, the last fiscal year, about 92 percent was bought in the United States; and then the industrial products such as fertilizers, pesticides, and so forth.

Mr. ABERNETHY. Thank you, that is all.

The CHAIRMAN. Mr. Dole.

Mr. DOLE. I believe we all agree that we are shifting from a surplus disposal program to a foreign policy type program in many respects.

A matter that concerns some of us is the fact, as I understand, that under the new program we will make the same benefits available to

the Communist countries we now make available to the non-Communist countries; is that true?

Mr. MANN. Well, the Battle Act still is the law of the land and will be followed. If I remember correctly, this restricts assistance—I think that is the word used—prohibits assistance to countries which trade in strategic products with the Soviet bloc. This remains the law. It remains the policy. I would not expect this act to weaken that in any respect.

Mr. DOLE. The reason I raised the question is that in the present act there is a specific provision refining friendly countries and it excludes the Russians and the other countries which are a part of the Communist conspiracy. Under the new program there is a new section, but it contains no reference to Communist countries, no reference to Russia, no reference to friendly nations.

On page 13 of Secretary Rusk's statement he discusses those areas of the world which directly face aggressive Communist expansion. It seems inconsistent to fight communism on one hand and to feed it with the other. This seems to be a grave matter of great concern to the people in our country. How can we have it both ways?

Mr. MANN. I do not think that in practice this is really any problem. As I say, the Battle Act still prohibits assistance in general terms.

Mr. DOLE. I do not think that it prohibits sales under Public Law 480.

Mr. MANN. Yes, I think that the word "assistance" has long been interpreted to mean——

Mr. DOLE. That it prohibits surplus sales or concessional sales?

Mr. MANN. This would exclude concessional sales in general. This is the general policy. We have not made and we are not making at this time, and do not intend to make any concessional sales to any bloc country.

Mr. DOLE. Section 107 prohibits it. And section 107 would be repealed and would be replaced by section 106 which says nothing about this problem.

Mr. MANN. Well, this bill before you, Mr. Dole, moves hard-dollar sales across the board. And, as I say, insofar as the Communist countries are concerned, the Battle Act still prevails, and this does forbid, legally, assistance to Communist countries, and that still remains the law of the land.

Mr. DOLE. In terms of title IV or commercial sales you are now making surplus commodities available to certain of these countries and that is something else.

Mr. MANN. I can say that the policy right now is to avoid concessional sales. We do not anticipate any kind of a situation arising where concessional sales would be had.

Mr. DOLE. I think the basic concern to people in Kansas and elsewhere in the country is that they cannot understand how it is consistent to do both, on the one hand talk about opposing Communist aggression, and in the next breath talk about increasing trade to Communist countries. Some of us find it difficult to understand, or to reconcile it. It is a very complex problem and very difficult for me to understand.

Mr. MANN. The theory is really very simple.

If the Eastern European countries remain totally dependent upon the Russian economy for their food, for their agriculture, for everything, then the chance of that country acting in an independent way in the service of its own national interests as distinguished from the bloc interests seems to us to be rather remote. This is why many people have thought about it, and I, for one, support the idea that trade in certain peaceful goods, commercial trade in certain peaceful goods, with Eastern European countries—given all of the safeguards that we have in our law which go to strategic goods and assistance and credit and things of that kind—would probably be in our national interest.

Mr. ABERNETHY. Will you yield there?

Mr. DOLE. Yes.

Mr. ABERNETHY. Mr. Mann, do you think that in view of that statement that it would be in the interest of the United States to begin buying sugar from Castro?

Mr. MANN. No, no.

Mr. ABERNETHY. Did you not imply that, or something to that effect?

Mr. MANN. No, sir, that is 180 degrees wrong.

What I said was "commercial sales in certain situations." What I meant to say was that in certain situations which ought to be carefully looked at, in the light of whether it promotes our own national interest. What I really had in mind was not that. What I really had in mind was the commercial sale of wheat, for example. I would like to see us maximize commercial sales of wheat, because we need—

Mr. ABERNETHY. You had no reference by sales to these countries; instead of that, purchasing from them?

Mr. MANN. That is correct.

Mr. ABERNETHY. You had more reference to that?

Mr. MANN. That is correct.

For gold reasons and other things, the balance-of-payments reason, and other reasons, to be able to trade with these countries on a basis—in peaceful goods—on a basis which will be good to our own economy.

Mr. DOLE. Another thing that worries many people is that many of these goods the aggressors purchase might not be considered strategic. I do not know how anyone else might define them, but there seems to be a direct conflict when you deal with Russia or China. It is pretty hard to tell the people we are only trading in nonstrategic goods, because anything they need would fall into that category, so far as I am concerned.

Mr. MANN. Let me say that I do not think that there is any disagreement on this issue here at all. We have always thought that if, and when, the time comes to negotiate an agreement with these countries that it ought to be on an ad hoc basis, on a bilateral, rather than a general basis. That it ought to have a very limited term of years, that the commodities we trade in should be carefully selected with the view of making just the kind of determination that you suggest.

I think it would not be difficult, when you are looking at a particular country in a particular situation, to make sure that it was helpful to us and not harmful to us, which is the operation presumably that we should have. There is some trade now in peaceful goods with those countries.

Mr. DOLE. I want to touch on one other point. In the remarks there is no particular reference to technical assistance, but the inference is there in many places. Secretary Rusk obviously believes we must increase technical assistance in developing countries. I think, as has been stated by Secretary Freeman, that this is probably the key to the solution. Everyone of the 10 public witnesses who appeared before the committee thus far stressed the need for more technical assistance. This brings me to a little commercial on an idea that I have been working on, referred to, for the lack of a better name, as the "Bread and Butter Corps." It would be operated through the land-grant colleges and would be an extension-type program whereby we would train technicians—not necessarily Ph. D.'s. Dr. Paarlburg said last week that one fault of America is that we send too many overdeveloped people to underdeveloped countries, and we needed more people with practical know-how to go into these countries. I am hopeful an amendment may be offered to the pending bill, and am working on that now, to strengthen the bill, to provide the funds, and to provide the programs for increasing technical assistance.

Mr. Bell, who appeared yesterday, pointed out that we have only about, well, not in excess of 1,000 technicians in foreign countries under the AID program. We feel that this is an area that has wide acceptance. Perhaps we can strengthen the bill in this area.

Mr. MANN. Well, I think that there is substantially no difference between us in our objective. We agree on the importance—I am sure the whole Department does, as well as AID—on the importance of technical assistance. I do not know how many contracts—perhaps as many as 50 that we have already negotiated with land-grant colleges.

Mr. DOLE. They are on a very small scale. It is the general feeling that if we are going to help the developing countries, we will have to really increase our technical assistance. I believe everyone agrees with this.

Finally, I want to point out that I happen to represent the largest wheat-producing district in the country, and I share the concern that Mr. Poage expressed, that we do not want everybody to stop eating wheat in these foreign countries. We have had a long discussion on the benefit of wheat over corn, but I do want to put in a plug for the wheat producers of America.

Thank you.

Mr. MANN. Thank you, Mr. Congressman.

The CHAIRMAN. In connection with these negotiations that will take place in the future, has any consideration been given to this population explosion; have discussions been had about birth control, to adopt birth control measures?

Mr. MANN. We have talked about it a great deal, Mr. Chairman, with all of the countries where this is a problem. I think there is a growing awareness of it. I think in the last 3 years there has been a worldwide growing awareness of the importance of trying to do something about this.

As you know, in our part of the AID program which began—I do not administer it—Mr. Bell does that much better than I could—there are certain programs which are already underway. This is not an uncomplicated problem, as the chairman knows, but we are aware of

the importance of it, and I think we are going about as fast as these countries can go in helping them to help themselves in this way also.

The CHAIRMAN. Mr. Jones?

Mr. JONES of Missouri. Mr. Mann, how long have you been with the State Department?

Mr. MANN. Twenty-four years.

Mr. JONES of Missouri. Has there been any change in the attitude of the Department with reference to placing requirements upon countries that do receive our aid from what it was a few years ago?

Mr. MANN. Yes, sir.

Mr. JONES of Missouri. And you think that we are requiring now some action on the part of those people, also; is that correct?

Mr. MANN. The AID program is as the Secretary said in his statement, a part of our total bilateral relations. It is a very important part, and self-help within that is a very important factor.

Mr. JONES of Missouri. Has there been any change in the attitude of the Department, say, in the last 4 years in giving consideration and weight to the intent of Congress even if it was contrary to what had been the established policy of the State Department?

Mr. MANN. I would hope, Mr. Congressman, that we would always give great weight to the opinion of the Congress. I hope that this has always been done.

I can tell you today, also, that I was not in the Department 4 years ago. I happened to be assigned abroad. Certainly, today, we pay a great deal of attention to the opinions of Congress, especially committees such as this, which are very knowledgeable in their field.

Mr. JONES of Missouri. Well, of course—this may be very repetitious, but it still sticks in the craws of many of us, when a representative of your Department was before a subcommittee of this full committee, at which time he made the statement that he thought that the action taken by the Congress was wrong, and for that reason the State Department did not carry out the intention of Congress.

Do you think there are people in the State Department at the policy-making level who still retain that viewpoint?

Mr. MANN. No, sir. I think all of us respect the law of the land which is made right here on this Hill.

The CHAIRMAN. And he said that he had not carried it out and did not intend to do so.

Mr. JONES of Missouri. That is correct. I am hopeful that there has been a change in the Department. That is what I am trying to bring out here, to see if we can be assured that if we pass a bill here, if we make a provision for certain requirements to be met, do you think that we can have the assurance of the State Department that they will cooperate with the Congress, to carry out what the Congress thinks should be done—and is the policy of this country?

Mr. MANN. Yes.

Mr. JONES of Missouri. I am glad to hear that. I want to get that on the record.

Thank you very much.

The CHAIRMAN. Are there any further questions?

Mr. Redlin?

Mr. REDLIN. Thank you, Mr. Chairman.

I want to indicate, too, as my other colleagues have, that I am happy to hear the Secretary talk about wheat continuing to be an important part of the food-for-peace program.

I might ask one question, Mr. Secretary. Is there a change in the attitude or do you have a different approach to the 50 percent American bottoms shipping requirement in the sale of food to people in Eastern European countries—is it the policy of the Government to require 50 percent of these sales to be shipped in American bottoms?

Mr. MANN. I think that it is correct to say that it is the policy. I think that it is incorrect to say, as we informed a Senate committee. (I believe the Senate Finance some months ago), that we did think that it was important to maximize commercial sales of wheat. We have not been getting, in my opinion, our fair share of the world market in these commercial sales and we ought to look at the 50-50 requirement and all other impediments and see if they cannot be gotten out of the way.

Mr. REDLIN. Do I understand you to say that you believe that this is one of the impediments that might be stopping that kind of business?

Mr. MANN. I do not think, at this very moment and for the last several months, that we have lost any sales because of that. I think that the problem will present itself in the future and that we ought to be in a totally competitive position.

Mr. REDLIN. Thank you.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. The evidence before us the last 2 or 3 days has been to the effect that it is necessary that we have a reserve supply of grains, including rice. Do you agree with that policy?

Mr. MANN. Well, I certainly would agree that we ought to have a reserve supply. I would not want to indicate that I have any good idea about what the size of that reserve should be or what our domestic agricultural policy should be.

I think it falls more within Mr. Freeman's field than it does ours. But with that qualification, I would agree with what you just said.

Mr. GATHINGS. If it is ascertained that we would probably need 9 million extra metric tons of rice, do you think that would be about right or is the figure a little short?

Mr. MANN. I can supply that for the record, that information. It is not within my knowledge at this moment.

Mr. GATHINGS. I wish that you would, please.

(The information follows:)

RESERVE LEVELS FOR RICE

Mr. Gathings has asked for the Department's views on the level of reserve requirements for rice. An official determination or announcement of desired reserve levels has not been made by the Secretary of Agriculture at this time.

The National Agricultural Advisory Commission's report of October 7, 1964, recommended a reserve level of 9 million hundredweight.

Conclusion: The Department has no further information to add.

The CHAIRMAN. Let me ask one further question about sales to foreign countries. My recollection is that during the time of Mr. Dulles, when he was Secretary of State, he and the administration then in office made a finding to the effect that Poland was not a Communist-dominated country. If that is true—I was told that—why can we not sell some American tobacco to Poland? They want to buy our American tobacco, and we have not been able to sell it. I understand

that they will buy it and pay for it with dollars if we give them some fair interest rates and payment rates. These tobacco people down home are trying to sell the surplus tobacco that we have, and I cannot, for the life of me, understand why we cannot sell some of it to Poland. They cannot shoot it back at us. They want it.

Mr. MANN. Mr. Chairman, I know of no foreign policy reason why we should not sell, for dollars on commercial terms, tobacco to Poland.

I do not know whether there is some legal problem under the Export Control Act or some other act. I would like to look into this and to talk with our lawyers about it. I am just not familiar with it.

The CHAIRMAN. And the finding that Poland is not dominated by the Communist bloc. It seems to me that if that is the finding, that we could move forward in our national trade with them.

Mr. MANN. I certainly am under no illusion about whether Poland is a Communist country today or whether it is dominated by the Communist Party. I think there is no doubt about that.

The CHAIRMAN. You say that it is?

Mr. MANN. I have not heard the opinion expressed that the Polish Government is not a Communist Government. I think the legal problem probably resides in some other technical phase of some law, and I am not really familiar with that.

The CHAIRMAN. Of course, what they would try to do, would be to mention the Battle Act, and all of that. I have not had much experience with Poland, but I do know, and I believe that it is correct, that agriculture is free to come in. We have not been able to make much headway in the Department as to Poland.

Mr. MANN. I can get together with our lawyers and go back over these various laws and give you an opinion on this.

The CHAIRMAN. All right; will you do so? Thank you.

(The information requested follows:)

SALE OF TOBACCO TO POLAND

Chairman Cooley has asked if there is any legal impediment to sale of U.S. surplus tobacco to Poland.

As shown by the following table, Poland has purchased substantial quantities of such tobacco.

U.S. exports of tobacco to Poland, 1961-65

	1961	1962	1963	1964	January- November 1965
Unmanufactured tobacco.....	\$284, 538	0	\$2, 599, 361	\$2, 635, 721	
Tobacco manufactures.....	393, 955	\$346, 143	575, 912	469, 780	\$612, 077

CONCLUSION

Review of the applicable legislation indicates that there is no legal impediment to dollar sales of surplus tobacco to Poland.

ANALYSIS

Subject: Sale of tobacco to Poland.

The legislative provisions applicable to export sales of tobacco to Poland are the Export Control Act, Public Law 480, the Battle Act, and the organic authority of the Commodity Credit Corporation.

Export Control Act

Poland is in country group W for purposes of the regulations issued by the Department of Commerce under the Export Control Act of 1949, as amended. Tobacco and tobacco products do not require a validated export license in order to be exported to any country in group W.

This means that there is a general license for such exports, and that there is no legal impediment to regular commercial sales for dollars. There is no special requirement for carriage of surplus tobacco to Poland in U.S.-flag vessels, as there is for wheat and certain other grains in the case of the U.S.S.R. and the other East European Communist countries.

Public Law 480

Section 107 of Public Law 480 was amended by Public Law 88-638, approved October 8, 1964 (78 Stat. 1035) to exclude from those countries which were "friendly" (i.e., eligible) for title I foreign currency sales "any nation or area dominated or controlled by a Communist government." There has never been any question that Poland is controlled by a Communist government. Consequently, Poland after October 8, 1964, has not been eligible for foreign currency purchases of U.S. surplus tobacco under title I of Public Law 480.

Prior to the 1964 amendment, Poland had been eligible for such purchases on the basis of a determination that Poland was not "dominated or controlled by the foreign government or foreign organization controlling the world Communist movement" (clause (2) of section 107). This determination was originally made by Secretary of State Dulles in 1956 and was confirmed by Secretary of State Rusk in 1961.

The Battle Act

The 1964 amendment to Public Law 480 did not by its terms exclude Poland from eligibility to make purchases under title IV of Public Law 480 on the basis of long-term dollar repayable credit, and Poland was in fact a "friendly nation" for purpose of that title by reason of the determinations made by Secretaries Dulles and Rusk.

Such long-term public credits, however, would constitute "financial assistance" to Poland, which is precluded by the Mutual Defense Assistance Control Act of 1951, as amended (the Battle Act).

Section 107 of Public Law 480, as amended in 1964, further provides as follows: "Notwithstanding any other act [including the Battle Act], the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV * * *. In the case of any such agreement which would be prohibited by any other act but for the foregoing sentence the maximum payment period shall be 5 years, instead of 20 years."

Under the quoted provision, the Battle Act would not be an obstacle to dollar sales of surplus tobacco to Poland under title IV of Public Law 480 on credit terms more favorable than commercial credits, but not to exceed 5 years. Cargo preference requirements, of course, would apply to any sale on terms constituting assistance.

Poland has not requested any purchases under title IV of Public Law 480.

CCC export program

There is nothing in the organic export sales authority of the Commodity Credit Corporation (7 U.S.C. 1427; 15 U.S.C. 714c) which would prevent financing of dollar sales of surplus tobacco to Poland on terms consistent with the Battle Act. Such terms would be those commonly encountered in commercial transactions.

The Government of Poland, however, has large amounts of dollar obligations coming due in the near future, and cash sales are thus not likely. Under regulations issued by the Department of Agriculture on February 15, 1966, sales of surplus tobacco to Poland for dollars would be possible on up to a 3-year credit when guaranteed by a foreign bank acceptable to CCC.

The CHAIRMAN. If there are no further questions by the members, I would like to recognize Mr. Heimbürger, our counsel.

Mr. HEIMBURGER. Thank you, Mr. Chairman.

I have been waiting for 3 days now for some spokesman for the administration to discuss an area of this program which seems important to me. This is in the area of the use of foreign currency which remains in the hands of the recipient country.

I realize that the questions probably should have been asked of Mr. Bell or Mr. Freeman, but neither of them talked about it, and you are the one who is here today.

The ordinary procedure in the making of a title I foreign currency sale to these countries is to reserve a substantial part of the local currency which is paid for the U.S. commodity for the use of the foreign government as economic development loans.

Just let me give you three recent examples. I went and pulled these out of my files.

In a recent agreement with the Sudan for \$5¼ million under title I, 20 percent of the currency received is to be used for our own U.S. uses, 5 percent is to be used for Cooley loans, 75 percent for economic development loans, for that purpose.

Last February, we received notice of an agreement with Guinea for \$3½ million, and 24 percent is for U.S. uses, 10 percent is for Cooley loans, and 56 percent is for loans for economic development.

And, a further example, a recent agreement with Ceylon for \$7 million; 20 percent for United States uses, 10 percent for Colony loans, and 70 percent for loans for economic development.

During the course of the operation of Public Law 480, we have worked with the administration, the executive agencies of the Government very closely, and I would say that our system of reporting and consulting has developed very well and completely adequately in most areas. We get a report periodically from the Treasury as to what disposition has been of the funds set aside for U.S. uses. We get a report every month, I think, from AID which handles the Cooley loans as to what has been done with those.

Our information with respect to what happens with respect to these economic development loans is practically zero, and we have never been able to develop a reporting system on a routine basis which would inform this committee and, therefore, the Congress, of what disposition is made of these funds of rather substantial local currencies which are used for economic development loans.

This is all relevant to my question.

How much of these local currencies, set aside for economic development loans in the countries, are still on hand and unused, and are we to have a new policy with respect to these loans?

Are these loans now to be made, primarily if not directly, for the development of agricultural production and distribution and, possibly, for population and birth control in these countries that we are trying to help?

Is there to be a new policy with respect to the use of local currencies, that is, the loan of the currencies within the country itself?

And what does the administration propose to do about it?

Mr. MANN. I think that there is to be a new emphasis on increasing production of food, and it would automatically follow from that that all of the resources that we had, including the local currencies, those accumulations under Public Law 480, would be used in that effort, and under that priority.

Mr. HEIMBURGER. Is there anything in the new legislation which says this?

Mr. MANN. Yes; I think so. I think the concept of economic development is in the new legislation. The concept of a higher priority for food production is there.

The bill before the committee makes particular reference to, and I quote, "particular emphasis on assistance to those countries determined to improve their own agricultural production."

Mr. HEIMBURGER. This is a laudable purpose. Would this be retroactive to the funds which have already been accumulated under previous title I agreements for so-called economic self-help programs?

Mr. MANN. We are talking about something which is within Mr. Bell's province, as you know.

Mr. HEIMBURGER. I apologized for that when I started. I realized that.

Mr. MANN. I have some hesitation about making commitments about programs which he administers, but I have talked with him enough to know that there is no one more convinced than Mr. Bell about the importance of utilizing all of the resources we have to increase food production. I am certain that this would include research in terms of local currencies which have been generated in the past under Public Law 480.

Mr. HEIMBURGER. Do you not anticipate, in carrying out the objectives of our food-aid program that there might be more agreement in advance of the sale of the commodities for foreign currencies as to the use of the foreign currencies which are retained by the local countries than there has been in the past?

Mr. MANN. I think that is a very sensible thing.

Mr. HEIMBURGER. This has been done heretofore on very general terms.

Mr. MANN. I think that is a very sensible statement. I will certainly tell Mr. Bell about your suggestion.

Mr. HEIMBURGER. I will carry on some conversations with him about additional reporting on the subjects.

I have one more question I would like to ask. This bothers me a little bit.

This committee has always been in favor of giving attention to the proposition that the United States get the greatest return possible from the sale of our agricultural products abroad, and I am sure that you favor that.

The proposed transition of title I sales to dollar sales, either on long-term or short-term credit or for cash, is one that the committee favors, I am sure, but will this not in many instances deprive us of local currency funds which might be used for building port facilities, for improving transportation, agricultural irrigation, and so on?

How will the dollar sales operate and be used to finance these sorts of undertaking in the recipient countries?

Mr. MANN. I think that there is some qualification in the draft bill here as to this thing that you are talking about. In certain circumstances, we could continue to sell—in certain limited circumstances—for local currencies. I think the problem on the local currency is that we have used it pretty well in most countries.

Mr. HEIMBURGER. I think so, too.

Mr. MANN. In a few countries, perhaps five or six, certainly including India and Pakistan, as examples, where we have had very large Public Law 480 programs, we simply have not been able to use all of the local currencies without disrupting the economy—without inflating the economy.

Mr. HEIMBURGER. We are talking about two different things now. The excess currencies, so-called, are those which are reserved to the United States and which are excess to our immediate needs. What I was primarily interested in at this point were the currencies under Public Law 480 to be returned to the recipient governments for use as economic development loans. This is the area in which we have very little information, and which I think does concern the committee. Are we going to make better use of these economic loans?

Mr. MANN. I am sure that we will make the best possible use that we can.

Mr. HEIMBURGER. Will you sort of pass on to Mr. Bell the fact that we would like to have some further information on that?

Mr. MANN. I will; certainly. I will do that.

(The information requested follows:)

USE OF LOCAL CURRENCY LOANS UNDER SECTION 104(g) PUBLIC LAW 480

From 1954 when Public Law 480 was approved through December 31, 1965, local currencies generated by the sale of surplus agricultural commodities under title I were loaned to 36 countries in an amount equivalent to \$3,130.4 million.

The attached table shows the allocation of these currencies for various uses.

Also attached are descriptions of illustrative projects using local currencies from 104(g) loans in—

India	United Arab Republic	Guinea
Iran	Bolivia	Morocco
Israel	Peru	Tunisia
Pakistan	Congo (Léopoldville)	Philippines

A limited use for country purposes has been made of interest payments and loan repayments during this 1954-65 period. These uses were:

	<i>Million</i>
1. Israel: Loans of local currency repayable in dollars:	
(a) Weizmann Institute (Israel pounds)-----	\$54.0
(b) Tel Aviv University-----	5.0
(c) Technion University-----	4.0
(d) Hebrew University-----	1.5
(e) Industrial Development Bank (50 percent repayable in dollars, 50 percent in local currency)-----	22.0
2. Pakistan: Grant to Indus Basin development-----	¹ 30.7
3. Yugoslavia: Skopje earthquake relief-----	¹ 18.6

¹ Allocation.

Near East and south Asia, United Arab Republic—Illustrative country use, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked under 104(g) as of June 30, 1965-----	\$450,400,000
Cumulative total obligations as of June 30, 1965-----	419,600,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Cairo west power station: Site preparation, access roads, administrative expenses, foundation piling and similar local costs. This power station, when completed, will provide electric power for the Cairo system-----	\$9,660,000	0
Delta power grid: The delta power grid will link existing and planned generating stations in a national power network. Local currency costs include local labor, preparation of transmission pylon sites, access roads, and local engineering services-----	15,511,000	0
Development projects: Assistance to United Arab Republic Government development projects such as construction and repair of roads; improvement of internal waterways; increasing of potable water supply; assistance to higher education; establishing and equipping hospitals and rural health units (central to a proposed family planning program); expanding telecommunications facilities; improvement of railways; and reclamation, irrigation, and drainage of desert land-----	384,100,000	\$103,500,000
Total illustrative-----	409,271,000	103,500,000

Latin America, Bolivia—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$16,000,000
 Cumulative total obligations as of June 30, 1965..... 8,000,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Railway rehabilitation: For a loan to the railways for a layoff program of excess workers as part of a comprehensive rehabilitation program.....	\$350,000	\$350,000
Alcoche-Tipuani penetration road: To loan the equivalent of \$200,000 to the GOB to finance a portion of the local costs of building a 68-kilometer access road between Alcoche, Guanay, and Tipuani which is designed to open up this rich gold mining and farming area.....	200,000	200,000
Rural development: For working capital and equipment loan to the wool cooperative.....	500,000	500,000
Industrial development: For loans to handicraft producer cooperatives.....	50,000	50,000
Total illustrative.....	1,100,000	1,100,000

Near East and south Asia, Pakistan—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$223,000,000
 Cumulative total obligations as of June 30, 1965..... 216,800,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Coastal embankments, east Pakistan: To assist in meeting the costs of construction, repair, and/or strengthening of an estimated 3,300 miles of earth embankments along the coastal areas of east Pakistan. This project is providing protection against tidal salt water intrusion and seasonal monsoon flooding to an estimated 3,460,000 acres of fertile land in east Pakistan.....	(1)	\$10,504,000
Inland Water Transportation Authority (IWTA), east Pakistan: To assist the IWTA to carry out a broad program for improvement of waterways and navigable channels, and for development of inland ports in east Pakistan.....	(1)	1,954,000
Salinity control and reclamation project (SCARP) II: To assist the Government of Pakistan in the construction of 2,370 tubewells and 450 miles of drainage canals in the SCARP II area in order to help alleviate waterlogging and salinity problems there.....	(1)	5,252,000
Distribution of power, west Pakistan: To provide for renovation of the existing power distribution system in west Pakistan to permit absorption of additional power capacity, both in the grid zone and in isolated power stations.....	(1)	4,265,000
Secondary transmission, west Pakistan: To assist in meeting local currency costs of installation of 3,000 miles of electric power transmission lines and the construction of 59 grid stations. Under this project a number of towns and villages having potential for industrial and agricultural development will be provided with the power required for such growth.....	(1)	2,101,000
Total illustrative.....	(1)	24,076,000

¹ Cumulative figures are not available by project. Prior to June 30, 1964, AID made allocations to Pakistan WAPDA without project designation.

Africa-Congo (Léopoldville)—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$9,500,000
 Cumulative total obligations as of Nov. 30, 1965..... 4,700,000

Project description	Cumulative obligations, Nov. 30, 1965	Fiscal year 1965 obligations
National Pedagogic Institute: Construction of a dormitory, kitchen, and dining room facilities for 400 students.....	\$466,000	0
Civil Aviation Institute: Construction of classrooms, laboratory building, and administration building as 1st phase of project.....	500,000	0
Integrated rural development Kivu: Assistance to the rural population to reconstruct 10 nurseries, repair access roads to tea plantations, improve pasturelands, develop sheep breeding, reopen forestry center, and develop multiplication of improved seeds.....	47,000	0
Ports and waterways improvements: Installation of a toll system to provide revenue which will allow continuation of service without need for future assistance; repair and maintenance of 35 ferries and 11 tugboats.....	800,000	0
Repair of bridges and roads: Repair of bridges and resurfacing 2,375 miles of roads.....	2,079,000	0
Total illustrative.....	3,892,000	0

Latin America, Peru—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$18,200,000
 Cumulative total obligations as of June 30, 1965..... 14,300,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
National Agricultural University: This loan is a portion of AID loan assistance to the University's \$8,000,000 construction program being financed jointly by the GOP, AID, and Inter-American Bank.....	\$1,209,000	\$1,000,000
Community development projects: Funds for the construction of 5 village water systems; a sewage and drainage system in Chimbote; and to purchase 90,000 watermeters to be installed in 12 cities.....	604,000	0
Road construction: Funds for construction of the 106-mile Panamericana-Temblondera Road, and the 74-mile Tarapoto-Junajoi Pioneer Road.....	3,474,000	2,000,000
Total illustrative.....	5,287,000	3,000,000

Near East-south Asia, India—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965, \$1,253,500,000.
Cumulative total obligations as of June 30, 1965, \$998,200,000.

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Rihand Valley development: To increase the electrical generating capability of the State of Uttar Pradesh by 250 megawatts, to assist in supplying irrigation water for approximately 500,000 acres of land, and to furnish a measure of flood control in the area downstream of the Rihand Dam.....	\$20,365,000	\$7,511,000
River valley development: For the construction of the river valley development projects designed to provide irrigation water supplies, control floods, generate hydroelectric power, and serve other useful purposes.....	530,205,000	79,726,000
Sabariciri hydroelectric project: To increase the electric generating capability of the State of Keria and the southern region, to provide for the installation of 6 50-megawatt hydroelectric generating units, with associated transmission lines.....	42,009,000	42,009,000
Ramagundum power: To increase the electrical generating capability of the State of Andra Pradesh and particularly the installation section of the state by addition of 62.5-megawatt thermal electric generating facilities.....	8,447,000	8,448,000
Delhi powerplant: To increase the electric generating capability of the union territory of Delhi for the installation by 1966-67 of 3 units of 62.5 megawatts each, and the associated auxiliary equipment and transmission lines required to support the project.....	18,950,000	18,950,000
Satpura powerplant: To increase the electric generating capability of the State of Madhya Pradesh and the western region by providing financial assistance for the installation by 1966-67 of 5 units of 62.5 megawatts at at Satpura.....	25,011,000	25,011,000
Total illustrative.....	644,988,000	181,655,000

Near East and south Asia, Iran—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$29,500,000
Cumulative total obligations as of June 30, 1965..... 18,700,000

Project description	Fiscal year 1966 obligations, Mar. 1, 1966	Fiscal year 1965 obligations
Construction major and feeder roads: To finance a portion of the local costs of construction and improvement of 1,050 miles of highways and 1,125 miles of feeder roads, IBRD is financing foreign exchange costs through 2 loans totaling \$40,500,000.....	\$13,000,000	0

Near East and south Asia, Israel—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked under 104(g) as of June 30, 1965.....	\$162,500,000
Cumulative total obligations as of June 30, 1965:	
From sales proceeds.....	104,400,000
From loan repayments.....	20,400,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Drainage and irrigation: Funds for drainage systems, irrigation, and development of new water sources.....	\$5,600,000	\$4,000,000
Copper and phosphate production: To finance development of copper and phosphate production and research.....	2,000,000	0
Development of telephone services: To construct buildings for telephone exchanges, purchase equipment and increase number of telephone lines.....	15,300,000	8,400,000
Total illustrative.....	22,900,000	12,400,000

Africa, Guinea—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalent]

Currencies earmarked for loans under 104(g) as of June 30, 1965.....	\$14,300,000
Cumulative total obligations as of June 30, 1965.....	0

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Boke region developments for bauxite mines: USAID is currently negotiating an agreement for \$250,000 (equivalent local currency) for costs of engineering services for the design of railroad, access channel, port facilities, and townsite. When project advances to construction stage, USAID expects to approve use of \$10,000,000 104(g) local currencies.....	0	0

Africa, Morocco—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked under 104(g) as of June 30, 1965..... \$13,300,000
Cumulative total obligations as of June 30, 1965..... 13,300,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Primary and secondary education: Provides for construction, equipment, and furnishing of 6 additional classrooms for teacher training schools, approximately 500 primary school classrooms, and 300 related teachers' lodgings, and 70 secondary school classrooms with related teachers' lodgings and student dormitories. This construction accommodated increased attendance of about 30,000 children in primary schools and 7,000 in secondary schools.....	\$2,750,000	\$2,750,000
Soil conservation: Finances various soil conservation activities affecting about 16,000 acres and including the planting of 1,400,000 forest trees and 200,000 olive, fruit, and nut trees.....	840,000	840,000
Reforestation: Finances the production of 2,700,000 tree seedlings (pine and eucalyptus) and tree planting on about 7,000 acres of land. Also included were the opening of 110 miles of forest trails and the improvement of an additional 75 miles of trails.....	840,000	840,000
Dryland farming: Provides budget support for the National Office of Rural Modernization (ONMR) in carrying out its program for agricultural development in Morocco's dryland farming areas. Activities included the expansion of the ONMR network of agricultural work centers, purchase of agricultural machinery and equipment, and participation with local communities in developmental projects for pasture improvement, stock watering points, rural market places, and market access trails.....	2,420,000	2,420,000
Improvement of road system: Provides budget support for the Ministry of Public Works in its continuing program for the expansion and improvement of Morocco's road network.....	4,000,000	4,000,000
Low-cost housing: Finances construction of 1,400 dwelling units for low cost rental and site preparation of 620 additional lots for sale for private construction in Morocco's principal urban centers. This new construction provided improved accommodations for some 7,000 persons and facilitated private construction accommodating over 3,000 additional persons.....	2,490,000	2,490,00
Total illustrative.....	13,340,000	13,340,000

Africa, Tunisia—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$22,400,000
Cumulative total obligations as of June 30, 1965..... 13,700,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
National agricultural bank: To establish an agricultural revolving fund for medium and short-term loans to farmers and cooperatives.....	\$3,212,000	0
Deviation of Gabes River: To finance a contract with a local contractor to divert the Gabes River to prevent the recurrent flooding of the town of Gabes.....	1,344,000	0
Soil conservation and water program: To finance the cost of a nationwide soil conservation program including the construction of water retention structures and land treatment measures. Activity has centered on the Oued Marquellil watershed area where these funds have supported and complemented AID's technical assistance.....	4,355,000	0
El Aouina Airport: To finance the local currency costs of construction for a jet runway and adjoining parking aprons and taxiways.....	1,901,000	\$1,901,000
Total illustrative.....	10,812,000	1,901,000

Far East, Philippines—Illustrative country uses, title I sales proceeds loaned under 104(g)

[Dollar equivalents]

Currencies earmarked for loans under 104(g) as of June 30, 1965..... \$10,900,000
 Cumulative total obligations as of June 30, 1965..... 6,700,000

Project description	Cumulative obligations, June 30, 1965	Fiscal year 1965 obligations
Economic Development Bank: To provide the Development Bank of the Philippines with capital to extend small agricultural loans, under the supervised credit plan of the bank, for increasing agriculture production, minimizing factors that cause crop failure, and financing tested farm management practices.....	\$3,547,000	0
Economic Development Foundation: To be used as an endowment fund to sustain the basic operating requirements of the Economic Development Foundation, a private foundation established for the purpose of expanding and improving private enterprise in the Philippines.....	762,000	\$762,000
Rural electrification: To help purchase local materials and commodities, and other local expenses including labor costs for the installation of generators and the construction of necessary distribution systems to bring electric power to over 217 municipalities in rural areas of the country which presently lack access to any source of electric power supply.....	1,282,000	1,282,000
University of Philippines construction: To help improve faculty housing and physical plant of the University of the Philippines including the construction of maintenance shops, office buildings, and other university structures.....	762,000	762,000
Total illustrative.....	6,352,000	2,805,000

Loan for economic development to foreign governments under sec. 104(g) disbursed by field of activity

[Million-dollar equivalent]

Field of activity:	Cumulative through June 30, 1965
Food and agriculture.....	318.2
Industry and mining.....	1,614.2
Transportation.....	236.5
Health and sanitation.....	39.2
Education.....	41.5
Public administration.....	3.3
Community development.....	26.3
General and miscellaneous.....	851.3
Total, all fields.....	3,130.4

NOTE.—Total all fields, fiscal year 1965, \$580.3.

Loans for economic development to foreign governments under sec. 104(g) disbursed by field of activity

[In million dollar equivalents]

Area and country	July 1, 1964— June 30, 1965, all fields	Cumulative through June 30, 1965								
		All fields	Food and agricul- ture	Industry and mining	Trans- porta- tion	Health and sanita- tion	Educa- tion	Public admin- istra- tion	Com- munity develop- ment	General and miscel- laneous
Total, all regions	580.3	3,130.4	318.2	1,614.2	236.5	39.2	41.5	3.3	26.3	851.3
Near East and south Asia	445.9	2,029.6	79.2	1,088.8	80.6	32.5	3.3	3.1	9.4	732.8
Ceylon	(1)	4.9	3.4	.5	.5	(1)				.5
Cyprus		(1)	(1)							
Greece	236.4	49.4	6.0	10.3	19.4		.3		2.0	11.6
India	—	1,000.0	9.3	840.0						150.7
Iran	32.4	18.6	2.1	1.4	11.0				4.1	
Israel	29.1	167.5	36.6	91.1	6.7	4.6	1.7	3.1		23.7
Pakistan	4.9	218.1	15.6	111.7	40.4	26.3	1.3		3.3	20.8
Syrian Arab Republic	28.9	7.0	(1)		1.8					3.9
Turkey	114.6	144.8	6.2	11.4	.8	1.6				124.7
United Arab Republic		419.3		22.4						396.9
Latin America	40.9	302.7	55.8	121.1	58.1	3.9	9.0	.2	7.8	46.9
Argentina	.1	9.8								9.8
Bolivia	.6	7.8	2.0	5.6						.1
Brazil	37.1	164.3	7.6	104.6	33.0		8.9		3.0	7.3
Chile	.7	41.5	16.0	1.9	17.4	2.3			3.8	.1
Colombia		29.4								
Ecuador	.1	6.8	3.8	1.6	1.0	.2	.1		(1)	29.4
Mexico	.1	10.8	10.3			.4				.1
Paraguay	.1	4.4	1.1		2.8	.4		.2		.1
Peru	1.8	15.4	12.7	.2	1.2	.3			1.0	
Uruguay	.3	12.5	2.3	7.3	2.7	.3				

Far East.....	9.1	169.1	49.3	95.2	14.5	2.0	-----	-----	8.3
Burma.....	(1)	8.4	5.9	.5	3.2	2.0	-----	-----	6.5
China, Republic of.....	6.7	18.9	5.4	3.8	-----	-----	-----	-----	.1
Indonesia.....	.2	27.4	2.0	14.2	11.3	-----	-----	-----	1.7
Japan.....	-----	105.5	28.8	76.7	-----	-----	-----	-----	-----
Philippines.....	2.2	7.2	7.2	-----	-----	-----	-----	-----	-----
Thailand.....	-----	1.7	-----	-----	-----	-----	-----	-----	-----
Africa.....	15.0	27.1	15.5	.3	4.6	-----	2.7	3.9	-----
Ivory Coast.....	1	.1	.1	-----	-----	-----	-----	-----	-----
Morocco.....	13.3	13.3	4.1	-----	4.0	-----	2.7	2.5	-----
Tunisia.....	1.6	13.7	11.3	.3	.6	-----	(1)	1.4	-----
Europe.....	69.4	601.9	118.4	308.8	78.7	.8	26.5	5.2	63.3
Austria.....	-----	25.5	-----	25.5	-----	-----	-----	-----	-----
Finland.....	-----	18.7	-----	18.7	-----	-----	-----	-----	5
Iceland.....	.5	10.5	.4	9.5	-----	-----	-----	-----	62.8
Italy.....	-----	92.5	16.0	-----	-----	-----	13.7	-----	-----
Portugal.....	-----	3.4	-----	3.4	-----	-----	-----	-----	-----
Spain.....	11.8	199.2	72.5	89.9	34.4	-----	2.4	-----	-----
Yugoslavia.....	57.1	252.1	29.5	161.8	44.3	.8	10.4	5.2	-----

¹ Less than the equivalent of \$50,000.

The CHAIRMAN. Are there any further questions?

If not, the committee stands in recess until 10 a.m., Monday morning.

(Whereupon, at 12 noon, a recess was taken until 10 a.m., Monday, February 28, 1966.)

C

WORLD WAR ON HUNGER

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 12152, H.R. 12784, and H.R. 12785

FEBRUARY 28, MARCH 1, 2, 9, 10, AND 22, 1966

Serial W

PART 3

Printed for the use of the Committee on Agriculture



COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
WATKINS M. ABBITT, Virginia
PAUL C. JONES, Missouri
HARLAN HAGEN, California
FRANK A. STUBBLEFIELD, Kentucky
GRAHAM PURCELL, Texas
JAMES H. MORRISON, Louisiana
ALEC G. OLSON, Minnesota
SPARK M. MATSUNAGA, Hawaii
MASTON O'NEAL, Georgia
THOMAS S. FOLEY, Washington
JOSEPH Y. RESNICK, New York
LYNN E. STALBAUM, Wisconsin
ELIGIO DE LA GARZA, Texas
JOSEPH P. VIGORITO, Pennsylvania
JOHN C. MACKIE, Michigan
ROLLAND REDLIN, North Dakota
BERT BANDSTRA, Iowa
STANLEY L. GREIGG, Iowa
CLAIR A. CALLAN, Nebraska

PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
MRS. CATHERINE MAY, Washington
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
LAURENCE J. BURTON, Utah
PRENTISS WALKER, Mississippi
GEORGE V. HANSEN, Idaho

RESIDENT COMMISSIONER

SANTIAGO POLANCO-ABREU, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*

HYDE H. MURRAY, *Assistant Clerk*

JOHN J. HEIMBURGER, *General Counsel*

FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

Statement of—	Page
Blackmon, Larry, president, National Association of Homebuilders..	530
Buffington, A. L., general manager, Diamond Walnut Growers, Inc..	692
Burns, C. E. S., Jr., president, American Factors Associates, Ltd....	560
California Farmer-Consumer Information Committee.....	678
California Prune Advisory Board.....	689
Campbell, Wallace J., president, Foundation for Cooperative Housing..	349
Carpenter, L. C., vice president, Midcontinent Farmers Association..	335
Carter, L. C., president, Rice Council for Market Development.....	485
Chamber of Commerce of the United States.....	689
Confer, Bernard A., executive secretary, Lutheran World Relief, Inc..	594
Danielian, N. R., president, International Economic Policy Association.....	636
Dean, R. Hal, president, Ralston Purina Co.....	564
Devine, Fred W., deputy executive director, Cooperative for American Relief Everywhere, Inc. (CARE).....	605
Ellsworth, Hon. Robert F., a Representative in Congress from the State of Kansas.....	483
Evans, E. Hervey, Jr., president, Cotton Council International.....	498
Farbstein, Hon. Leonard, a Representative in Congress from the State of New York.....	548
Feller, E. Lee, president, Alliance & Fellman Associates, Inc.....	455
Fischer, R. W., president, Soypro International, Inc.....	698
Hampton, Robert N., director of marketing services, National Council of Farmer Cooperatives.....	694
Hardy, Howard W., president, Great Plains Wheat, Inc.....	507
Hicks, W. B., Jr., executive secretary, Liberty Lobby.....	692
Hope, Hon. Clifford R., Garden City, Kans.....	478
Jackson, Robert C., executive vice president, American Textile Manufacturers Institute, Inc.....	600
Johnson, Reuben L., director of legislative services, National Farmers Union.....	331
Jones, Robert Edwards, representing the Unitarian Universalist Association, Department of Social Responsibility.....	701
Keyserling, Leon H., consulting economist and attorney, president, Conference on Economic Progress.....	363
Langen, Hon. Odin, a Representative in Congress from the State of Minnesota.....	513
Lee, John F., president, International Development Services, Inc....	647
Lodwick, Seeley G., representing American Soybean Association and the Soybean Council of America.....	486
Lodwick, William G., Millers' National Federation.....	505
MacCracken, James, executive director of Church World Service in the Division of Overseas Ministries, National Council of Churches of Christ in the United States of America.....	577
Martin, Robert L., chairman, Board of Trade of the City of Chicago..	687
Mast, C. L., Jr., president, Millers' National Federation.....	505
McCann, Mrs. Dorothy L., Dairy Society International.....	502
McCanna, Henry, director, Commission on the Church in Town and Country, Division of Christian Life and Mission of the National Council of Churches of Christ in the United States of America....	540
McCarthy, Rt. Rev. Msgr. John F., assistant executive director, Catholic Relief Services-National Catholic Welfare Conference....	533
Minor, Robert L., Tobacco Associates, Inc.....	484

Statement of—Continued	Page
Moomaw, I. W., representing Agricultural Missions, Inc.....	611
National Dry Bean Council.....	686
National Grain Trade Council.....	448
Neufeld, Ben, national vice chairman, American Veterans Committee, Inc.....	653
Newsom, Herschel D., master, National Grange.....	551
Norton, Michael J., director, Special Services Division, National Milk Producers Federation.....	441
Parker, Joseph O., chairman, International Trade Development Board and counsel, Institute of American Poultry Industries.....	499
Randall, Mrs. Darrell D., representing the Division of Peace and World Order, General Board of Christian Social Concerns of the Methodist Church.....	587
Reed, Otie M., director, National Creameries Association.....	697
Rice, Sam L., Jr., president, the Rice Grain Co., and president, Grain & Feed Dealers National Association.....	537
Rogers, Clyde N., member of the staff of the Town and Country Department, the Ohio Council of Churches.....	543
Sabin, Samuel H., U.S. Feed Grains Council.....	484
Scull, David H., chairman, Overseas Committee of Community Service, Inc.....	664
Searles, Robert L., chairman, National Grain Trade Council.....	446
Shriver, Hon. Garner E., a Representative in Congress from the State of Kansas.....	546
Sisk, Hon. B. F., a Representative in Congress from the State of California.....	439
Shuman, Charles B., president, American Farm Bureau Federation....	307
Todd, Hon. Paul H., Jr., a Representative in Congress from the State of Michigan.....	431
Tom, C. Allen, president, National Association of Wheat Growers....	436
Townsend, Dwight D., director, Washington office of the Cooperative League of the U.S.A.....	616
Udall, Hon. Morris K., a Representative in Congress from the State of Arizona.....	435
Vizzard, Rev. James L., S.J., director, Washington office, National Catholic Rural Life Conference.....	620
Weiner, Leon, representing the National Association of Home Builders.....	529
White, Nelson C., president, International Minerals & Chemical Corp.....	627
Wilson, E. Raymond, Friends Committee on National Legislation....	523
Correspondence submitted to the committee:	
Blackmon, Larry, president, National Association of Home Builders, letter of March 15, 1966.....	532
DeVany, Philip M., Washington representative, Michigan Bean Shippers Association, letter of March 15, 1966.....	686
Downing, Thomas N., a Representative in Congress from the State of Virginia, letter of March 29, 1966.....	662
Eggert, J. E., Kenya, East Africa, letter of February 16, 1966.....	662
Gaines, J. P., executive vice president, the Rice Millers' Association, letter of March 23, 1966.....	668
Hanna, Hon. Richard T., a Representative in Congress from the State of California, letter of February 16, 1966.....	656
Hoard, W. R., manager, advertising and promotion, Cling Peach Advisory Board, letter of February 25, 1966.....	482
Keith, Hon. Hastings, a Representative in Congress from the State of Massachusetts, letter of March 14, 1966.....	660
Mackie, Hon. John C., a Representative in Congress from the State of Michigan, letter of March 1, 1966.....	662
Mattison, Berwyn F., M.D., executive director, the American Public Health Association, Inc., letter of March 10, 1966.....	665
McDonald, Grace, executive secretary, California Farmer-Consumer Information Committee, letter of February 10, 1966.....	678

Correspondence submitted to the committee—Continued

Rumler, Robert H., executive secretary, Holstein-Friesian Association of America, letter of March 7, 1966-----	Page 663
Seull, David H., chairman, Overseas Committee of Community Service, Inc., letter of March 8, 1966-----	664
Snidow, B. C., American Hereford Association, letter of February 24, 1966-----	483
Staley, Oren Lee, president, National Farmers Organization, telegram of March 10, 1966-----	668
Stallcop, Pete, executive vice president, Northwest County Elevator Association, letter of February 28, 1966-----	663
Taft, Charles P., chairman, Advisory Committee on Voluntary Foreign Aid, letter of March 25, 1966-----	670
Thorpe, A. E., executive vice president, Dried Fruit Association of California, letter of February 28, 1966-----	482
Additional information submitted to the committee:	
Food for Peace and the voluntary agencies report of task force to the Advisory Committee on Voluntary Foreign Aid-----	670
New View on Farm Surplus, article from the Kansas City Star, February 22, 1966-----	339
Nutritive Value of Food Distributed Abroad—1965, resolution adopted by the governing council of the American Public Health Association-----	667
Policy statements of the American Public Health Association, Inc.:	
The Population Problem, adopted October 21, 1959-----	666
Population, adopted October 4, 1964-----	667

WORLD WAR ON HUNGER

MONDAY, FEBRUARY 28, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (presiding).

Present: Representatives Poage (presiding), Gathings, Abernethy, Stubblefield, Purcell, Olson, Matsunaga, O'Neal, Stalbaum, Vigorito, Redlin, Greigg, Teague of California, Quie, Mrs. May, Harvey of Indiana, Dole, Walker of Mississippi, Hansen of Idaho, and Resident Commissioner Polanco-Abreu.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, general counsel; and Francis LeMay, consultant.

Mr. POAGE. The committee will please come to order.

We are resuming the hearings on the world hunger problem or the food-for-freedom program.

Our next witness is Mr. Charles Shuman, president of the American Farm Bureau Federation. Mr. Shuman is here. We appreciate your being here on time, as you always are, Mr. Shuman. We appreciate your presence and we will be delighted to hear from you at this time.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR, HERB HARRIS, LEGISLATIVE COUNSEL; AND MARVIN McLAIN, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. SHUMAN. Mr. Chairman and members of the committee, I have with me Mr. Lynn, Mr. McLain, and Mr. Harris.

We appreciate the opportunity to present Farm Bureau's views on the use of our agricultural productive capacity to combat hunger in the less developed areas of the world.

The increasing world need for U.S. food supplies provides a wonderful opportunity for action to strengthen the market system, both at home and abroad.

Farm Bureau has long supported the search for new ways to make constructive use of the actual and potential output of our efficient agricultural industry. Our efforts in this regard have been threefold:

(1) We have advocated policies aimed at maximizing mutually advantageous commercial trade.

(2) We have supported policies aimed at supplying food and fiber assistance to less developed nations unable to acquire needed supplies through commercial trade.

(3) We have advocated Government farm program policies designed to preserve the market system as the principal influence in determining the use of farm resources and distributing farm output.

Members of the committee will recall that Farm Bureau played a major role in the development of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and that we have supported periodic extensions of this legislation.

Our objectives in supporting Public Law 480, now generally called the food-for-peace program, have been to reduce accumulated surpluses, provide needed aid to friendly foreign countries, and expand commercial trade as recipient countries develop their own economies.

We have felt that Public Law 480 should be temporary and that measures should be taken both at home and abroad to reduce the need for a program of this type.

Since 1954 surplus farm products worth some \$25 billion in terms of acquisition, handling, and shipping costs have been distributed to more than 100 nations under Public Law 480. This program obviously has been an important outlet for U.S. products and an important source of supplies for the recipient countries.

On the other hand, the objectives which originally led us to support such legislation have not been fully achieved. Surpluses have persisted in a few commodities—not because Public Law 480 failed to find new outlets, but because new surpluses have been produced under a succession of ill-advised Government farm programs.

The domestic programs which generated the surpluses have not solved farmers' income problems.

Operating as a surplus disposal program, Public Law 480 has led to expanded commercial trade in a few cases and may have reduced such trade in other instances. There also are some cases where food aid, coupled with other assistance, has contributed to the permanent improvement of the economies of recipient nations. Nevertheless the food aid needs of a number of recipient nations are now much greater than when Public Law 480 was initiated.

The time has come to redirect our efforts, both to strengthen the income position of farmers and to assist the people of friendly, less developed nations in the solution of their economic problems. We believe that this can best be accomplished by strengthening the market system at home and abroad. Consequently, we call our proposal the marketing food for freedom program.

The Far Bureau's proposal: The general goals of our approach are maximum producer freedom, minimum Government involvement, market determination of farm commodity prices, and expanded use of productive resources at home and abroad.

The proposed program is designed to:

(1) Shift the emphasis in food aid programs from surplus disposal to supplying the commodities determined to be most needed in consultation with the nations to be assisted.

(2) Provide that commodities to be shipped under food aid agreements be produced in the United States and purchased through regular market channels.

Points one and two are designed to encourage production of needed commodities rather than surpluses, to emphasize the value of food to the recipients, and to strengthen the competitive market system.

(3) Establish conditions to be met by nations desiring assistance.

One such condition would be the development of an acceptable plan showing how food acquired through the program will contribute to economic growth and development, with reasonable assurance that this plan will be implemented.

(4) It is, also, designed to provide that, after an agreement is reached on the amount of aid to be provided and the commodities that may be acquired, the recipient nation, operating through private channels, shall select the class, grade, and quality of product to be purchased; determine the markets through which purchases are to be made; and make its own transportation arrangements.

(5) Provide that information on the quantities of products authorized for shipment under the program be announced as far as possible in advance of the procurement dates to allow farmers to make needed adjustments in production and marketing plans.

(6) Reduce the cost of Government programs by providing markets instead of subsidy payments and other price support activities. (It is not our purpose to "add another program" to those already authorized.)

This would be accomplished by shifting funds from existing price support, direct payment, and surplus disposal activities to the marketing food for freedom program.

(7) Authorize recourse loans on affected food and feed commodities.

The market for these commodities would be strengthened by purchases for export under the new program. Price support loans and payments would be phased out. Funds now being spent on these activities would be transferred to the new program. Recourse loans could be used for affected commodities to assure a ready source of credit and facilitate orderly marketing.

(8) Provide for coordination with other economic aid programs.

For example, technical assistance might be provided to help a country carry out the plans for economic development referred to in point (3) above.

(9) Provide that the United States not relinquish authority or decisionmaking responsibility to an international agency.

This would not preclude cooperation with other nations engaged in similar activities as long as this country retained authority for determining the nations to be aided and the conditions under which aid will be extended.

(10) Vest in the Congress the authority and responsibility for appropriating the funds necessary to achieve the program level determined by it to be appropriate.

Such funds should be appropriated directly to the Government agency designated to have the administrative responsibility.

Comparison with the President's recommendations: We are pleased to note that many of the points listed above are very similar to key points in President Johnson's message on "Food for Freedom." It

would appear that we are in general agreement with the stated objectives of those portions of the President's recommendations which propose to:

First, make self-help an integral part of our food aid program.

Second, eliminate the "surplus" requirement for food aid.

Third, emphasize the development of markets for American farm products.

Fourth, authorize an expansion in food aid shipments.

Fifth, emphasize the building of cash markets and a shift toward financing food aid through long-term dollar credits—rather than sales for foreign currencies.

Sixth, provide for better coordination of food aid with other economic assistance.

It is important that these objectives be achieved.

Coordinating with other programs.—If food aid, economic assistance, and technical assistance are to be coordinated, it seems apparent that they must be administered by the same government agency. U.S. assistance should be offered to less-developed countries as a unified program containing those elements that will best fit each country's developmental needs.

In this manner, a less-developed country—which has designed its own self-help program for development—can confer with the United States on a "package program" of assistance. We believe that country-by-country programs—mutually agreed to by the recipient country and the United States—should be submitted to Congress so that foreign aid money can be appropriated in an intelligent and constructive manner.

We recommend that: (1) Congress appropriate funds for food aid in the same manner that it appropriates funds for other foreign assistance, and (2) the commodities to be shipped under the food-aid agreements to be purchased through regular market channels.

There would be no need to use the Commodity Credit Corporation to finance such a program; there would be no reason to charge the Department of Agriculture for the cost of such a program. This would be a food-aid program based on what the people of recipient countries need and could use effectively. It would not be surplus disposal. It would be designed to meet humanitarian and foreign policy objectives.

The need to strengthen the market system.—While an increase in food aid to friendly, less-developed countries is justifiable under present conditions, this cannot be considered anything more than a short-range solution to the problems of hungry nations. Even with its tremendous agricultural productive capacity the United States cannot feed the world. Furthermore, we do not think it is in our interest or the interest of the recipients to create a situation under which any country becomes increasingly dependent on U.S. charity for its food supply. Such a development could become very burdensome for the U.S. taxpayers, and we doubt that it would contribute to the attainment of a more peaceful world.

The long range answer to the hunger problem requires that the needy countries find ways of improving their own output. The magnitude of this problem could, of course, be reduced by successful measures to control population growth.

Most competent observers agree that there are three major reasons for the serious food problems facing certain nations—lack of knowledge, lack of capital, and lack of an effective distribution system.

As a result of the new knowledge developed by our agricultural research institutions and its rapid adoption, U.S. farmers have a vast technological know-how that we are willing to share with others. This know-how has been made freely available to other countries. Numerous U.S. experts have been sent abroad by the Government and private foundations. Our Government has paid the expenses of countless foreign agricultural experts and technical workers who have visited American farms to learn methods which they could adopt at home.

Billions of dollars have also been made available for the financing of capital investment in less-developed countries.

Despite this assistance, the need for U.S. food aid is increasing at an alarming rate. Obviously there is an essential ingredient in our success formula which many other nations have refused or neglected to copy. This ingredient is the incentive system which has been so successful in generating an abundant supply of capital for American agriculture and business. The one common denominator that is to be found in virtually all hungry nations is their socialist political-economic system—i. e., a government-managed economy. It is increasingly apparent that socialist nations cannot use knowledge effectively, even when we give it to them.

The world does not need to starve if the underdeveloped nations can be induced to accept the profit incentive method of capital formation—competitive capitalism. Further extension of food aid by the United States should be conditioned upon the willingness of the recipient nations to replace government management of agriculture with a market price system. Also, we should insist that they encourage private capital investment by permitting incentives, by checking inflation, and by removing other obstacles to progress. Such a program would make it possible gradually to replace food aid with increased local production or commercial purchases financed by increases in their own exports of those things they can produce relatively most efficiently. Our "Marketing Food for Freedom" program is designed to achieve these goals.

Changes in our domestic farm programs are also needed. Members of this Committee are familiar with Farm Bureau policy on the Food and Agriculture Act of 1965. We vigorously opposed its enactment. We are opposed to compensatory payments. If we pursue this route it inevitably will lead to limitations on payments and thus lower the net incomes of efficient producers. The USDA currently is estimating that direct payments to farmers from the Treasury will amount to about \$3.4 billion in 1966. This is approximately 24 percent of the realized net farm income (\$14 billion) of all U.S. farmers for 1965. Farmers know this is an undependable basis on which to build the future of American agriculture.

The dumping of CCC stocks in order to hold down market prices to farmers is part and parcel of the compensatory payment approach. Stocks are dumped to force compliance with the Government programs and also to prevent increases in consumer prices. I would note that the Secretary of Agriculture has confirmed this in his recent testimony.

This not only depresses the prices of the commodities dumped but indirectly distorts the prices received by poultry, dairy, and livestock producers. It also accustoms consumers to artificially low market prices, to the detriment of all farmers. No friend of the farmer could support the Government's use of its stock to depress market prices and thereby force farmers to depend on direct payments from the Treasury for their net incomes. In many cases today the check the farmer receives directly from the Government is more than his realized net farm income.

The President's proposal for the establishment of food and fiber reserves would perpetuate the government's ability to depress market prices. Due to the productive capacity of American agriculture, the variety of products we produce, the geographical dispersion of our important producing areas, and the flexibility provided by our livestock economy, Government-owned food reserves are not needed for the protection of domestic consumers. If reserves are to be maintained simple justice demands that they not be used to force producers to accept Government payments as a substitute for market prices.

Farm Bureau has long contended that government efforts to improve the economic well-being of farmers should seek to expand and strengthen markets at home and abroad rather than to fix prices and control the output of specific commodities. The results of many years of experience with Federal farm programs attest to the validity of this viewpoint. The current economic position of cattle, hogs, poultry, and numerous other food commodities which have no price support, compensatory payment, or control programs is far more favorable than that of the commodities for which the Government has long operated price support and control programs.

During the 1965 fiscal year the cost of the present price support, direct payment, and Public Law 480 program amounted to approximately \$3.7 billion for wheat, rice, feed grains, soybeans (largely oil under Public Law 480), dry edible beans and peas and dairy products—the major commodities likely to be affected by the “marketing food for freedom” program which we are recommending. This figure includes \$0.8 billion in realized Commodity Credit Corporation losses, \$1.2 billion in direct payments to farmers and/or handlers as a substitute for market prices, and \$1.7 billion for Public Law 480 programs. The Food and Agricultural Act of 1965 will result in even higher Government expenditures for these commodities.

A gradual shift of these funds to the new program would permit both a substantial expansion in the present rate of food aid shipments and a gradual phaseout of existing price support and payment programs for food and feed commodities as the market system is strengthened.

Since one of the conditions to be met by qualifying nations, under both the program proposed by the President and the program which we have offered, would be a requirement that they develop and follow plans designed to strengthen their internal economies, it should be possible to expand commercial sales on a gradual basis over the life of the program. This could be done in various ways. To begin with, we propose that the recipient nations be required to make its own transportation arrangements with carriers of their own choice. In addition, a recipient nation might be required to increase its commercial

purchases over the life of a program agreement; pay a gradually increasing percentage of the total cost of the commodities furnished in convertible currency; or enter into loan agreements whereby credit extended for the purchase of food under the program eventually would be repaid in full in dollars.

As such shifts took place, the need for public financing of the marketing food for freedom program would be reduced. By building markets at home and abroad and producing for need rather than for storage and surplus disposal, we could move away from domestic control of agricultural production and marketing.

We cannot support a policy of attempting to supply world food needs simply by superimposing a food for freedom program on current domestic price support and adjustment programs. Our policy moves in the direction of substituting the production of food for market needs in lieu of acreage controls and the market-depressing direct payment programs currently in effect for many commodities.

Mr. POAGE. Thank you very much, Mr. Shuman. We appreciate your statement. Personally, I want to say that for myself I am in substantial agreement with almost all of your comments about the movement of food to foreign nations, whether you call it Public Law 480 commodities, food for freedom or marketing food for freedom—what ever name that you give, but I do not find myself in agreement with your comments on surpluses. I do not believe that we have to agree upon the domestic phases of the matter before coming to an agreement on the handling of these commodities to foreign nations.

I think you have made a very constructive contribution here by suggesting that foreign nations might provide their own shipping. It is my understanding that the reason that we have not required that in the past was that there were certain nations in the world where we were told that they could not provide the shipping. It seems to me that where we have nations that cannot provide any shipping that we should, that is, some of the other Government agencies concerned, should provide the shipping—AID, for instance, might provide it, rather than making it an integral part of our food program. I think that there is a great deal of merit in that.

When we boil it all down, I would like to ask you, as I have asked everybody this question; really, about the only essential change you suggest in the foreign operations of this program is that you do not provide for shipping costs, is it not?

Mr. SHUMAN. Mr. Chairman, there are other very important provisions. One of the important provisions is getting away from using the food aid program as a surplus disposal program and getting over to where it is designed to be truly foreign aid in helping to meet these needs. However, there are several others fully as important. In our marketing food for freedom program, I call attention to the fact that the word "marketing" is very significant, because, unlike the President's recommendations, we would insist that these nations purchase their needs on the market—on the competitive market in this country—rather than using the present system of Government agency, the Commodity Credit Corporation, to serve as the means of allocating and moving these supplies to the foreign nations. We see no need to continue this extremely costly and complex type of food movement, and

the money that we are going to agree to give them could be used by them on the market to buy our farm products.

The third very important provision in our recommendation: We would very strongly oppose the addition of this foreign aid program as a superimposed structure upon the present farm program. We think that this is a wonderful opportunity to phase out these farm programs that are giving us so much trouble. So that there are two or three differences.

Mr. POAGE. Mr. Shuman, it still seems to me that, that very thing can be done under existing law. Our basic movement under the present law is through private operation. Our present law says that we must use private facilities to the maximum possible. How much of this has always been done, I do not know, but I am saying that the law at the present time emphasized those very things. The point I am making is that it seems to me that the present law authorizes all of these things, except the use of commodities which are not in surplus. I do not mean this critically of you or anybody else. I have asked the same question of the others who have been here. And, it still seems to me that about all that we are asked here to do is to change the name and to include the use of commodities that are not in surplus.

Certainly, the great bulk of what you have suggested here can be done under the present law, can it not?

Mr. SHUMAN. Mr. Chairman, I think that is possible, but we would favor changing the law to direct that these things be done. If it is good to be done, it should be specified.

Mr. POAGE. Do you have any questions, Mr. Harvey?

Mr. HARVEY of Indiana. Yes, Mr. Chairman. I appreciate very much this very thorough presentation that has been made. I commend the Farm Bureau for its continuing support of this act. They had a very important part in its beginning.

I find myself, also, in substantial agreement with things that you have said and the suggestions that you have made.

I think as I view the situation that we are finding ourselves in, or, let me retract that—I think that all of us who have any opportunity to study this program would agree that it has, probably, succeeded in some areas better than we had anticipated and in some others, probably, not so well. And I think, to me, that the greatest plus on the program has been the improvement in the foreign market. Mr. Chairman, you will recall when we established the food-for-peace program, it included as one of its goals market development. I am sure that a great many of us wondered at the time just how much this particular goal would be achieved, but I think it has been achieved a great deal more than we had anticipated.

Looking ahead as we extend Public Law 480—if we do—and assuming that we will—I am pretty sure that we will—I think that we are confronted with a pretty important policy decision. That is, first of all, whether we are going to expect to have enough surplus generated in the future so that we can continue to supply to the needy people as we have in the past. It would look to me as if there might not be enough surplus in the foreseeable future to continue the present program.

Would you think that is a fair analysis?

Mr. SHUMAN. Well, of course, we recognize that even with our capacity to produce it would be impossible for us to feed the world. We are very strongly opposed to continuing this program, Public Law 480, as the surplus disposal program. For one thing, the surpluses that have been generated by the Government farm programs are not in all cases best adapted to the feeding of hungry people in the world. If our goal is to help—and we, certainly, must—then we must then convert this from a surplus disposal over to a food aid program. I would take account of the fact that our own population is expanding rapidly, and there is some question as to whether we can continue to supply indefinite quantities, although, on the counter side of the argument, there is a great possibility for increased technological improvements and expansion of production, et cetera. This is a point, if food needs are transferred to the market we will go a lot farther toward meeting the needs of hungry people than if it is confined to just surplus disposal, where the surplus consists of things which a very few people in the world do need or want to eat.

Mr. HARVEY of Indiana. Suppose we take the case of India as one of the outstanding examples. We embarked on a program of aid to India in 1958, as I recall it. It was supposed to be a massive aid program which would be gradually tapered off over a 10-year period, anticipating that they, in each instance, would have increased their own productivity commensurately. This has not worked out very well. I would say, on the basis of our own hopes and anticipation, it been one of the disappointing programs—one of the major ones, yet we have the situation in India where they are confronted with a very serious famine—they say they are, at least. And if we attempt to alleviate the demands, it will require not only vast quantities of wheat from our own resources, but, probably, we will have to draw on other countries as well. This is not in line with the recommendations that you have made, yet it involves a very important policy decision.

And I think that the chairman will agree that this is a very important policy decision.

Mr. POAGE. Yes.

Mr. HARVEY of Indiana. Here, I think, is a very important issue that we have to face.

What do you recommend in a situation like this, Mr. Shuman?

Mr. SHUMAN. We recognize this. We recognize that our foreign aid program to India has failed in its objectives. And I think that the Indian people will admit it. In fact, I read a statement attributed to Nehru to the effect that India would be, perhaps, better off if foreign aid was brought to an end. He made this statement some 3 or 4 years ago.

In our recommendations we set up some new standards which are not in existence in the present foreign aid program. We say that the essential ingredients to the improvement of the production capacity of the nation, such as India, is the incentive system. In effect, our present foreign aid program has been government-to-government aid, and we have just prolonged the life of a very unsuccessful socialist government in India. This socialist government in India imposes all manner of restrictions on the market system. It has imposed ceiling prices on farm products and it is more than anything else responsible for the hungry in India, in my opinion.

The land resources, the water resources of India, the human resources of India are tremendous, and if they could be unleashed by our insisting that our aid in the future depended upon their letting the incentive system operate, India could feed itself within 20 years. There is no question about it. They have the resources to feed themselves.

In the last 10 years the agricultural production in India has increased only 3 percent, whereas agricultural productivity in this country increased about that much in 1 year. And the only reason that theirs has not is because of a lack of incentive. They have all of the knowledge which is available to them that we have. We are willing to help them. We have spent billions of dollars. And the only conceivable reason they are not progressing further is because they have insisted on socialism.

So we say that some new conditions are necessary.

Mr. HARVEY of Indiana. I agree with this, and yet not being an expert on India, you, probably know more about this than I do, a good deal more, I am definitely concerned in this very agonizing period of the Indian Government's existence, having in mind the rather defiant attitude that they have taken during this period when we have attempted to be helpful to them, whether as a policy matter or otherwise, irregardless of our personal feelings about the matter. Again, I say that I concur with your views. But I am wondering whether we, the committee, the Congress, too, should definitely make it an "either or" issue with the Indian Government.

Mr. SHUMAN. I am of the opinion that in relation to our aid that we should go forth and support establishing by prior consultation with these governments the conditions under which we are going to provide aid. One of those would be to let incentives operate in agriculture. Another would be to provide that they take other measures to increase their productivity, so that there could be a declining dependence upon us. I do not think that we should approach these consultations on the basis of demands, but that our negotiations should be on a firm basis, and that we should insist that they come up with their proposal as to how they are going to increase their productivity. And if on examination they do not recognize the importance of the incentive system, we ought to sit there and negotiate with them until they do.

Mr. HARVEY of Indiana. I think that this is, certainly, a very important question. At least, as one member of the committee who has had some personal experience in discussing this issue with other governments—and I am using India as a sort of prime example in this instance—that we have not been, in my judgment, developing as much of a leadership policy in assisting governments to greater self-determination as we would have hoped to have, but, again, I do not think that this is the answer to it. I think it is a very important question that we are going to have to decide as to whether we are going to actually say to India, "You are either going to have to improve your own productivity, as you agreed to do, but which you have not done, or we are going to cut off aid," or we are going to have to continue to adopt a sort of a tolerant attitude toward their own situation and proceed as best we can. I think that is the crux in this case, but in many others, it is a very important policy decision and that will be a difficult one.

Mr. SHUMAN. I would like to add this comment to what you have just said: Unless Congress lays down these rules, that you require consultation on some of the requirements, I do not think that it will be done, because we have had a number of years of experience and there is very little evidence that our Government has done a great deal about it, but there is some evidence to support the view that they have supported these socialistic dictatorships around the world, rather than trying to point out that there is a definite correlation between socialism and hunger. They are twin brothers.

Mr. POAGE. Thank you, Mr. Shuman. Mr. Gathings.

Mr. GATHINGS. I have no questions at this time.

Mr. POAGE. Mr. Abernethy.

Mr. ABERNETHY. I did not exactly understand the import or the answer that you gave to the last question by Mr. Poage a moment ago, when you said that you feel that there should be a direction to do these things. What do you mean by direction to do these things—to do what things?

Mr. SHUMAN. What I intended to say was that the Congress should spell out the requirements, at least, and by legislation direct that the foreign consultation be held to get agreement from the foreign countries that we are going to help as to what they will do to help themselves.

Second, the Congress should direct that the foreign aid program be changed, from a surplus disposal program to one of helping them with their needs.

And, third, that the Congress should direct that the needs of these countries be met by purchases in the market.

Mr. Poage was pointing out that the present legislation would permit some of these things to be done. And I simply said that I felt that the Congress should specify that they be done.

Mr. ABERNETHY. Thank you, Mr. Chairman.

Mr. POAGE. Mr. Belcher.

Mr. BELCHER. Mr. Shuman, I do not know that I entirely understand what has been said. When we first started discussing Public Law 480, about 1954, the theory at that time was that the United States had surplus commodities, and that there were nations in the world that could use these surplus commodities, but did not have the dollars with which to buy them—and that if we made these commodities available to these countries, and permitted them to pay with their own currencies, and left that currency in these various countries to be used for various purposes that we could utilize a lot of that currency for our own expenses, and therefore, we could dispose of these surpluses, maybe not at market value, but we could get something out of them and save the cost to the Federal Government for the storage and that they could be used for developing markets in these various countries.

As I understood you to say, we should abandon this theory of disposing of surpluses, and that we should conduct a foreign aid program in which we would go into the American market and buy such commodities that are not in surplus, and when we do that the American Government is competing with the consumers of this country in the purchase of those commodities to be used in a foreign aid program.

If this bill is not a surplus disposal program, if it is not a program for the development of markets, and if it is not a program for such purposes, but it is a program for the purpose of feeding hungry people around the world, then I think that this bill is in the wrong committee. I think that it should be in some other committee, because this committee is an agriculture committee and not a foreign aid committee.

Did I understand you correctly?

Mr. SHUMAN. Yes, in part. I think, perhaps, I ought to enlarge on it a little bit. In the first place, we recognize Public Law 480 as performing some very useful purposes. The original concept that we had—and we had a great deal to do with its coming into being—was that under this program substantial surpluses could be sold abroad and it would permit as these surpluses were reduced the elimination of Government farm programs.

Now much to our chagrin and against our testimony we have found that Public Law 480 has been used as a way to justify the continuation of the programs that created these surpluses; instead of getting rid of the surplus commodities. It has not, because the administrators and others who supported these programs have said that the programs are working better now and we will keep them going another 5 years.

Our belief is that it is time to recognize that this law, Public Law 480, this program, as it now is constituted, has pretty well outlived its usefulness.

In the first place, it has piled up counterpart funds in many countries, far in excess of what we ought to have. India is a good example. There are billions of dollars worth of counterpart funds, Public Law 480 funds in their currencies which we would find it very embarrassing to use.

Secondly, while it helped to build markets in some instances, we are about to run out of benefits there. Actually, it is hurting the agriculture marketings today, because as a result of the subsidized exports of farm products we find more and more nations erecting barriers against our imports of farm products. And while it has been useful in some areas, it is getting less so.

Our recommendation is that we change this from a surplus disposal program to a food aid program, and that these nations—not our Government—but these nations be authorized after prior consultations to purchase their needs in the competitive markets in this country. Yes, they would be competing with the consumers. However, the Commodity Credit Corporation today is competing with the consumers on every bushel, every ton of food product that is shipped out of the country.

The big change would be that the competition with the consumers would result in changes in the market price and stimulate the production of things that are needed. At the present time it stimulates the production of things that are not needed under the present system. And we are confident that the producers, the farmers will respond to the improved markets, and that they will shift to the production of those things which are needed. In the long run and perhaps, in the short run, too, the consumers in this country will not be penalized. And the Government cost will be much less, because we will not have this huge cost of Government farm programs.

I think that the net cost to the consumers, including the reduction in the cost of taxes, would be substantially reduced.

Mr. BELCHER. You are joining in the Government's recommendation?

Mr. SHUMAN. I do not think we are joining in that—we are recommending substantial changes in their program.

We are saying that this Nation is, certainly, going to try to help foreign nations to some extent, and that our recommendations would result in the reduction in the cost of the total program of foreign aid and in the domestic farm program, and that it would provide for the planned phasing down of the need for foreign aid program. It is a program to get rid of both farm programs and foreign aid programs over a period of time.

Mr. BELCHER. As I understand it, Public Law 480 has not been for the purpose of disposing of surpluses. What it has actually done is that it has been a method by which American agriculture has been subsidized. In other words, when we have to buy so much surplus, we had to cut back the allotments.

Mr. SHUMAN. Yes.

Mr. BELCHER. It is a way whereby at Government expense we can keep up the allotments, and what was disposed of under Public Law 480 was just in addition to what support money we were going to have to be using for the support of American agriculture, and it developed into that and the Farm Bureau was disappointed with the program. Well now, it looks to me like the Farm Bureau is taking the position that we are out of surpluses, that we are now enlarging the program and do not pay any attention to surpluses. That we will go out and buy the commodities and go into the market to get them. And when they do, of course, you are going to increase agricultural production and help the farms, but we are also, going to be increasing the subsidizing of American agriculture, because every bushel of these commodities that you buy in the market is not surplus to this country, and to give it to some foreign country means that it is going to increase the cost of the farm subsidy program.

It looks to me like the Farm Bureau is taking the position that says that this will not work, so we will make it bigger and bigger.

Mr. SHUMAN. I do not think so. I think that if our recommendations were carried out that we would bring to an end very quickly the feed-grain program, the wheat program, and, eventually, all of the other control programs on grain food crops, and we would eliminate the compensatory payment programs. We would eliminate the present Commodity Credit Corporation surplus program and provide that our aid would be based on appropriations, after we consulted and decided what the needs were. If they did not agree to these conditions we would not provide the aid. So I think that even the aid program would be reduced eventually.

One of the important things in our proposal is that the need under this program would be purchased on the market. It would not be handled by the Government. The present farm programs are responsible for most of these surpluses. There is no surplus of any agricultural commodity except in Government-supported crops. Also, if you discontinued the program that causes the surplus, then you do not have the surplus. You would have some remaining commodities in

the Commodity Credit Corporation's hands, which would have to be kept in Government bins until market prices improved.

No, I think this is completely consistent with our previous recommendations to phase out farm programs. In fact, it provides the means to do it which would be less drastic than some others. It provides for returning to the market system and letting the aid that we are going to give anyway be determined by the Congress. Let the needs be purchased and let the market system then begin to operate. Really, all that these Government programs have been is an intervention or contravention of the market system. So that this is an attempt to move away from Government programs. This is consistent with our longtime policy.

Mr. BELCHER. There is not anything in this bill that discontinues any program of Public Law 480 as it has been carried on. So where is it going to accomplish the cutting out of the surplus programs and the elimination of all of these things? There is nothing in here to eliminate that. If anything, the bill enlarges the program.

Mr. SHUMAN. Our statement here is intended not to support any bill before the committee. The intent of our statement is to point out the things which we insist be changed and that is exactly one of the things that we would insist be changed. We are not going to support the administration bill unless there are some substantial amendments to it.

Mr. BELCHER. From an agricultural standpoint, if you had all of those things changed, then you would not need this foreign aid program from the Farm Bureau's viewpoint?

Mr. SHUMAN. That could be argued. I suppose that we would rather insist that this be a safeguard. I think that many of the farm programs could be ended without any material hardship on agriculture—not all of them but many of them—and yet I would recognize that you could phase these programs out more rapidly if you had some type of food-aid program which would continue to provide a way for some demands to be channeled into the market.

Mr. BELCHER. In phasing out this program by the U.S. Government buying these commodities not in surplus, just giving them away to foreign countries, that is just shifting the subsidy from one pocket to the other, because there will still be a subsidy to the American agriculture if you go into the open market and buy the commodities and then give them away. You are pouring that much money into American agriculture that was not earned in the open market at all. All of that money would go into agriculture and this program, as I see it, is going to be just Government dollars.

Can you point out whether there is any possibility under this program at all, except the amount of money that the Federal Government puts into this foreign aid program of any other source of funds?

Mr. SHUMAN. I did not make my self clear. Our proposal is not for our Government to purchase farm commodities in the open markets. Our proposal is for aid assistance that we are going to give, and, probably, will give some of it any way, to be decided on by prior consultation with the foreign countries, and then the dollar credits, whether it be by loan or grants, be placed to the account of the foreign government in our banks. The foreign nation under general authorizations

then decides what is going to be purchased with that money. So it is a food-aid program and not a farm-aid program.

Mr. BELCHER. What assurance have we when you give them the loan or advance them the loan to buy, that they will not go down to Brazil and buy it there, instead of in this country?

Mr. SHUMAN. Our recommendation is that the grant or the loan or both be on condition that the purchases be made in our markets. We would not require that they buy so-called Government crops; therefore, the probability is that they would buy largely those commodities which are priced very much in line with the world market prices.

Mr. BELCHER. It still looks like, apparently, instead of using this bill to get rid of the surplus wheat and other surplus commodities we are now going to use the Government money, not in the method that we used it in the past, but we are going to give them the money, and let them compete with the American consumers buying the commodities that are not in surplus and we will keep right on storing these surpluses.

Mr. SHUMAN. The amendments that we would propose are directed toward changes in the farm program, and that part, certainly, would be in the province of this committee.

Mr. BELCHER. That is correct, but I do not see anything in this bill that says very much about what you have discussed this morning.

Mr. SHUMAN. We are going to submit the amendments.

Mr. GREIGG. Will you yield?

Mr. BELCHER. I yield to you.

Mr. GREIGG. Mr. Shuman, one of your recommendations on page 8 of your testimony interests me. You propose that the recipient nation be required to make its own transportation arrangements, with the carriers of their own choice. Does this mean, Mr. Shuman, that your organization would propose to repeal the 50-50 requirement that presently exists as to ships?

Mr. SHUMAN. Yes, sir. This is the effect of that. We think that if we are not competitive in shipping, that they should be permitted to use whatever shipping they want.

Mr. GREIGG. Thank you.

Mr. BELCHER. That is all.

Mr. POAGE. Thank you, Mr. Belcher. There is no disposition on the part of the Chair to cut anybody off, but in view of the list of witnesses we have and the time which has been consumed, I am going to ask you to confine your questions and to be as brief as you possibly can. Mr. Shuman is our first witness. And one-half of the time is gone. And there are many members yet to be heard from. Mr. Teague.

Mr. TEAGUE of California. I do not have a question, but an observation. I had occasion to look into the contract with a big Spanish cooperative where we are selling that cooperative \$35 million worth of corn for dollars, and they are paying for it with interest. It is financed through private banks in Spain. I have expressed the opinion to a number of the witnesses that this is an excellent contract, because I believe it is and I have urged the Government witnesses to try to develop more contracts of this type.

Am I correct in assuming that this, basically, would meet the standards that you recommend?

Mr. SHUMAN. Yes, sir. We have as one of our major objectives increasing the dollar sales. We think that this program would move in that direction.

Mr. TEAGUE of California. Thank you.

Mr. POAGE. Mr. Purcell.

Mr. PURCELL. Without meaning to have you repeat, let me see if I understand. In your plan you would have the Commodity Credit Corporation hold the products off the market under this foreign aid program?

Mr. SHUMAN. We would suggest that these would be disposed of over a period of time. You would not hold them off forever. There will be occasions when we could give some of these products away on a special basis, but our objectives would be to get the commodities out of the Commodity Credit Corporation's hands, without hurting the market, with the specification that the release price by the Secretary of Agriculture would be 125 percent of the support prices. This would mean that the Commodity Credit Corporation could release when it got up to that price.

Mr. PURCELL. But until then you would have the Government hold all of this, the commodities that it had, and you would go ahead and buy off the open market with the Government money whatever else was required under your plan to furnish to these foreign countries to supply their needs?

Mr. SHUMAN. Yes, sir.

Mr. PURCELL. You have made several remarks today about how the Government programs, the Commodity Credit Corporation programs, have brought about the surplus situation we have. Are you talking about commodity programs since 1961?

Mr. SHUMAN. I think that the effect of the Government programs, beginning in 1933, has been to stimulate excess production. I would not confine it to 1961. So far as I can see, the effect of the Government programs has almost invariably been to stimulate extra production. It has very seldom had the effect of reducing production. There may have been a year or two when it had that affect. Generally, it has been to stimulate it, primarily, because the price is known before the crop is planted—it is an insurance policy.

Mr. PURCELL. Thank you.

Mr. POAGE. Mr. Quie.

Mr. QUIE. I just want to compliment Mr. Shuman on his statement that he has made here this morning. I like the ideas you are proposing here. I hope that you will dig into them. I am glad that you pointed this out.

Mr. SHUMAN. Thank you.

Mr. POAGE. Mr. Olson.

Mr. OLSON. I am not sure that I could do any more than find myself still confused after a lengthy exchange between us. But there is one area you might attempt further to clarify. You said in response to Mr. Abernethy that we should emphasize direction in what we might require of the recipient nations, was that it?

Mr. SHUMAN. Yes.

Mr. OLSON. This would be our Government that would have to impose this on the government that would acquire the surplus—not the surplus, according to your statement, but would acquire the agricultural commodity.

Mr. SHUMAN. We would require that there be prior consultations with the objective of finding what these nations would agree to do to improve their own productive capacity and we would insist that one of these be to let the incentive system operate in agriculture. That is a little bit different from saying "demand" because you would ask them to come up with a program which they think will result in an increased productivity in their own country, and if we on our part see where this is inadequate we would rather insist that it be changed. So it is a little different from "demanding." Yes, finally, if they are not willing to meet the conditions I would say that we should deny the food aid and let them go to somebody else.

Mr. OLSON. Mr. Shuman, does the Government need to require or to impose any criteria in the form of incentive to turn the free market system?

Mr. SHUMAN. We would recommend such a requirement on the countries which are receiving our aid, because their objective is to get an increase in production, and you cannot get an increase in production without such a requirement.

Mr. OLSON. But how do you encourage the free enterprise, the incentive system—how do you require that?

Mr. SHUMAN. For instance, take a country where they have imposed government ceiling prices on the prices of agricultural commodities, we could say to that nation, "unless you remove these ceiling prices which are throttling production, we will not provide the aid."

Mr. OLSON. I see. You might have a point there, but it seems to me that you require a government to impose more or additional things than they now have, would only lead to the type of system that you quite clearly express vigorous opposition to this morning.

Mr. SHUMAN. Ours would be intended or directed toward taking off controls.

Mr. OLSON. I think this might be rather unrealistic, but then, of course, there is a difference of view between us. Tell me one other thing. In 1933 was there a surplus of any of the commodities in which legislation has brought Government intervention?

Mr. SHUMAN. Yes. As I recall the Federal Farm Board legislation was passed in about 1929. There was not any Government surplus—any Government-controlled surplus before 1929, but when the Federal Farm Board Act was passed it went into the business of holding commodities off the market, and there was a carryover, as I recall it, from the Federal Farm Board, but at no time has there ever been a surplus that did not clear the market within a very short period of time where the Government has not been involved in the pricing of the commodity. The prices go down, but the surplus clears.

Mr. OLSON. Will you give additional information or comment in regard to the approach that Mr. Belcher was taking—what is surplus in your estimation?

Mr. SHUMAN. I am sure that various people define "surplus" in different ways, but the most common definition of "surplus" today is that which we refer to as the Government-held surplus. Agriculture has a large surplus-producing capacity, but unless the market system is interfered with by the establishment of prices by the Government the surplus-producing capacity is not used. If you have unusually good reasons and you get more than the market will take at a given

price, the price declines until the market does take it under the free marketing system.

Mr. OLSON. I think that what Mr. Belcher was trying to point out is that you would create surplus in the sense that production was beyond the capacity of the market in and of itself and that, in my estimation, is a surplus. What we are doing is creating an artificial demand on the market by expending Government dollars. Do we not bring about a surplus in that kind of situation?

Mr. SHUMAN. I do not think that we are creating a new demand. We are just channeling it through the market.

We are not suggesting any expansion in the present foreign-aid program or the present food-aid program. We recommend a new program which takes these commodities out of the market. It is true that you can take it out of the Government, instead of the market. The only difference is where are you going to let it be reflected—are you going to let it be reflected in a Government established market or in the competitive market? We say the competitive market.

Mr. OLSON. In one sense, Mr. Shuman, you now revert back to saying that we will create no further additional demand than what is now present, and a while ago you said that you wanted to let the market adjust to bring pressure or demand in other or new areas. I do not want to belabor the point, but, frankly, I am concerned that we clear this up—I am not wholeheartedly in support of the type of blank check that is represented in the proposed legislation—I think it is the largest blank check that we have ever been asked to consider, but I feel, on the other hand, that you are not helping me solve the problem.

Mr. SHUMAN. I think that you made the right point there at the last. While we are not definitely recommending any increase in the dollar amounts of foreign aid or the disposal of surplus products, yet we do recommend the redirection of it. The difference in channeling is the very important thing. So that if these nations purchase their needs in our markets they are going to buy things that they want, not what we want to force down their throats. This will then result in responses on the market. And as these responses on the market show up, some things will increase in price, some things may decrease in price. And our agriculture will redirect to produce things that are needed, rather than to produce things that are not needed which would accumulate in the Commodity Credit Corporation warehouses—such as mixed wheat and short staple cotton which has piled up in great quantities, because nobody, not even the foreign aid clients, want them.

Mr. OLSON. I am sure that the private interests abroad and domestically might be very much in favor of redirecting the program as you have recommended. I have more cause for alarm with that kind of an operation than I have with the Commodity Credit Corporation. I am not so sure that the consumers are going to be better off competing with foreign interests and big business interests than the Commodity Credit Corporation. I witnessed the action by the private sector in the raising of interest rates a while ago, and when I looked at the figure in the budget that it takes to pay the increased interest rate, I realized that we could have a lot of programs like food-for-peace program that we would not be worried about so far as money is concerned, if we used that money that we now pay out for interest.

Mr. POAGE. Mrs. May.

Mrs. MAY. Mr. Shuman, I think that your statement has contributed much to this subject which will be taken into consideration by this committee in its deliberations. We face, probably, one of the most important bills in this session of Congress, to my way of thinking, in its implications as to the future of American agriculture, as well as those of the nations throughout the world that require help. Now, looking to our present system of food production and the effects on the consumer:

I believe that many organizations, agricultural groups and individuals throughout the country share with me the feeling that the opposition to the farm control programs has been that they have cost a lot of money. Of course there is the belief that we are a rich nation and can afford it. However, these programs seem to have produced a very sterile situation of status quo for the American farmer. They have not worked, and that is not good enough for the American farmer. At least, this is the basis of my opposition. I do not know whether you are in agreement with that philosophy or not.

Mr. SHUMAN. Very substantially. I think that the Government programs have in some cases not only preserved the status quo which is unhealthy, but they have caused distortions in production which would not have happened if the consumers had been able to reflect their needs, rather than the administrators of the political programs. And while they have been very expensive to the taxpayers, our biggest arguments against these programs is that they have hurt the farmers more than they have helped the farmers.

Mrs. MAY. Yes. That is something that we can agree on. And, also, it seems to me from the knowledge that I have gained from a study of this subject as it has come before this committee and, also the National Commission on Food Marketing, the American farmer today has not kept up with the dynamic changes in the way that we are distributing food commodities, or the changing food needs and food habits of the American people. Therefore, one of the best ways to develop American agriculture is to help our farmers to become more market oriented than production oriented.

Is it fair to say then that the advice that you have put forward in your statement is that we should consider, as we try to write the Food for Freedom program, taking some of these objectives that you have set forth into consideration as well as those of the administration and the Cooley bill. Is what you are saying here today that we would be helping the farmer to make sound agricultural adjustments oriented to market demands both abroad and at home if we emphasize the market system way?

Mr. SHUMAN. That is exactly our suggestion. We believe that the need for food and fiber and other agricultural products should be reflected in the market. Regardless of whether those needs originate from consumers which are able to pay or whether they come from charity sections where we feel that we want to assist them with food and other needs. We think that even if these needs originate from Government sources abroad that they should be reflected in the market. We will take our chances on the market.

Mrs. MAY. We have been discussing this legislation many months before this hearing was held, and, it seems to me, that we do not want to come up with a program that will crank up our agriculture sector

to produce more emergency food for worldwide situations which might at some time suddenly cease to exist, and leave us with surpluses that might be injurious to our agricultural economy much more than has been the case in the past. We should keep this in mind at all times as we try to so work out a program.

Mr. SHUMAN. We think that this marketing food-for-freedom approach where the needs are to be purchased guards against the temptation to gear up agricultural production through some kind of an allocation plan. We are very fearful with the President's recommendations in the bill before this committee would result in a continuation of the allocation plan and that plays right into the hands of those folks who want to use the temporary needs as a means to stimulate agricultural production to, perhaps, our disaster later. We want to see it go through the market, because that protects it against, as we say, unduly cranking up our production plant.

Mr. MAY. Thank you.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. No questions.

Mr. POAGE. Mr. Matsunaga.

Mr. MATSUNAGA. No questions.

Mr. POAGE. Mr. Stalbaum.

Mr. STALBAUM. Earlier you mentioned, Mr. Shuman, figure on agricultural development. Some of them were limited because of what you, I believe, labeled the socialistic type of government in various nations and cited the example of India's increase of only 3 percent. Have you checked the figures presented in the United States by comparison?

Mr. SHUMAN. Our growth in increasing agricultural productivity has, at times, approached 3 percent a year. I am not familiar with the last 10-year period. I can look that up and furnish it for the record.

Mr. STALBAUM. I am not questioning your figure. That is sufficient. Are you familiar with the Foreign Agricultural Economic Report No. 27 put out by the Department of Agriculture?

Mr. SHUMAN. I am familiar with that type of publication, but I am not sure that I have seen that particular issue.

Mr. STALBAUM. The reason I ask you about this is that I want to call your attention to the fact that in the summary they point out that during the past 15 years that there were 12 of the 26 developing nations that had increases of crop output in excess of 4 percent a year, and they list these 12 countries, namely, Sudan, Mexico, Puerto Rico, the Philippines, Tanganyika, Yugoslavia, Taiwan, Turkey, Venezuela, Thailand, Brazil, and Israel. I would like to ask you if you feel that all of these nations which have an above-average increase in productivity have a free, incentive system and a nonsocialistic government?

Mr. SHUMAN. Quite a few of them do, but not all of them, of course. Each case presents a challenge of a separate study. I know very little about the agricultural situation in some of those countries. I do happen to know that there are some, where the development was practically nil, and you can, of course, come in with a crash program and spend a lot of money, import some fertilizer and make impacts, especially, in small countries.

Mr. STALBAUM. Will you stop there for a moment? Is it not true that in some of these countries this input was achieved from Government financing?

Mr. SHUMAN. Yes, in fact, I think that is the reason why some socialistic countries have shown increases in their agricultural production, because we have shipped in enough money and enough fertilizer which, in a small country, makes the impact, but India is a bigger country and we cannot do that.

Mr. STALBAUM. Does not this refute your earlier statement that the very key to this whole thing is the incentive system?

Mr. SHUMAN. No, sir.

Mr. STALBAUM. And not a socialistic government?

Mr. SHUMAN. It substantiates it. I am sure on examination that you would find that the only reason they have been able to increase is because we have moved in and, actually, did it for them. And if they were of the size of India that you could not have this impact by the very force of our dollars. No, it does not, in my opinion, change the validity of what I have said.

Mr. STALBAUM. You are contradicting yourself right now, Mr. Shuman, because you are admitting that the impact of the money available to the governments where they showed the willingness had its effect. That is the point that I wanted to come to, the difference of use. I agree that our incentive system that we have in America does produce the best results. I am, certainly, willing to do what we can to see to it that we move toward this in world agriculture, but you have just now admitted in contradicting your earlier statement that where governments were willing to put emphasis on agriculture, regardless of where they got the bases for doing it—you have contended that because we gave them assistance, they did it, but where they have shown a willingness to do this that they have been able to develop agriculture. This gets back to the point that I make about India, that they showed an unwillingness to do anything, not allotting money for agriculture purposes, and so on.

In line with your testimony: If a country basically with some control on agriculture—although a free enterprise nation—shows a willingness to put inputs into the agricultural sector of their economy, such as fertilizer, would you oppose our giving them such assistance because you did not feel that they were a completely democratic country, so to speak, or a republic or a non-free-enterprise country?

Mr. SHUMAN. I do not think that any country is completely anything. Certainly, we are not a completely free enterprise country. We have one third of agriculture which is socialized at the present time. So I would not require that they completely do it. I am going to point out that my interpretation of whether or not a country can feed itself is not based on whether they can do it for a year or two. It is based on whether or not they can do it and show promise of continuing to do it.

Mr. STALBAUM. Then I must come back to the point I have made. The 12 countries I mentioned have done this over a 15-year period of time.

Mr. SHUMAN. I think that the 15 years depends a good deal upon the size of the community and whether or not they are willing to put the necessary money into it. And you can use the element of force by

government to government to stimulate the production for a short period of time. That might be 5 years, it may be 15 years, in some cases, but over the long run it is absolutely impossible for a socialistic country to get production. Russia has demonstrated that very well. Russia is a socialistic country and they have socialized agriculture and they have been willing to use the techniques that we have given to them very freely. We have sent our teams over there. We let them take the germ plasm from our hybrid corn, our purebred cattle stock, and they have come over here. We have paid their expenses. Many of their experts have come. And we have made our knowledge available to them. And Russia has the resources to subsidize it, if they want to do so, and yet they cannot get production. And they are now commencing to admit that incentives are necessary.

So I say, regardless of the list of 15 nations, in the long run they cannot get production under socialism. It is impossible.

Mr. STALBAUM. You are getting to the point now where I agree with you on incentives, but you now say that Russia is willing to give the incentives in their system. I agree that they have not done it as we have. But getting back to the question, you did not answer the question. The question was: if a nation is willing, even though, let us say, it is not a democracy, for the point of illustration here—if they are willing to show some system of providing incentives to their agriculture, even through government and are willing to finance to develop their agriculture, to have a sound plan, using inputs such as fertilizer, would you say that we should deny them aid or assistance under this type of program where they are showing a desirability to develop their agriculture?

Mr. SHUMAN. Not necessarily if they are willing to adopt an incentive plan—to have a program for letting incentives be reflected.

Mr. STALBAUM. So that your point is that these producers should benefit from the increase in the production in effect?

Mr. SHUMAN. Yes, to get the benefit of the increased market price which is the only way that you can have incentives in agriculture—that is the market price.

Mr. STALBAUM. Either that, or to have subsidized a part of the input going in?

Mr. SHUMAN. We would be opposed to that.

Mr. STALBAUM. You just told me 1 minute ago that you did not oppose our assistance where they have an incentive plan.

Mr. SHUMAN. I said incentive system.

Mr. STALBAUM. My question was: If the Government is willing to put the input into the agricultural sector and to develop the agriculture and they show a willingness to do it so that the farmer will gain from it, you said that you would support it.

Mr. SHUMAN. You are using your definition of incentive system. My definition of "incentive" system is entirely different. I do not think that you can use Government subsidies for inputs or Government pricing and call it an incentive system. Maybe it is a matter of semantics which we had better get straight. Our definition of "incentive" is the market system.

Mr. STALBAUM. We will never get through with that then, because I feel you are oversimplifying it. I will not labor the point further, because I think that you have clearly shown that unless agriculture

is molded to your image in all of these nations you are not going to give any help, no matter how sincere they are.

Mr. SHUMAN. Not our image, but the American success image.

Mr. STALBAUM. I say your image—I mean the American agricultural image.

Mr. SHUMAN. The American success image.

Mr. STALBAUM. I have one more question. In your earlier statement at your own convention you talked about the basis of having all of this assistance on a hard currency basis. I note here that you have, at least, from my reading of your statement, modified this some. Perhaps, the earlier reports were somewhat oversimplified.

In your statement on page 4 you come up with a proposal quite similar to that of the President. He has advocated moving over to hard currency in 5 years.

Do you propose any amendments in this particular area, or is the 5-year time schedule basically acceptable to your organization?

Mr. SHUMAN. We have not made any decision here. We are working on amendments. This is one area that we will want to take to our board of directors next week, because we do not have a recommendation on this one.

Mr. STALBAUM. In other words—if I understood your earlier statement, there might be a need to have a transition period for the change to the hard currency?

Mr. SHUMAN. Yes, sir.

Mr. STALBAUM. Thank you.

Mr. POAGE. Mr. Dole.

Mr. DOLE. Mr. Shuman, on page 7 of your statement I note your objection the creation of what has been referred to as the food and fiber reserves. Do you have any alternative proposal, or do you feel that an alternative proposal is necessary in this particular areas?

Mr. SHUMAN. We do not believe that an alternative proposal is necessary. We do suggest that these programs be phased out; in other words, some could be disposed of better than others. We are confident that the normal channels of trade, once the market system is restored to operation, will provide all of the reserves that we need.

Mr. DOLE. In other words, you do not anticipate any danger that there will be an insufficient supply of wheat or feed grains?

Mr. SHUMAN. We have a tremendous reserve capacity in this country and that our agriculture is diverse—these products are not produced in just one certain area, subject to weather hazards and, also, we have a tremendous reserve in that we are quite largely a livestock economy, and livestock provides a very important reserve. If we do have a series of years when we have a short feed supply and we then reduce our livestock population, but at the same time we are doing that we are adding to our food supply by using the livestock for food.

In studying our agricultural production history there is no absolute evidence of any Government-held reserves being necessary.

Mr. DOLE. Do you think it would be necessary for the private trade to hold in reserve any certain amount of wheat, for example, in the case of an emergency, or is that something that can be worked out?

Mr. SHUMAN. I think that they will hold an ample supply just by nature of their hedging against their own needs in the speculative facts of life—that many people will hedge against what might happen

in the way of contingencies. And our ability to increase production will come into it. And our wide range of seasons which let us produce at most seasons of the year. I do not think that we need concern ourselves with that.

Mr. DOLE. On page 5 of your statement, I note that the first thing that you mention as one of the serious problems in some of these countries and I quote, "A lack of knowledge," and the next paragraph or the next couple of paragraphs you make reference to increasing technical assistance. I am wondering if you have any specific recommendations in mind and how this can be implemented and increased. Do you think there is adequate technical assistance now?

Mr. SHUMAN. I think that we have done very well in providing technical assistance. Much of these efforts, I think, have been wasted in that area of technical assistance when you do not have the incentive of the market system operating, and there it usually falls on barren ground, and you are spinning your wheels. We have spent millions of dollars in India helping their universities, their agricultural research and extension programs of all kinds and have had little impact on them, because there has not been necessary incentive to cause the people to adopt the new methods. I think these go hand in hand.

I am sure that our experience with technical assistance is such that the people who have been in charge of these programs could make recommendations for improvements. I am not qualified to criticize this particularly, because the technical assistance programs have not been given adequate opportunity to produce the results, due to the fact that we have let these Socialist programs continue in agriculture.

Mr. DOLE. Dr. Pearlburg made a rather frank statement, as far as I am concerned, when he said that we send too many overdeveloped people to underdeveloped countries. In line with that some of us are working on what we refer to, for lack of a better name as, "The Bread and Butter Corps," to be conducted through land-grant colleges and the extension service. You will agree that this is an area that we must stimulate. We must increase the knowledge in the developing countries in this field.

Mr. SHUMAN. Yes, sir; we certainly do agree with that.

Mr. DOLE. Thank you.

Mr. POAGE. Mr. Redlin.

Mr. REDLIN. No questions.

Mr. POAGE. Mr. Greigg.

Mr. GREIGG. Thank you, no questions.

Mr. POAGE. Mr. Walker.

Mr. WALKER. I would like to say that I certainly appreciate your testimony. It has affected me more than some I have heard here. I think you are very conservative when you say that one-third of our agriculture is in a situation. There is one thing that I would like to ask you about and that is on page 5 of your statement. Where you say that this is a food aid program based on what the recipient countries need to be used effectively. I answered this question of one of the secretaries, and he gave me a runaround. My colleague, Mr. Stalbaum, hedged on it a little bit a while ago.

What do you people think about giving aid to Communist countries that are giving us trouble over the world today?

Mr. SHUMAN. We have not favored the extension assistance which costs us money to countries that we do not have diplomatic relations with, first.

Second, we have said that the sale of commodities to other Communist countries should not be made unless it was considered to contribute to our strength. If it is a weakening factor to our economic and defense strength, we should not do it.

Our organization has not taken a position on the specific list of countries that should be aided. We prefer to let this remain in the diplomatic channels.

We are not in favor of subsidizing any Communist country. And we are not in favor of selling unless a determination is made by our diplomatic people that it strengthens us and not weakens us.

Mr. STALBAUM. Will you yield?

Mr. WALKER. Yes.

Mr. STALBAUM. Just for the record, I was not making reference in my queries to Communist versus non-Communist countries, but rather to determine the types of non-Communist governments where assistance should be given.

Mr. WALKER. Very well. The reason I made the observation was that so many times it seems as though we avoid these things. I can see a lot of things that are happening in America today. I think that we are giving help to a lot of people who are aiding our enemies. And I do not want to be charged indirectly with some of this.

Mr. SHUMAN. We are not supporting aid to the Communist countries.

Mr. WALKER. Thank you.

Mr. POAGE. Are there any further questions? If not, we are very much obliged to you, Mr. Shuman, for your testimony.

Mr. SHUMAN. Thank you very much.

Mr. POAGE. Our next witness will be Mr. Reuben Johnson of the Farmers Union. We will be very pleased to hear from you now, Mr. Johnson.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION, WASHINGTON, D.C.

Mr. JOHNSON. Mr. Chairman and members of the committee, I am Reuben L. Johnson, director of legislative services, National Farmers Union, 1012 14th Street NW., Washington, D.C.

On behalf of the president, board of directors, and members of National Farmers Union, I want to express appreciation to the committee for the opportunity to present the views of our organization on the food-for-freedom program.

We have reviewed all of the bills, including the bill of the chairman, relating to the extension and expansion of the food and fiber aid programs begun in 1954 with the enactment of Public Law 480. The authors of these bills, whatever the label—food for peace, war on hunger—have all recognized the worth of our food and fiber and have all embraced the concept of our organization concerning the program. Food is an instrument of our foreign policy and should be administered accordingly. The President's message gives full recognition to the concept and much more. In fact, in our review of the President's

message on food for freedom, we find that the policies of National Farmers Union have been and are now in hearty accord with his stated policy and objectives. We commend him for his leadership. Parenthetically, it seems clear that the direction the President has chosen is the same as authors of bills now before the Congress with some additions.

We, therefore, will not attempt to comment on specific provisions of these bills but upon the areas of our special concern.

The worldwide demand for food today is unprecedented. The Department of Agriculture recently reported that again in 1965 world food output did not keep up with world food needs. In the underdeveloped countries especially, food production is failing to keep pace with population growth. Therefore the world food gap is growing. Famine looms in India, where severe drought has desperately complicated an already serious food deficit. Such problems as India now faces dramatize the need and the effort that our Nation is making to help fill the food and fiber gap.

This increased use of food is made possible by the productivity of the American farmer and the abundance which makes it possible proves beyond doubt the worth of a system of agriculture, the hard core of which is the commercial family type farmer.

In recognition of the great productivity of U.S. agriculture, President Johnson's message called for the Secretary of Agriculture to:

1. Increase the 1966 acreage allotment for rice by 10 percent.
2. Buy limited amounts of dairy products under the authority of the 1965 act.
3. Take action that will increase soybean production in 1966.

Farmers Union supported these changes all of which are possible under existing law. We have further urged an increase in the support price on manufacturing milk to \$4 per hundredweight and a more attractive feed grain program (1) to increase farm income and (2) to get maximum producer participation in the program. We want our Food for Freedom program to work in concert with our farm programs and the concept of supply adjustment.

Supply adjustment can work to decrease or increase production.

President Johnson has sent to Congress a new Food for Freedom Act. Retaining the basic provisions of Public Law 480, the act proposed stresses the following:

1. Make self-help an integral part of our food aid program.
2. Eliminate the surplus requirement for food aid.
3. Emphasize the development of markets for American farm products.
4. Authorize greater food aid shipments than the current rate.
5. Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies.
6. Continue to finance the food aid program under the Commodity Credit Corporation.
7. Increase emphasis on combating malnutrition.
8. Continue to work with voluntary agencies in people-to-people assistance programs.
9. Provide for better coordination of food aid with other economic assistance.

10. Establish a national food and fiber reserve establishing the principle of the ever-normal granary.

He called for strengthening of the Food and Agriculture Organization of the United Nations, the efforts of the multilateral lending organizations, and the United Nations Developing program.

Farmers Union recommendations and influences are to be found throughout the message. More than any other farm group, Mr. Chairman, we believe that Farmers Union's work over the years is to be noted in the recommendations of the President.

We applaud these new directions. Farmers have traditionally had a moral concern for the food needs of others—both in and outside of the United States. Jim Patton, president of Farmers Union, expresses it this way:

Food for myself is of material concern.

Food for my brother is of moral concern.

Farmers Union delegates to recent conventions have demonstrated their interest in food for freedom by directing their Washington staff to support our Nation's effort to use food and fiber to fill the urgent need of developing nations.

But one note of caution.

Food and fiber aid is costly and has to be paid for in dollars and at a price that will protect the income of farm families.

In a quarter century of abundant production, U.S. farmers have done all they were permitted to do to put an end to famine in the world through grain and milk made available through food for peace and the cash markets. Our food has been an important factor in helping developing nations help themselves.

Farmers have been providing this great service to mankind at a heavy cost as evidenced by the exhausting of rural capital and the distressing gap between existing low farm net income and decent American standard of living.

Therefore, Farmers Union urges that farm products of food have the safeguard of an adequate price structure supported by Government, where necessary, so that disadvantaged American farm families will not continue to subsidize international affairs as they are today.

In addition, our organization also supports these further basic concepts of food for freedom.

1. We want our food and fiber to be used as an instrument of foreign policy, and not administered as a means of ridding ourselves of commodities in surplus supply. In other words, we want to emphasize the positive rather than the negative as we go about administering our food for freedom program.

2. We want to arrange the bookkeeping so that the cost of carrying out this program is charged to the agency which has the responsibility for foreign policy.

3. We want a substantial increase in the funds now available to pay for food and fiber aid.

4. We want the use of food and fiber, in concert with other assistance, to make a lasting contribution to the ability of needy nations to feed their own population.

I might add a fifth point here and comment that we want to see that our farm programs which we have fought so hard to develop

continue to operate. We look upon supply management as being able to either lower the production as needed or to raise it as needed.

While we believe that we must act for humanitarian reasons, if for no other, to relieve current food shortages among friendly people, we are also keenly aware of the fact that we cannot travel this road forever.

We cannot out of the resources available to us, as ample as they are, feed hungry people in the rest of the world over the long term.

Last November, I was privileged to attend the Food and Agriculture Conference in Rome, Italy, as an adviser to the delegation of our Government. I had the opportunity to meet with many agricultural leaders from other countries, and to discuss the problems of agriculture and of economic development.

Many of the developing countries, in getting about the job of economic expansion and development, want to span the century it took the United States to become an industrial power. They want to move as rapidly as possible into an industrial economy. Many of them do not realize that a fully developed agricultural economy which will provide most of the food needs of the country is essential before industrial development can take place.

It interested me greatly that Dr. B. R. Sen, director general of FAO, supports a policy of making additional food and other aid contingent upon expansion of food production and other self-help measures within the countries aided.

Many of the representatives of the underdeveloped areas were misled into believing that our farm programs might curtail production to the point that we would be unable to continue our efforts to help meet food needs of their countries. I do not think that they realized that at the time our storehouse of our abundance carries a price tag of nearly \$5 billion, and that we had just harvested a wheat crop of a billion bushels. I do not think that they are aware, for example, that our total wheat carryover including CCC and private holdings, as of February 1, 1966, was 1,220 million bushels.

I do not think they realize either that farmers in the United States would not be in the business of producing this abundance unless they were able to make a profit from farming. One of the cardinal principles that seems to me to be involved on all of our talk about using our food and fiber is that somehow or other we can meet the need that exists without regard to the need of protecting the income of the American farmer. It is quite obvious that the use of our food and fiber abundance in the Food for Freedom program is of benefit to everyone in our Nation, for it is through the use of food and fiber that we have been able in large measure to counteract the political propaganda that emanates from behind the Iron Curtain. We have demonstrated the worth of our democratic system of government by the fact that we are able to outproduce any other nation, and furthermore, have been willing to put our food and fiber to use beyond our own boundary.

Even with our greater ability to produce, there is a limit to what we, together with other agricultural nations, can produce and distribute to other nations. No nation has acted more generously toward her neighbors in the world than has the United States of America. Cer-

tainly, we want to continue to do our part, and more, but others must help in assuming the financial burden for this humane effort.

There are limitations, also, in the nations we seek to aid. The need is urgent to expand their capacity to produce more food. Their lack of foreign exchange, illiteracy, inadequate roads, and other modes of transportation, their lack of marketing structure and facilities, of storage and processing facilities, inadequate fertilizer resources, and antiquated land tenure systems are a few of the problems.

We know that food production can be increased in these countries. The U.S. Department of Agriculture recently made a study in several countries of the potential for increasing food production. There is considerable optimism to be noted in their report. We, too, believe that food production can be expanded in a most dramatic way in developing nations.

We, therefore, strongly urge, Mr. Chairman, that the legislation reported by the committee give recognition to the use that our food aid can play in this effort.

In closing, we again urge that no action be taken that in any way will weaken our farm programs and that the sense of the Congress be that of paying our efficient farm families for their contribution to this effort. Food for freedom is a bold and dramatic program. It is worthy of the Nation's support and since it is of national significance it should be supported by all of our organizations in the interest of foreign policy objectives.

Mr. POAGE. Thank you, Mr. Johnson, for a fine statement. I wonder if you could stay with us for a few minutes.

Mr. JOHNSON. I will be very happy to remain as long as you desire.

Mr. POAGE. I thought that if we could hear Mr. Carpenter's statement next, then the members of the committee could interrogate each of you or both of you together and we might dispose of the matter more rapidly that way. Is that satisfactory with you?

Mr. JOHNSON. That is very satisfactory.

Mr. POAGE. We will now then hear from Mr. Carpenter, vice president of the Midcontinent Farmers Association. We will be glad to hear from you now, Mr. Carpenter.

STATEMENT OF L. C. CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.

Mr. CARPENTER. Mr. Chairman and members of the committee, my name is L. C. Carpenter, vice president of the Midcontinent Farmers Association with headquarters at Columbia, Mo. For clarification, may I state that the Midcontinent Farmers Association includes all of the members of the Missouri Farmers Association and other members in surrounding States. Our membership today exceeds 150,000 farmer members.

It is a privilege for us to have an opportunity to appear here today in support of the various bills you have before you as well as H.R. 12152 introduced by the honorable chairman of this committee. We commend the chairman for his foresight and good judgment in introducing this proposed legislation. Although I have not read all of the testimony previously presented to your committee, I have reviewed some of it, and I hope that our presentation will not appear

to be repetitious, although in part it covers what Mr. Johnson has stated.

The world population explosion is indeed real and somewhat frightening. From the beginning of time to 1960 world population had increased to 3 billion people, but it is anticipated by people knowledgeable in this field that in a short 40 years this population will double.

Ironically, this population explosion appears to be most prevalent in those countries who today face serious shortages of food and fiber. As you well know, today there are food emergencies in India, Pakistan, and Vietnam, with Africa and some South American, Asian, and Mediterranean areas in almost as serious a shortage position. I believe we need not elaborate further on these facts.

The records show that it has been an accepted policy of the United States of America to freely share its bountiful food and fiber production with countries needing help. The bill you are considering today entitled "World War on Hunger" is indeed a continuation of this humanitarian principle. The United States supplied vitally important foodstuffs and fiber for its allies in both World Wars I and II. This contribution proved to be an invaluable and all important factor in winning both wars. With the cessation of active wars America adopted a policy of making food available to both friend and foe, although under the Public Law 480 program these exports were limited by the provision that surplus farm commodities were the only foodstuffs and fibers considered under this program. We commend the provision of this legislation which proposes to eliminate the word "surplus" as a limiting factor.

We continue to support the long-established humanitarian principle of sharing our agricultural abundance with peoples of the world. We believe it must not only be continued but expanded. Many emerging and struggling nations in their efforts and self-determination to acquire freedom will be in need of food and fiber which we produce in abundance. They will need to be fed and clothed while they strive to develop their resources and upgrade their political, social, and economic life. We firmly believe that the alleviation of hunger and suffering is the best advance against the spreading of totalitarianism and dictatorship and a strong bulwark against revolution and communism.

The old-time adage of helping those who help themselves should certainly be a cardinal principle in any plan to feed and clothe the peoples of those nations destitute for food and fiber. Merely doling out the food to any nation without any payment or any effort on behalf of that nation to help themselves or to pay their way can well prove to be a disservice. The United States may be considered to be the breadbasket of the world, but we hope that it will never be labeled as reckless givers and devoid of good business humanitarian principles.

Less developed and emerging nations must be encouraged to vigorously push their own output toward self-sufficiency. This not only maintains the self respect of the peoples of the recipient nation, but does indeed place them on the right road to stepping up their farm production, improving their health, education and general welfare. We know this can be done—it has been done as demonstrated by the acts of Taiwan, Japan, Korea, the Philippines and others.

Backward and undeveloped countries need fertilizers, pesticides, hybrid seeds, credit, REA type of power and establishment of farmer

cooperatives. Through this type of help with those countries having productive land resources, they can become more self-sustaining and retain their family farm ownership. Absentee ownership, ownership of farmland in the hands of a few landlords or corporations or government ownership with a multitude of poor landless farmers provides a fertile breeding ground for poverty, frustration, unrest, turmoil and eventually war.

Although H.R. 12152 indicates only a world war on hunger, we urgently suggest that both food and fiber can be turned into an international blessing of good will among the poverty stricken nations of the world. The inclusion of cotton and possibly other agricultural fibers in the war on hunger would provide another of the basic necessities of life so essential to comfort and the elimination of suffering. Our abundance of fiber either in processed, semi-processed or raw form would indeed be a boon to these destitute people. A great and important part of our Nation produces cotton and fiber and by the inclusion of these products into so worthy a humanitarian program would indeed be helpful and beneficial to the recipients as well as to alleviate one of the great surplus problems facing the United States today. This would create additional uses and outlets for United States cotton which would prevent further restrictions on production of cotton in this country, a collapse of the economy of the cotton producing area and relieve the taxpaying public of a terrific burden.

Again to use India as an illustration, there is no question that the population of India is in dire need of food. This is questionable about the number of acres, but I am told that. It is estimated that from one-third to one-half of its productive land is being utilized in the production of cotton. Logic would indicate that this productive land could be used to alleviate the pangs of hunger. Cotton which is in great abundance all over the world could be supplied by other nations.

In short, we endorse the entire principle of the world war on hunger, and in addition urge fiber to be included to alleviate suffering as well.

As members of this committee know, it is indeed easy to develop ideologies and philosophies and theories but quite a different process to put these theories into actual practice. To this end we wish to express a few words of caution. There have been those who testified before your committee recently indicating that unless all of our production capacities are put to work immediately the world will be running out of food. Mr. Chairman and members of the committee, our farm problem over the past many years has been the failure of our consumption to keep abreast of our production. I shall not burden you with the figures, but I think it is a well-known fact that just during the past 25 years scientific and technological advances in agriculture have increased the production capacity of the United States far beyond that point that anyone would have believed to have been possible at the turn of the century.

I would point out that we support all of these programs, and believe the philosophies and theories are good, except how we come to putting the theory in operation that is another problem and that is where I would like to cast a word of caution.

The impression is rapidly being spread from coast to coast that all agricultural programs of supply management can and should be abol-

ished and that production should be speeded up to the highest level attainable.

I have here the Sunday issue of the *Kansas City Star*. Mr. Dole will, probably, be interested in this. The headline says, "New views on farm surpluses. People are no longer worried about overproduction. Shortage is a concern. Worldwide demand for food is the new problem."

And that continues over for a full page on the inside. It reads real good, but let me make this observation.

We submit to you that this is indeed a desirable goal, but we urge you with all sincerity to approach this process with due caution. Any voluminous expansion at this time would prove ruinous not only to our agricultural producers but to our whole U.S. economy. We could very well by a sudden change create staggering gluts, transportation problems, and result in drastically depressed prices for farm products.

It is true that the supply of wheat, rice, cattle, and hogs is now more nearly at a level consistent with our domestic and foreign needs. Soybeans and dairy products are rapidly approaching that position. However, there still remains surplus supplies of feed grains, cotton, tobacco and poultry, and poultry products. We are today shipping our farm products to needy nations at a rapid rate, but due to the lack of port facilities, India, for example, is unable to handle our tremendous shipments as fast as we can bring them to their shores. South Vietnam is in perilous need of rice at this moment, but it is impossible to unload any appreciable amount of this commodity in the only port now available at Saigon.

We do believe that in due time this worthy program of world war on hunger can be successful, but the fact remains that surplus food does not satisfy hunger until it reaches the hungry, and we urge that until adequate appropriations are available and the physical facilities are provided our present agricultural programs should be continued in full force and effect or else we will again find ourselves with an unmanageable surplus situation which will not only tremendously increase the drain on the Federal Treasury but will serve to depress farm prices up to as much as a 40-percent reduction according to certain farm economists.

We wish to address ourselves to one other word of caution that we believe to be of utmost importance. The producers of farm products—actually only a small percentage of them—today, are receiving an income even remotely approximating the income of other segments of our economy. Farm legislation as recommended by this committee, approved by the Congress and supported by the Johnson administration has been an important factor in attaining this level of income as we know it today. For many long and discouraging years our family farmers have been required to subsidize not only U.S. consumers but recipients of food aid all over the world by having low prices for agricultural products.

The American farmer has the know-how, the ability, and the desire to increase production, but he can afford to do so only if he is to be compensated for his capital and labor invested in this production. If the food he produces is to play an increasingly important role in U.S. foreign aid and foreign policy, and we believe it should, the farmer should not be asked to bear the cost alone. Peace and good

will be important to all of us, and certainly the cost of the production that helps to create this favorable condition should be distributed equitably among all citizens of the United States.

In conclusion, we summarize as follows:

1. There are other prosperous nations beside the United States that have the ability to assist one way or another in keeping the world's hungry millions from starving, and to help undeveloped countries become self-sufficient. We concur in President Johnson's desire for a Global Food Conference and believe that all individuals should cooperate in this humanitarian endeavor.

2. We urge the continued increase wherever possible in the export sales of American food to those countries able to pay for such products. We urge the utilization of long-term loans and other devices which are now in effect for some of the nations who need such credit to acquire the food and fiber necessary for their well-being. This process enhances the self-respect of the nation receiving the food, conserves our gold reserve and engenders a favorable balance-of-trade position. We urge the continuation of exports to certain countries where payment is made in that particular country's own currency. These funds are being effectively used to help those countries to help themselves.

3. Which is contracted some statements made before. The United States should immediately establish the levels of food and fiber supply which will be needed to assure an adequate reserve for our own use. This is highly important if we are to stabilize our economy and to be assured that our own people will not be subjected to hunger and malnutrition and deprivation of the many blessings that we now enjoy. We firmly believe that plentiful bread is more important and more effective than bullets in promoting peace and developing world prosperity to the fullest measure.

4. Mr. Heinkel, president of Midcontinent Farmers Association, as a member of President Johnson's National Commission on Food and Fiber, has asked me to express to you his sincere interest in this legislation and to assure you of his cooperation as a member of this Commission in helping to activate and carry out this program of war on hunger.

We offer our full cooperation in any reasonable worthwhile program to cope with this world food crisis and war on hunger.

[From the Kansas City Star, Feb. 22, 1966]

NEW VIEW ON FARM SURPLUS

PEOPLE ARE NO LONGER WORRIED ABOUT OVERPRODUCTION

Shortages a Concern

Worldwide Demand for Food Is the New Problem

(By Roderick Turnbull, the Star's agricultural editor)

Something big has happened in agriculture—the surplus specter has faded away.

The specter, mind you, not the surplus is gone, because this Nation still has farm commodities for which it has no ready market. But few persons worry about them any more. In fact, the worry, if there is such, now concerns future worldwide shortages of food.

This dramatic change from a perennial problem of what to do about excess production to one of planning on how much is going to be needed in the future has become a principal topic in high agricultural circles.

It has the thinkers in agriculture bothered because they are in a new field. Considerable confusion exists on just how to assess the situation.

On the one hand, those who have been the strongest advocates of Government controls are wary about taking them away. Orville L. Freeman, Secretary of Agriculture, for example, cautions against turning farmers loose to produce at will.

In fairness to the Secretary, he came into office when surplus piles were at their peaks, and takes pride in the fact they have been reduced. His fears are that those who are advocating taking off the brakes, in view of worldwide demand for food, may be jumping the gun. Even with the need, many problems are involved in getting additional commodities to hungry people, and in getting paid for them.

Some grower groups, and certain businesses that depend on farm volume, are champing at the bit to get going into higher farm production. They see great virtue in food-for-peace programs as markets for farm products. Farmers obviously like to utilize all their acres, if this can be made profitable.

Some economists predict famines of disaster proportions in certain areas of the world unless food production is stepped up rapidly. They contend there is no time to wait.

A quick summation of these various views can bring a fairly accurate prediction that as of today the indications are there will be a gradual relaxation of controls on U.S. farm production in the near future. In fact, this already has started. Yet the Government still has its foot on the brake.

But for the longer run it is highly interesting to look at conditions as they are today, compared to only a few years ago, to observe also what agricultural authorities are saying about them now. Frankly, not all come to the same conclusion. This is what is so fascinating about this new development.

CHANGE IN DEMAND

In the first place, the big change in agriculture has not been in production—we've had our greatest production in history in the most recent years. Presumably, we would have had even more without acreage controls. The change has been in demand, both domestic and export, but particularly in exports.

Start out with these facts which are getting major attention in the United States. The world's population was 1.5 billion in 1900—it had taken all the previous time in history to reach this point.

Since 1900, the world's population has more than doubled—to 3.2 billion. It should exceed 6 billion by the year 2000. But looking ahead only as far as 1975, the population then can be expected to be 3.9 billion or 700 million more than now. This increase would be greater than the population of India and more than the entire population of the Western Hemisphere today.

Dr. Erven J. Long, of the Agency for International Development (AID) in Washington, joins the discussion with these figures:

The less developed countries in the free world alone now have a food deficit of 16 million tons of grain a year. This deficit will grow to 42 million tons in 1975 and to 88 million tons in 1985, given current output, population, and consumption trends.

Forty-two million tons is more than the entire current U.S. wheat crop. Eighty-eight million tons exceeds the entire wheat production capacity of the United States, even assuming all reserve acres were brought into production.

MOVES AHEAD IN RACE

Here's the way one other authority succinctly puts the problem: "The accelerating growth of world population has overtaken world agriculture's ability to feed the human race."

He may have put it a little strong as of today, but his conclusions apply to the projections which others are making for 1975 and beyond.

Among those who have made serious efforts to assemble data on world food needs and production, particularly as this information applies to the United States, is Louis M. Thompson, associate dean of agriculture, Iowa State University, Ames. Some of this data suggests why the U.S. surplus piles, almost suddenly, do not look big any more. Keep in mind we still have surpluses—more than a billion bushels of corn, perhaps 600 to 700 million bushels of wheat. Also, the capacity to produce more.

Before World War II, Western Europe was the only major importer of grain. All other regions of the world were able to supply Europe with her food needs. Latin America (including Mexico, Central and South America) was the leading exporter of grain with North America second. Russia also was an exporter.

Now, as Thompson points out, Russia is an importer and so are some of the Eastern European countries. Western Europe is buying more. African nations have become importers. Latin America is barely able to export grains to food-deficit areas of Europe, Asia and Africa.

At present rates of population growth, Thompson concludes, Latin America will become an importing region within 10 years.

Australia has been able to increase exports some.

EXPORTS ARE DOUBLED

North America—Canada and the United States—has doubled its rate of exports in the last 15 years. The two countries supply 85 percent of the grain imported by food deficit regions of the world.

U.S. wheat exports vary from year to year, but the trend upward since 1955 has been about 40 million bushels a year. If this trend continues the next 10 years, exports will total 1,200 million bushels in 1975. (Exports may hit 850 to 900 million bushels this marketing year.)

To export 1,200 million bushels, this country would need a crop of 1,800 million bushels; assuming 600 million for domestic consumption. The biggest crop the country ever had was 1,450 million bushels in 1958.

The United States produces more than half of all the corn raised in the world. Since 1955, corn exports have climbed about 50 million bushels a year. The total this year may exceed 650 million bushels. Thompson puts a billion bushels down as a conservative estimate for exports in 1975. This would require a 20-percent increase in production.

The United States and China produce nearly 95 percent of the world's soybeans, but the United States provides nearly all the soybeans moving into world trade.

The soybean acreage has had a phenomenal growth in the United States, from 3 million acres in 1930 to 35 million acres last year. The Government actually is urging farmers to increase the acreage this year. Thompson thinks the acreage will hit at least 45 million and perhaps 50 million by 1975.

Soybean exports have been growing at a rate that paces the acreage increase. Prices have been good, yields have been good. Still, there is no surplus. We either use domestically or export all we grow. Since this country supplies almost all the world's exports, one bad crop here would be felt around the world.

Since 1960, this country has reduced its wheat reserves by one-half, its feed grains reserves from 85 million tons to 55 million, and it has been able to dispose of all the soybeans raised.

This has been done in the best 5-year period of growing weather since 1930—and maybe in all history. Growing weather does not mean just rainfall, but rainfall at the right time and the proper temperature range.

ANSWERS BY COMPUTER

With computers, it is possible now to feed data into the machines and come up with answers that include all these weather factors. This has been done as far back as 1930. While this country has had good growing weather, it also has, since 1960, about doubled the use of fertilizers in the corn belt.

Just looking at world needs, Thompson says there is no doubt that all this country could produce between now and 1975 could be used. But even he does not propose that we plow up all reserve acres at once in efforts to fulfill these needs. Too many other things must be considered. For one, when we give grain to a country where grain is produced, the local farmers complain because their market is reduced and prices fall.

Thompson would relax production controls in this country gradually, with the assumption that by 1975 all cropland would be utilized.

All authorities agree the United States alone cannot feed the world—but it can help. This is President Johnson's policy—to continue and even step up help in the actual delivery of food while at the same time seeking to aid the needy nations to produce more themselves. He also proposes maintaining present reserves (surpluses) in this country.

A quick look now at the other side of the ledger.

The United States has about 50 million acres idle under various farm programs. All wheat exported gets a Government subsidy (the U.S. price is higher than the world price). A major part of the wheat exports are under the Public Law 480 program in which this country takes soft foreign currency in payment. Some persons are blunt enough to say that we are just giving it away, because this country never will get dollars in return. Fortunately, most of the corn and soybean exports are for dollars.

POPULATION A FACTOR

But all together—the hungry of the world, the booming population, prosperity in countries able to pay with dollars—have created a demand that has agricultural economists popeyed. (And we haven't even mentioned the war in Vietnam.)

The new farm problem is, how do we gear up to this demand without getting into new price troubles? Just when should farmers put production in high gear? Will we build up new surpluses? Just how far does our obligation go to feed the world? What happens if we have a 5-year period of poor growing weather? Who is wise enough to have the answers?

Mr. POAGE. Thank you very much, Mr. Carpenter. We appreciate your coming before us and giving us this good statement.

I wonder if it might expedite matters if we would ask Mr. Johnson to come up and sit with you, and let the committee members propound questions to either one of you by name or to the two of you generally.

As an illustration I would like to have you or both of you speak on the possibility of requiring the recipient country to accept gifts or grants from the United States here, rather than to have us ship the gifts into those countries which has been our practice under Public Law 480 for the last 10 years, to deliver these commodities on the doorstep of the recipient country. I know the reason for it. What do you think about that?

Mr. JOHNSON. Mr. Chairman, it does not seem to us to be very practical to expect these nations whom we have had to aid in various ways with soft currency sales or long-term loans to pick up the cost of the transportation to their countries. We would not have been able to utilize the volume of food that we have been able to ship if we had had such a provision. It think this would have curtailed the program, rather drastically, because I would say to you very frankly that we are not in favor of doing it. We would like to accelerate the use of our food and fiber. And that we are going to have to continue to pick up the check for the transportation to reach our objective, and if so, we will do so.

Mr. POAGE. What do you say, Mr. Johnson, about using that as a means whereby we may place the record of the cost on the foreign aid program, rather than on the Department of Agriculture? To what extent does it seem desirable to do it, to place the cost for the transportation? The point that I am making is that it seems to be that we have been putting too much burden on the Department of Agriculture. I have never been able to understand why they should subsidize the shipping costs. By law we ship 50 percent in American bottoms. And that costs about twice as much as it would cost to move the same commodity in foreign bottoms. And there are so many reasons for doing that. I am not passing on that at the moment, but if we are to do that, might we not say, so far as the Department of Agriculture is concerned that "You deliver the food at the warehouse door," and then if it is in keeping with our policy of aid to the foreign nations

to pay for further transportation that that will be the responsibility of the foreign aid program?

Mr. JOHNSON. I could not agree with you more. I think that everybody recognizes that we have been using our food in the interest of our foreign policies. It has not been as clear, perhaps, at it should have been in terms of where we do charge the cost of these programs, including transportation. The fact that we are now pursuing a course of utilizing our food other than in surplus removal or a disposal type of program seems to me that talk in this area is dangerous at the very time that we are in the position of trying to figure out ways of loading the cost of transportation and, perhaps, in some of the food commodities themselves I think that all of us must recognize that the Department of Agriculture has the machinery, the administrative technique and the know how that can be most useful in administering these programs, but even if we recognize this the question occurs to me, can we not devise some way—and I think that this has to be laid down as a rather specific provision in this law—to have other agencies of our Government, where they have an interest, you pointed out one of the best examples I know about, to participate in paying for this program.

Mr. POAGE. What do you say about it, Mr. Carpenter?

Mr. CARPENTER. We feel that the proposal that you make there if it can stop with the Department of Agriculture, in effect, providing the food would be highly desirable. We have felt for a long time that in this aid program that really too much of it is chalked up to the Department of Agriculture. It goes all the way across the board. If transportation in itself could be eliminated from being chalked up to the Department of Agriculture, certainly, that would be helpful.

I agree, however, with Mr. Johnson that in quite a number of the nations who just plain do not have the money to get it there, I presume that some other agency would have to help to provide that, but it would be meritorious to separate and show up the transportation phase of it as a separate item, in my opinion.

Mr. POAGE. Thank you. Are there any questions?

Mr. Gathings?

Mr. GATHINGS. Thank you, Mr. Chairman. I would like to ask Mr. Carpenter when did the Midcontinent group come into existence?

Mr. CARPENTER. The association was actually incorporated on January 1, 1966. It is relatively new.

Mr. GATHINGS. The Chairman indicated that the former organization was the Missouri Farmers Association.

Mr. CARPENTER. Yes.

Mr. GATHINGS. What states does your association operate in?

Mr. CARPENTER. Mr. Gathings, right at the moment, any member who is a member of the MAF Inc.—that is the cooperative business, and continues to be such in Missouri—is automatically a member of Midcontinent Farmers Association.

Then we have business interest—business enterprises in MAF Inc., in some 13 States which range down into the South and Southeast, and those people, although not now considered as members will be eligible for membership in the future.

Mr. GATHINGS. You have how many members at this time? Was it 15,000?

Mr. CARPENTER. We have 150,000, but, basically, that is about the number of Missouri farmers association members that we had previously, and they automatically became members, you see, being patrons in Missouri.

Mr. GATHINGS. So you do have 150,000 members?

Mr. CARPENTER. That is right.

Mr. GATHINGS. Thank you, that is all.

Mr. POAGE. Mr. Harvey.

Mr. HARVEY of Indiana. Mr. Chairman, I would like to commend both gentlemen on their statements. I think that the committee is, certainly, very pleased with your efforts.

I am afraid that we are confronted with a pretty important policy decision. Certainly, we like the cooperation and suggestions of every one who is concerned with the problem. I thank both of you for your presentation.

Mr. CARPENTER. Thank you very kindly.

Mr. JOHNSON. Thank you.

Mr. POAGE. Mr. Matsunaga.

Mr. MATSUNAGA. I would like to add my commendation for what it is worth. I think that you have both made a great contribution.

Mr. JOHNSON. Thank you.

Mr. CARPENTER. Thank you.

Mr. POAGE. Mr. Olson.

Mr. OLSON. I will not take any more time than to say that I join with Mr. Harvey and Mr. Matsunaga in what they have said.

I note on page five of the National Farmer Union's testimony, and Mr. Carpenter took the exact same position in what he said that he did not think that the farmers in the United States would be producing this abundance unless they were able to make a profit from farming.

We have been discussing this morning what are we going to do in accelerating this program. If we are going to increase the surpluses we ought to make some commitments here while we are doing it, otherwise, we are going to end up with a worsening of our domestic situation in agriculture and that is not the proper conduct of this Committee. I want to thank you for your constructive statement in pointing this out and your willingness to help us find some answers.

Mr. JOHNSON. Just one more comment relating to your comment. Most of the studies, that is, the economic studies that have been made of agriculture in the developing countries, those studies have recommended that one of the things that these countries do in order to increase their production is to inaugurate price support programs for the farmers. If you are going to get production increased you are going to have to give some incentive to the farmers in these under-developed areas to increase their production.

In our country I do not feel as the previous witness stated that these farm programs have created the surpluses, necessarily, without some kind of protection on prices. That the market may have cleared the commodities—you may have driven enough farmers out of business—you may have broken enough farmers so that we would have had, eventually, some kind of a balance with demand, but that is a much more effective way to go about protecting agriculture in this country to have price support programs, because we have used these programs to set the production to our demands. I think everybody recognizes that.

And we ought to try to export some of our own incentives in terms of this Federal farm program to help get the production up in some of these other countries.

Mr. OLSON. Pardon me for interrupting, but I would like to emphasize that we should view the results of abundant production as a success. No one can be sure the price is right when demand is barely equal to supply. The previous witness stated that surplus production was the result of socialistic pressures. This is the only area that has proven that we can produce enough so that we might meet here and determine whether or not we can use it for the benefit of ourselves and the betterment of mankind. I don't believe it is a credit to intelligence to castigate our system by terminology intended to scare and confuse.

Mr. JOHNSON. We completely agree.

Mr. CARPENTER. Could I make a brief comment? I agree entirely with Mr. Olson. Let me say that I have just come in fresh from the country yesterday morning—I was out on the farm just as late as Saturday—and these articles like this in the newspapers, Mr. Chairman, I think are real good—they are utopian, but those farmers out there have the most urgent desire to produce more. That is the nature of a farmer. That is their desire—to produce. It is wonderful if we can do it, but some of the things that we have heard here this morning scare me because I think that some of the statements that Mr. Olson pointed out would not show up immediately, and we could find ourselves in that glut of surpluses, if that is what we elect to call it, and a tremendously depressed farming economy. I think that is one of the things that this committee needs to look at real seriously as we progress on this.

Mr. JOHNSON. I would like to add that the farmers will produce the food if they are assured of an income and if they profit from the production of that food. We in the Farmers Union are not at all worried about the expansion of our production, as long as the amount of money that Congress makes available will cover it, is adequate, and we are able to maintain some kind of a Federal farm program which enables us to project our needs and to fit and tailor our production to meet whatever additional amount of food over and above our own domestic requirements that the Government feels is required.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. In connection with what Mr. Carpenter has said and, also, in connection with the effect of the newspaper article and your comments at the top of page 5 of your statement Mr. Carpenter, you say that the impression is rapidly being spread from coast to coast that all agriculture programs of supply-management can and should be abolished.

Do you feel that the unthinking people or the people who have not studied this matter have already come to the impression that these controls will be taken off immediately with the passage of this bill?

Mr. CARPENTER. I think that is right. It is the people who have not thought through this thing. This idea is getting across. Mr. Johnson said a while ago that they would produce if they were assured of the price. They almost will produce if they are assured of that on suspicion. If they think that they will. That is what is worrying me.

Mr. O'NEAL. I would like to say at this point that is one of my real problems. I think the impression is spreading like wildfire in my area, and I was just wondering if it was doing the same thing throughout the rest of the country; that if you vote for this bill you will be voting for unlimited production immediately and that all of the farmers can grow all they want, and that if you do not you must be against the farmers.

Mr. CARPENTER. That is the reason that we wanted to throw up these two red flags about price and turning everything loose.

Mr. O'NEAL. I have one more question. You said that this impression is rapidly being spread. Do you think that it is being deliberately spread?

Mr. CARPENTER. Well, no; I do not think it is being deliberately spread. It is not really being distorted—but it is being talked so much that people really are getting the idea that it will not work, and I think it can work.

Mr. O'NEAL. Would you agree that some extraordinary thing should be done now to stop this before a great deal of damage is done?

Mr. CARPENTER. I do not think that damage will be done. I do not think that damage will be done in total, because I think the folks in deliberation will come up with something that; that is, I mean you people on this committee.

Mr. O'NEAL. We might have some political damage, might we not?

Mr. CARPENTER. Yes.

Mr. JOHNSON. I look upon this, perhaps, a little bit as a more critical problem than maybe Mr. Carpenter has referred to it, but there is a deliberate campaign in many areas now along these lines to encourage the farmers not to participate in the wheat and feed-grain programs and this is a deliberate effort in many areas. I feel that our Department of Agriculture could have made that feed-grain program a little bit more attractive on the diverted acre payment side. Probably, it is more essential that they do this, because now we do have this effort out in the countryside to convince the farmers that no longer do they need to worry about any kind of balance of supply and demand.

So I am going to do what I can. We are going to do what we can to try to get the Department—it is a rather late date—to get it changed, to make the feed-grain program more attractive.

Mr. O'NEAL. Mr. Chairman, I share this concern, but I, also, have the concern that if this bill is passed—and this utopia does not come, I can easily see the political repercussions that will come from it.

Mr. JOHNSON. I think you have assessed it most realistically as a Member of Congress and as a man concerned with political developments.

I would, also, say that it is an overriding economic implication for agriculture as well.

Mr. CARPENTER. May I, also, comment that I checked Friday on the signup in our local offices on the feed-grain program. The numbers are drastically below what they were last year in Missouri. The acreage is essentially below. What I am saying is that the people who really produce the corn and the grains are coming in and throwing under discussion this and are going back home and saying, "I will think about it." And they have only a few more days to think. Up to now they have not come in and indicated their position.

Mr. POAGE. Mrs. May.

Mrs. MAY. I just want to commend these gentlemen and to thank them for their good contributions. You have given us much food for thought on food for freedom. I think we all have a responsibility in a situation like this as Members of the Congress, as well as the Committee on Agriculture, to project reasonable cautions and not make too many suppositions as to what this program will do. We have an important responsibility to point that out.

I feel that in addition to the food-for-freedom program which we have been talking about for several months, we have to keep in mind the situation in Vietnam. I think that this is a serious responsibility, and when we are talking about this program we must weigh world needs against war and domestic needs.

Some of the farmers in my own area have warned on this subject that we should not be in too much of a hurry to make final decisions. I do think that we have some responsibility to go into this.

Mr. POAGE. Mr. Dole.

Mr. DOLE. I agree. Farmers around the country look hopefully to the future. I do not know what other problems there may be, but do know that it has had an effect, and agree with Congressman O'Neal. Perhaps, in some areas it has hurt the landlord-tenant relationship. Many of the landlords see the possibility of planting 10 percent the next couple of years and they will be content with that, which would not be the case with the tenant farmer. So I share the view that we must be responsible in any statements we make about what will happen upon the passage of the Food for Freedom or the Food for Peace programs, whatever you want to call it.

I would also note that Mr. Johnson attended the FAO Conference and did an outstanding job there. I appreciate your statement on page 5 where you indicate that the director general of the FAO, Dr. Sen, stated our food aid should be coupled with a requirement of self-help not only in his own country of India, but in other developing countries.

You make no specific recommendations, but I sense that you do endorse the idea that we increase our technical assistance in developing countries. Is that correct?

Mr. JOHNSON. Yes, sir. That is correct.

Mr. CARPENTER. Yes.

Mr. JOHNSON. I would like, also, for the record to show that two outstanding members of this committee were part of our Government delegation to the FAO—Congressman Olson and, also, Congressman Dole. I think this is one of the places where we do get a very helpful insight into the problems of these other countries especially, it impressed me that they do need to concentrate on their basic industry if they are ever really to get about the job of the developing in an industrial sense.

Mr. DOLE. I think you pointed out in your statement, many of these countries feel since our surplus has been on the decline that it is an indication that we are going to cut back our food-aid programs. I am certain that you heard Secretary Freeman make the very clear statement, that at the present time the domestic area of concern is, certainly, one that would not indicate that would be true on a world-wide basis; in fact, we are increasing our aid programs under what-

ever program we may act upon and I think, perhaps, the article that you pointed out in the *Kansas City Star* is appearing all over the Midwest, not only in the *Kansas City Star*, but in the farm papers, and the like.

Mr. CARPENTER. Every place.

Mr. DOLE. I think the farmers have a right to be hopeful, but, certainly, not to the point that we are going to take the lid off the programs and turn everyone loose.

Mr. OLSON. The Chairman knows better than I do, certainly, that voluntary farm programs can be self defeating. I know that you were among those that questioned what would happen when we came to the juncture at which we are today. If this committee is not fully aware of what we are all saying this morning, our farm program could turn into failure, just as quickly as we have achieved success.

Mr. DOLE. There is a real opportunity for the American producer, but I feel Mr. O'Neal expressed it well in stating that we had better do something to neutralize the thoughts people now have about increasing production because of what Congress will do with the Food for Peace program.

Mr. POAGE. Mr. Redlin.

Mr. REDLIN. I would like to join with the other members who have stated this same concern. It is of very deep and vital concern to all of us in the hard spring wheat areas, particularly, because we are the recipients of the new announcement that would make it even more of a situation out there.

I was interested in your observation when you said that the farmers will produce on suspicion. I think that is quite accurate. They have produced wheat for 25 cents a bushel. That is primarily the only thing that they can produce on a wheat farm. It would appear to me that it is important to get the point across that this does not mean that if we pass his program we sweep the stage clear, and tear down the scaffolding of a sensible support price and supply management program. I am hoping that this is the stand of your organization, that you are not proposing or even suggesting that.

Mr. CARPENTER. You are exactly right.

Mr. JOHNSON. We concur in that statement.

Mr. POAGE. I believe we have gone around.

Personally, I fear that there is danger in this proposal of this "reserve" exactly, like there is danger that the farmer is likely to get the idea that this bill will remove half a billion bushels of wheat or 10 million bales of cotton, and, of course prices are bound to go up if you do so and if the farmer thinks they will go up he is going to overplant. I think that psychologically it is exactly the same thing in connection with this storage proposal as it is in connection with this sale to foreign nations. I think there is danger in the psychology connected with both of them. I hope that the proponents of this program will give consideration to the possibility that this bullish psychology can spread like wildfire, and that if it does it could do great harm.

If there is nothing further the committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:35 p.m., the committee recessed to reconvene at 10 a.m. on Tuesday, March 1, 1966.)

WORLD WAR ON HUNGER

TUESDAY, MARCH 1, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley (presiding), Poage, Gathings, Stubblefield, O'Neal, Foley, Stalbaum, de la Garza, Vigorito, Redlin, Greigg, Callan, Dague, Quie, Mrs. May, Harvey of Indiana, Findley, Dole, Burton of Utah, and Hansen of Idaho.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; and Francis Le May, consultant.

Mr. POAGE (presiding). The committee will please come to order.

The chairman, Mr. Cooley, must represent this committee before the Rules Committee, which is meeting in a few moments. Therefore, he will have to leave.

We will start now. Mr. Cooley will be back here with us later on.

Our first witness this morning is Mr. Wallace J. Campbell, president of the Foundation for Cooperative Housing.

We are very glad to have you with us, Mr. Campbell. We will be glad to hear from you now.

STATEMENT OF WALLACE J. CAMPBELL, PRESIDENT, FOUNDATION FOR COOPERATIVE HOUSING

Mr. CAMPBELL. Mr. Chairman and members of the committee, it is an honor to appear before your committee once again. It is particular pleasing to appear here in support of President Johnson's proposal that "the United States lead the world in a war on hunger."

Perhaps I should introduce myself to any new members of the committee. I am president of the Foundation for Cooperative Housing but I am appearing at the request of the committee in my personal capacity. For 25 years I was assistant secretary of the Cooperative League of the U.S.A. and was its legislative representative at the time this committee was hammering out the legislation for Public Law 480.

At that time there was a strong coalition of farm and religious organizations interested in the legislation. The farm groups worried that the tremendous surpluses accumulating in the United States threatened to destroy the normal market for American agricultural products; the religious, civic, and relief groups wanted to find a more effective way

to use American agricultural capacity to feed the hungry and starving in the free world. The coalescence of these forces, working with your committee, helped to enact Public Law 480.

As chairman of the committee which organized CARE in 1945, and as a member of its Board of Directors, I had taken part in policymaking decisions to experiment in the use of agricultural surpluses to meet food crises in Europe and the Middle East prior to Public Law 480.

In the years since Public Law 480 was enacted, CARE developed a program to use these great agricultural resources to feed 35 million hungry men, women, and children around the world.

Of the \$759 million worth of relief, self-help, and medical supplies distributed by CARE during the last 20 years, well over \$500 million, one-half of a billion dollars, has been in foodstuffs distributed by CARE to the world's needy under Public Law 480.

CARE's most dramatic program is one in which we are now feeding 28 million children a simple lunch each day of the school year. The school lunch program not only makes the difference between chronic malnutrition and sturdy growth, but it also increases the child's ability to learn more quickly and later to take his place as a responsible citizen of the world.

It is interesting indeed to see on the walls of school houses in the Punjab and Madras, in Ecuador and Colombia, in South Korea, and in so many other countries, signs in Hindi, Punjabi, Tamil, Hangul, Spanish, and other native languages, telling the parents, and the children alike, that the school lunch is contributed by the people of the United States through CARE. It touches one's heart very deeply to help serve one of these school lunches in such a far away country as India or Ecuador and to see how gratefully the gift of American abundance is received.

Here are a few specific items about the dramatic accomplishments CARE has been able to achieve in partnership with the U.S. Government and host governments overseas under the food-for-peace program. Since the enactment of Public Law 480, CARE has received through June 30, 1965, a total of 5 billion pounds (repeat, 5 billion pounds) of commodities made available by the U.S. Government for distribution to the needy in 55 countries.

CARE is supported basically by the voluntary contributions of private individual U.S. citizens. But it has also received substantial support through funds contributed by the "host" governments to help pay the costs of internal transportation and the personnel to handle school lunch feeding programs. This is a move to encourage other governments to share costs with CARE and the U.S. Government in this important humanitarian effort.

Early in its operations, CARE drew away from the straight "dole" type of program involving large family feeding and established a pattern of operations involving local institutions mainly for school lunches.

During the year ending June 30, 1966, CARE is operating actually in 32 countries and will handle about 1 billion pounds of commodities. Increasing emphasis is on the feeding of children. Of approximately 35 million recipients involved in these CARE lunch programs, 28 million are schoolage children receiving school lunch programs. An additional 1½ million children between the ages of 1 through 6 will

be receiving good nourishing food in those crucial years when infant mortality is abnormally high.

In the current famine situation in India, CARE has undertaken a very substantial additional burden. Its established program calls for school lunch distribution in a total of 12 of the 15 states in India. In addition, CARE will take care of approximately 2½ million more of the hungry, including very young children aged 1 through 6, and pregnant and nursing mothers.

In meeting emergencies and in keeping up with well-established commitments supported by contributions from other governments, CARE has found one major obstacle. That is the lack of any guarantee that commodities will be available for any extended period of time unless they are "in surplus." In many cases it has not been possible even to meet firm commitments because of shortages which develop in various commodities. This has been particularly critical in the need for milk powder for the feeding of children. The new legislation before you, the Food for Freedom Act of 1966, should make it possible to overcome this deficiency.

I have spoken in detail only about CARE but I would like to point out that there are a number of other great voluntary organizations which are conducting school lunch programs and other relief operations, using for humanitarian service the agricultural abundance of the United States.

The great potential of Public Law 480 must have been in the committee members' minds at its adoption; but, I doubt if many others in the Congress were aware of the impact it would have on the food needs of the world; and what great rewards in friendship and understanding it would bring to the United States while it was fulfilling an important economic function for American agriculture.

President Johnson has presented to Congress through this committee a proposed war on hunger which would take the next step. The President recommends that we abandon the concept of "disposal of agricultural surplus: and substitute a positive concept of an international war on hunger, with the United States taking the lead. There are several important implications in the change that I would like to stress to this committee.

The first is that Congress restate the purpose of this program so that the United States can move aggressively and constructively against malnutrition and starvation not only with actual surpluses, but also with authority to purchase commodities to supplement nutritionally the commodities which are in surplus. In other words, this will make available those foods that are needed regardless of whether they are in surplus or not.

The legislation also intends that the United States work with other principal agricultural nations to form a combined undertaking to supplement U.S. resources through contributions and sales of commodities from the "have countries," helping to solve the food crisis of the "have not countries."

We should move forward on two fronts; bilaterally in U.S. programs and multilaterally through the U.N. Food and Agriculture Organization, the world food program, and the programs of self-help for nations that are not now producing enough food to meet their own needs. A program devoted only to charity, without self-help,

could eventually impoverish the people and the nations concerned. But an active program providing agricultural and technical assistance, organization techniques in cooperative purchasing and marketing, additional production of fertilizer and insecticides, an aggressive program of modern agriculture, can help pull many of these countries onto their own feet in a dramatic new program of agricultural expansion.

This self-help program will in no way endanger the market for U.S. farm production. Secretary of Agriculture Orville Freeman testified before this committee last week that by 1980 full agricultural production in the United States can no longer meet our foreign agricultural commitments; and that by 1985 we cannot fill the gap between increasing food needs and increasing population without substantially increasing food production overseas. "The disaster can be averted in only one way," Secretary Freeman said, "by greatly accelerating the expansion of food production within the hungry nations themselves." This emphasis on self-help for nations with agricultural deficiencies is the key factor in our new war on hunger.

For 18 of the last 20 years, U.S. agricultural policy has focused on persuading our farmers not to raise so much food. Only during the war in Korea did we try to turn on the forces of production and we learned how hard it is to get a quick response in increased agricultural production. Korea taught us an important lesson; the need for adequate reserves of food for emergency situations.

President Johnson's new proposal indicates one other lesson: we must tune up U.S. farm production to meet our own food needs for the American population which will double by the year 2000. The legislative proposals before you provide for stepping up American food production to meet international needs so that this same production can meet our domestic needs when the American population increase brings more mouths to feed in the United States.

Let me give a specific example of the food need. For years dried skim milk has been a surplus item. Public Law 480 enabled the use of "mountains" of milk to feed schoolchildren all around the world. But the United States and world market for milk has been increasing at the same time. For the last 2 years the great voluntary agencies of the United States, including CARE, Catholic Relief Services, Church World Service, Lutheran World Relief, and others, have not been able to get enough dried skim milk to meet their commitments to relief programs overseas. I don't need to tell members of this committee how long it takes to increase milk production. There is actually a quiet crisis in the international relief program growing out of this shortage of milk powder in the United States. Actually, we require new incentives in increased price supports for dairy products if we are to meet the need for our own food needs as well as our foreign commitments. There should also be an agricultural policy statement which would assure the American dairy farmers that there will not be another cutback as production rises, thereby creating more losses and maladjustments in American agriculture. It is my belief that the proposed legislation will make this important move possible.

Between November 1960 and January 20, 1961, I helped to put together the task force report on food for peace which Murray Lincoln, as chairman of President-elect Kennedy's task force, prepared for the

new President. The task force report contained many recommendations which are features in the proposed legislation and in the President's message on the war against hunger. The task force urged dropping the concept of "surplus disposal" and the substitution of a positive and aggressive program to meet the world's needs in a food-for-peace program. The task force report recommended authorizing the Secretary of Agriculture to purchase in the open market the necessary nutritional supplements to the commodities going into the donation programs carried forward by the great U.S. voluntary organizations.

It recommended a long-term program in this field rather than an emergency or "crisis" approach. It emphasized the need for helping the recipient countries to help themselves with their own agricultural production programs. And it recommended long-term credit sales for U.S. dollars of commodities. This would supplement the contributions and sales for local currencies. The task force report also highlighted a proposal made by the then Senator Humphrey that binational foundations be set up to develop programs using funds accumulated under sale for local currencies for extended programs of education, health, and agriculture.

Now may I present to the committee three specific proposals which I feel should be added to the Food for Freedom Act of 1966.

1. The first proposal is for the use of cotton in overseas programs. As the committee well knows from the figures before it, cotton is a very large surplus item. Not much use has been made of cotton in the welfare programs of the voluntary agencies. This committee will remember that a great forward stride under Public Law 480 was an amendment authorizing the processing of wheat into flour for the overseas programs. This has led to uses of wheat far beyond the former potential of the voluntary organizations.

There is a great unfilled need in hospitals, orphanages, old people's homes, and other institutions around the world for cotton bedsheets and pillowcases and bandages. There are hospitals in many sections of the world which have to keep a hospital bed empty while the sheets are being washed, or the patient must lie with open sores on a mattress instead of a sheet. Sometimes a patient can have a sheet under him but no sheet over him. A hospital that can have all the beds supplied with two sheets at the same time and replacement sheets while dirty sheets are laundered is very rare. The same is true, or probably worse, of pillowcases. Pillowcases with slits cut in the bottoms and sides can also serve as a garment for a child.

If U.S. cotton were made available and authority given to process it into sheets, pillowcases, and bandages by using U.S. plants and American textile workers, this would provide benefits to American agriculture, to American labor, and most important of all, this would provide improved sanitation practices in hospitals, orphanages, nursing homes, and other institutions overseas.

2. The second specific proposal which needs consideration and emphasis, is improved housing and environmental sanitation.

As this committee knows, the food-for-peace program has demonstrated great resourcefulness in creating "food for work" whereby agricultural commodities were used to pay major costs of road construction, irrigation, reforestation, school construction, and other pro-

grams. CARE and other voluntary organizations, as well as the AID program itself, have carried forward very dramatic programs in these fields. In a few cases "food for work" has been used to help people build their own homes. The need for improved housing and living conditions is tremendous and the opportunity for using both "food for work" and reinvestment of local currencies could open a great new field for assistance overseas.

President Johnson, in the opening lines of his message "War on Hunger" declared:

"Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter. These are the essentials of peace and progress. But in the world today, these needs are still largely unfulfilled. When men and their families are hungry, poorly clad, and ill housed, the world is restless—and civilization exists at best in troubled peace."

I would urge on this committee and the administration a detailed examination of the needs and possibilities of using food for peace as a way to create new and sanitary housing in all parts of the world.

3. The third important proposal is in regard to the food distribution systems and facilities for the war on hunger. In India, for example, the ports have reached a saturation point and there just are not the facilities for moving food into Indian fast enough to meet the needs of the famine which faces her today. Ingenious devices are being developed on the scene but these are not adequate.

India does not have a distribution system in the sense that we have a distribution system in the United States. Assistance needs to be provided both in the form of technical assistance and loans to create a system of storage, transportation, and distribution which will eliminate the delays and waste which now face the people charged with that responsibility for getting foods to people fast enough to prevent starvation.

When I was in India, a representative of the Ford Foundation told us that 25 percent of the food that is produced in India is not consumed, because it is wasted—it is lost—it is destroyed—it spoils in the process of getting to the consumer. There just is not a system of distribution as we know it.

A small simple illustration of this logistic need is one which CARE faces in many Indian communities where we must bring in pumps and water pipes to provide clean water for preparing the milk from milk powder to feed hungry children.

In the 20 years of work at CARE, we have learned some philosophical and psychological lessons as well as some economic ones. When we launched CARE in 1945, it was our aim to help people by preventing starvation in war-torn Western Europe. As the immediate crisis eased, it became apparent to us that just to help people was not enough. Actually straight charity can be harmful to a beneficiary if applied for too long a time; so we launched an important program of self-help. We were proud of this concept and many of us felt we had achieved the ultimate. There is, however, one important further step at least, and that is to help people by teaching them to help each other. This truly cooperative approach, used very effectively in our own country, can be the basis for the creation of self-sufficient, independent, friendly nations.

There have been many hours of testimony devoted to the technical aspects of this legislation before you. Witnesses have gone out of their way to prove that this proposed legislation is in the self-interest of the United States. This is in fact true. But in today's world self-interest alone is not enough. Public Law 480 turned out to be not just a device for agricultural surplus disposal but it became one of the great humanitarian measures of all history.

The war on hunger which the President proposes and for which there are a number of proposed bills before you, can move us even further forward in the quest to save ourselves by helping others to help themselves.

Mr. POAGE. Thank you, for a very fine statement. We appreciate it.

I wonder if you would give us, not in any formal way, but just as one concerned with these problems, who is familiar with these problems, your idea as to the desirability of using these world organizations that you have referred to in bilateral agreements and multilaterally—the FAO and the United Nations Organization.

Mr. CAMPBELL. Yes.

Mr. POAGE. Why do we need to use those organizations?

Mr. CAMPBELL. Well, there are a couple of reasons.

First, I should preface it by saying that we should not cut back on our own bilateral programs, the things done by the voluntary agencies, by AID, by the Department of Agriculture, and so forth—they are all very important and essential.

It seems to me, in using the multilateral approach, in bringing the other nations of the world into this program, that we do a couple of things:

First, we help share the burden by getting the other countries involved. All of them are members of FAO. They can work with us on technical assistance, in providing experts to supplement our own experts in this self-help program of increasing production. We get contributions of substantial amounts of food and cash from other countries to the world food program, which was initiated by FAO. In other words, we share the burden of moving into more adequate production of foodstuffs around the world, if we can pull these other nations into helping us. It seems to me that we do that better through a world organization than we can just by doing the job ourselves. I think that this is a major factor.

There are, also, technical experts in some of the Asian countries; for example, in Japan, who can be brought down to places like India to help them increase their rice production. And that is very important. I have seen some farmers in India who have been able to increase their rice production threefold or fourfold over their old inadequate system when they had the right experts come and help them.

There are experts from a number of other countries who can provide the manpower to help in this big problem.

This is mainly why I feel that we should be a party to the FAO and the United Nations and the other organizations.

Mr. POAGE. This is something about which there has been a good deal of talk. I have never fully understood it. I will not attempt to analyze it now, nor do I say anything condemning it at all, but, just to get an understanding of it, I want to analyze what you have said. I see no reason on earth for multilateral arrangements to

achieve these things. We have employed a great many technicians and direct employees of the U.S. Government and have sent them to these countries. In fact, while I have not been to all parts of the world, although some have accused me of that, but I have never run on to any representatives of FAO in the underdeveloped countries. I am sure that some of their experts are there, but I just never have had any contact with them.

I think it is fine to bring these technicians into south Asia. I think that if they want the Japanese technicians, they can help, because the Japanese methods are more nearly adaptable to their situation than maybe ours. I agree with all of the desirability of that, but I do not know any reason why we should have to go out and have somebody else control the program in order to do it.

Mr. CAMPBELL. It is not so much a matter of having somebody else control the program, as it is in the FAO technical assistance program to bring in the financial contributions, as well as the manpower contributions of the other countries.

Mr. POAGE. That is your first point.

Mr. CAMPBELL. If I remember correctly, we pay about 33 percent of the FAO budget, and the other countries pay the other 67 percent, so that we are in this measure beginning to get the help of the other countries in solving this problem. When we together finance programs and pull in the manpower from these other countries we get the technicians from Japan and from Australia and from New Zealand, from Great Britain, from Holland, from every place in the world. And it is paid for by all of the countries who are members of the Organization. This is my major premise; that we need to get that help.

Mr. POAGE. That was your first point. I think that it is very good. I agree that if you can get somebody to pay two-thirds of the cost that is right practical.

Mr. CAMPBELL. I am a Scotsman.

Mr. POAGE. I beg your pardon?

Mr. CAMPBELL. I am a Scotsman. I believe in thrift and frugality. We should encourage other countries to share the cost.

Mr. POAGE. That is fine if we can get that done. I am afraid that we are not getting very much of that done. I am not sure that I understand the financing of the FAO. And our representatives to the FAO are not here this morning—those who represented this committee there last fall. I understood that there were a lot of these contributions that are made in local currency, are they not?

Mr. CAMPBELL. Yes; that is right.

Mr. POAGE. And you do not hire any Japanese technicians with rupees.

Mr. CAMPBELL. No.

Mr. POAGE. And you do not hire anybody from Australia with Ghanaian money. You use American dollars, or the new Australian dollars to pay those bills.

And if I have understood this FAO financing correctly, most of these countries contribute enough to pay part of the cost in their own countries, and their contribution is in their own currency, and we supplement it—I guess it is 32 percent that we put into that organization,

in hard dollars, and the rest put their money in it, the British put their money in it and the West Germans put a little money in it and the Australians put a little money in it, and the Japanese put a little money in it, but most of the balance is money that is used locally and, really, simply is used in the hope of getting additional contributions from the United States. Is that not about the way it works?

Mr. CAMPBELL. Not quite. In part, yes. When you get some contributions from a few countries, they are in soft currencies that are of no value, that is true, but in the FAO the currencies of the majority of the members are interchangeable. There are substantial contributions from Denmark, Sweden, Norway, and Finland, for example. There are contributions from the Australians and the New Zealanders.

It would be interesting to have a study made of how much of the total budget is in convertible currency. I would guess that, at least, two-thirds, including our own, would be in convertible currencies that can be used to facilitate both the technical assistance and other programs outside of the countries in which these currencies are contributed. It would be interesting to know that. I think that you could find it out. But I would say that, in my own opinion at least, two-thirds of the money is in convertible currencies. It is useful.

Of course, in the African countries they are recipients of help, anyway, and if they are paying part of the cost of the help to themselves, this is helpful.

Mr. POAGE. All of this is for those people's help. I am finding no objections to that. However, it has just seemed to me—and it may be this is due to my great ignorance of this subject—it has seemed to me that it was largely a scheme whereby the United States carried the big end of the cost, and lost all control of the program. That it was just a way to get our money without any strings on it.

Mr. CAMPBELL. I do not share your feeling on that. We control the programs that we run under AID.

Mr. POAGE. Oh, yes, AID is an American program.

Mr. CAMPBELL. And these other programs are supplementary to them. The majority of the money that is contributed is convertible hard money, and the other moneys are useful, that is, if you send a team into India or into Ceylon or into Burma or some other place, a substantial part of the cost of the technical experts can be paid for in those local currencies—his food, his rent, his internal transportation expense—all of this cost which would, otherwise, be paid in dollars, can then be paid in those local currencies.

Mr. POAGE. That can be done under a bilateral arrangement.

Mr. CAMPBELL. Yes.

Mr. POAGE. We do not have to have some third party come in to do that. We are doing that in a large way over a large part of the world. And if I understood the President's message at all I got the idea that we were going to put more strings on our contributions, not less in the future; that we were going to require more, not less from the recipient countries. Is that the way that you understood the President?

Mr. CAMPBELL. Sure, sure.

Mr. POAGE. Is that not sound?

Mr. CAMPBELL. It is.

Mr. POAGE. Then is it sound to turn around here and say that we will let Dr. Sen handle this money, rather than the United States?

Mr. CAMPBELL. This, also, is sound, because it is a supplementary program, and it is one in which we are beginning to pull in additional help from those countries for those countries. I think both approaches are sound. You cannot depend, for the main thrust of what the President wants to do, on use of other countries. The major thrust must be our own program. But the multilateral program assists us by pulling in the help of the Dutch and the West Germans and the Australians and the New Zealanders—these are people who would not put money into our aid program. Just as we do not put our money into a strictly British program. We can, however, do something better if we work through an organization of which we are a part. I believe that the FAO program is a constructive one, very effective. I think the "Freedom From Hunger" program that Mr. Sen has initiated is a great banner to attract world interest in, and focus attention on, the food program.

I believe that multilateral programs, however, are only supplementary to the major thrust of what the President wants to do. I do not think that we disagree on that. I may be a little more enthusiastic about the FAO than you are, although I think that you have approved the appropriations for the FAO work and hoped that it would work and kept pushing for it.

I have seen a lot of the works of FAO around the world in various countries that I have visited. Officers of the recipient countries have been enthusiastic about what has been accomplished. Maybe I take more time when I am on a visit than you can in your role as chairman of the committee. When in India we got out into the Punjab area—we got up to Ludiana where Ohio State University is developing an agricultural college.

Mr. POAGE. I have seen that, too. I have seen the Ohio State University work and I have seen the work of Oklahoma State University and Texas A & M, and the rest of these universities that have these contracts. They contracted with the U.S. Government. They got their money in dollars. And they were paid off back here in the United States before they even sent anybody out there. They were not working for the FAO in these places that I have seen.

Mr. CAMPBELL. That is correct.

Mr. POAGE. We were working on a bilateral basis strictly, and they were doing well. I am in thorough accord with what they were doing, but you keep giving me illustrations of what we are doing on a bilateral basis to prove the efficacy of the work of the FAO. I have seen this thing work on a bilateral basis, but somehow or other all of this FAO work escaped me on my visits. They must just run around at night, and I did not see it. I just did not see it, but I did see the work of these universities, the work that they were doing, which was paid for in dollars by the United States of America, and nobody else.

Mr. CAMPBELL. I have seen both. I think both are good. I am not selling one short against the other.

I think, also, Mr. Chairman, if I may add a light touch, that when you go into a country the State Department has somebody to meet you at the airplane, that you have somebody from AID to give you assistance—you are transported in an American car or in an American

jeep or something of this kind. Those fellows are so anxious to show you what they are doing that there is not any time left on your agenda to see what some of the others are doing.

Mr. POAGE. That is very true. They do a magnificent job of selling their operations.

Mr. CAMPBELL. I think that is true.

Mr. POAGE. I recognize that.

Mr. CAMPBELL. Because they have got a good job to talk about.

Mrs. MAY. I might say that I have had occasion to be on one or two trips with Mr. Poage (and some of our colleagues have been with him on many other trips), I do not know of a man who sees more outside of the regular routine that he is supposed to see than our vice chairman.

Mr. POAGE. Thank you.

It is not a question of what I personally have seen—it is a matter of what is going on that we are really interested in.

Mr. CAMPBELL. I am not an official. I have never been on an FAO committee. I have just seen much of their work, and know a lot of their people, and I am enthusiastic about it.

Mr. POAGE. Thank you for your suggestions on the matter. Mr. Harvey.

Mr. HARVEY of Indiana. Mr. Chairman, I have listened to this discussion with a great deal of interest. I will just note before I proceed that on page 5 of your statement, in the first paragraph on that page, that statement, I think, is a very important one—probably it ought to be used more frequently. I think that is a very, very important statement.

Mr. CAMPBELL. Thank you.

Mr. HARVEY of Indiana. And I would like now to ask you a few questions. This is not a followup of the things that Mr. Poage has asked about.

I happen to have been a delegate to the FAO convention in 1961 and 1963, and I attended them rather faithfully, too.

I want to say that as I understood the purpose of FAO, it is primarily to supply technicians in more critical areas of the world, and would term them research and extension people, the same program that we have followed here in our country throughout the years. And I think that they are, probably, serving a useful function in their area that they cover in terms of the personnel that they have, which is rather limited. They are helpful. They are doing a good job. They give most of the recipient and donor nations a chance to work together cooperatively in the field that they are in. I approve of it.

You said that you thought that we ought to let all of the countries in as contributors. Just what countries would you suggest could make significant contributions of food?

Mr. CAMPBELL. Well, in the world food program as it is established—I am not an authority on it—I understand that Australia, New Zealand, Canada and the United States, are the principal contributors of additional food.

I think the Argentine in Latin America is too. I am not sure about Japan. I know that Denmark and Sweden and Norway, also, contribute to the world food program.

There are quite substantial numbers that make contributions in food that are then distributed broadly.

I was not suggesting a new program. I think that the FAO technical assistance program and the world food program, which is under their umbrella, are both making a good start in this direction. I believe that we ought to get other countries to make substantial contributions, as much as they can, in this war on hunger.

Mr. HARVEY of Indiana. I am of the opinion, however worthy the objective might be, with the exception of two or three countries besides the United States—there is just not going to be enough in terms of percentage to be of any consequence. And I think that any effort to implement it is going to be illusory. I think that we could very well join up with Canada, for example, and ask them to participate with us in this program and possibly one or two other countries. I just do not think that there is much point in trying to get a worldwide food contributing program set up in which we would become a minor partner, and I think that the amount that we would gain would be more than offset by dividing the authority. I just do not think it is a workable proposition, if you will pardon me saying so to you, quite frankly.

Mr. CAMPBELL. What I would like to suggest is that the chairman might ask the Department of Agriculture for a list of the countries that are now contributing to the world food program, and the amount of their contributions. And then we would have the facts in front of us. I think it is more substantial than you, probably, do think, but I believe that we ought to have the facts.

I know that the people of Denmark are contributing more per capita to the FAO technical assistance program than we are in this country. They do not have as large a bilateral program as we do, but these other countries are trying to help, and I think that we ought to encourage them. We will still have to carry the major burden.

Mr. HARVEY of Indiana. I am not saying that we should not encourage these other countries to make contributions, but what I am saying is that I do not think that we should tie our authority in with a multitude of other countries where we would be contributing, perhaps, 95 percent of the total effort, and our authority would then be reduced, maybe, to about where it is in the FAO, to about 1 percent. I think that we would reduce our effectiveness and, also, reduce the effectiveness of the services to other people as well. I just cannot see the idea of forming ourselves into a worldwide program of food distribution. I, certainly, am not for that, unless something can be more usefully brought to my attention. I do want to make it clear that I am appreciative of the many fine efforts that CARE itself has made. I have had some opportunities to observe the operations of CARE.

I have tried on various occasions to keep up with our chairman when we visited some of these critical areas. And I want to say in public what Mrs. May has said, that I do not believe that any committee that goes abroad brings back, as Mr. Poage has, more factual information. I think it is unfortunate that the concept has gotten to be that these committees go abroad only for the ride—that they do not do any work and that they do not find out anything or learn anything or contribute much with their efforts.

Mr. POAGE. Thank you.

Mr. STUBBLEFIELD.

Mr. STUBBLEFIELD. No questions.

Mr. POAGE. Mr. Quie.

Mr. QUIE. No questions.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. No questions.

Mr. POAGE. Mrs. May?

Mrs. MAY. No questions.

Mr. POAGE. Is there anyone else who wants to ask questions? All right, Mr. Stalbaum.

Mr. STALBAUM. On page 7, you talk about setting up dairy goals, with a policy statement by the Department of Agriculture to the farmers which would state that there would not be another cutback in production. I represent Wisconsin and I, as many others, am interested in the dairy part of the program. This has somewhat disturbed me. I would be interested in any specifics you might have with respect to dairy.

Mr. CAMPBELL. My own feeling is that if the Secretary can increase the price supports to a point where it stimulates additional production—not only in your own State but in other States—this ought to be a continuing program. It should not be a short-term program which would then be cut back in 1967 or 1968, or something of that kind. The programing which we do in CARE and in the other voluntary agencies—and the programing done through the AID program—is such that we should know a year ahead, at least, what we can use—what we need to use in milk powder, for example. We would like to have a longer range than we have had or have today. We would like to see that the dairy production increases quite substantially. For we are meeting a worldwide need that is specifically part of our agreed program.

The Department of Agriculture has not wanted to cut CARE back on the amount of dried skim milk available or to cut back the Church World Service or the Catholic Relief Services or the Lutheran World Relief Services, but there just has not been enough milk in surplus to make it available to meet what our real needs are.

Mr. STALBAUM. You realize that this year they are permitted to buy on the open market for these programs?

Mr. CAMPBELL. That is right. This has been very helpful.

Mr. STALBAUM. Do I gather from your earlier statement that you are suggesting that when price supports are put into effect that the Secretary, perhaps, will make an announcement that they will not go below this level for some years in the future?

Mr. CAMPBELL. I think a specific time could be determined.

Mr. STALBAUM. And the possibility is that it might be increased?

Mr. CAMPBELL. Yes.

Mr. STALBAUM. That is all. Thank you very much.

Mr. POAGE. Thank you, Mr. Stalbaum. Mr. Callan.

Mr. CALLAN. We have a war in Vietnam and we have a war on poverty going on in this country, and we have this proposal for a war on hunger. And there is another war developing and, that is, the war on the budget.

As you know, the administration talks about cutting back on the school-lunch program and the milk program, a cutback on Public Law 566 funds, cuts in agricultural research, and on help in backward areas. Do you think that this country should cut back on all of these domes-

tic programs in deference to \$1,500 million in this so-called war on hunger?

Mr. CAMPBELL. I do not think that we need to cut back as we have done on some of these programs. Particularly, I have been disturbed at the cutback on our school-lunch program in the United States.

Under Public Law 480, the statutes that are currently in effect, the priorities go to U.S. needs before they go to international needs. This has been true for the last 10 years and was always true. It is my own feeling that we can afford to keep the school-lunch programs going in the United States and that we should.

Mr. CALLAN. We can do both?

Mr. CAMPBELL. Yes.

Mr. CALLAN. Then how would you suggest that we finance it?

Mr. CAMPBELL. We may have to have an increase in taxes.

Mr. CALLAN. An increase in taxes?

Mr. CAMPBELL. And I would be perfectly willing to support that myself.

Mr. CALLAN. If we spend \$1,500 million for this program, is that not about the same amount of money that we have been spending?

Mr. CAMPBELL. I think that it is a little bit more.

Mr. CALLAN. About all that we will do in the legislation is to change the emphasis?

Mr. CAMPBELL. The greatest thing that is needed is a change of emphasis, because with the change of emphasis we can do a lot of the things that have not been possible.

Mr. CALLAN. So that the main reason for this type of legislation is that we do channel our resources differently than we have been doing in the past?

Mr. CAMPBELL. That is right.

Mr. CALLAN. Thank you.

Mr. CAMPBELL. I would like to make it clear, going back to the earlier questioning, that I am not proposing in my recommendations, nor does the President propose in his legislation, any new device or any new organizations in the multilateral field. The World Food program is in existence and has been going now for about 4 or 5 years, if I remember correctly, and there are contributions by other countries. Our own contribution is limited to 40 percent, if I remember correctly, of the total amount that is contributed to the World Food program, I am not recommending anything new. I was just pointing to a matter of emphasis that I think is pertinent in our current discussions of the war against hunger. This is particularly true since the Secretary of Agriculture has pointed to the need for getting more support in the countries which are receiving help.

Mr. CALLAN. Thank you again.

Mr. POAGE. Thank you, Mr. Callan.

Are there any other questions of Mr. Campbell? If not, we are very much obliged to you, Mr. Campbell. And I want to thank you personally for your reference to the use of cotton as a surplus commodity which, I think, is very timely as a suggestion. I appreciate your putting it in.

Mr. CAMPBELL. Fine, thank you. I think it is very valid and very important.

Mr. POAGE. Our next witness has been with us before, and we are always delighted to have Dr. Keyserling to appear before us.. Dr. Keyserling, we are delighted to have you with us and we will be glad to hear from you now.

**STATEMENT OF LEON H. KEYSERLING, CONSULTING ECONOMIST
AND ATTORNEY, PRESIDENT, CONFERENCE ON ECONOMIC
PROGRESS**

Mr. KEYSERLING. Mr. Chairman and members of the committee, I appreciate the opportunity to be here and the kind remarks of the chairman. I have a prepared statement which is much too long for me to deliver, because it is based, really, as a synopsis of 10 years of studying including four public studies of this farm problem, one of which, incidentally, was 4 years ago called "Food and Freedom."

Mr. POAGE. I might suggest that you place your prepared statement in the record at this point, and then proceed as you desire.

Mr. KEYSERLING. Thank you very much. I shall do so.

(The prepared statement of Leon H. Keyserling follows:)

**STATEMENT OF LEON H. KEYSERLING,* CONSULTING ECONOMIST AND ATTORNEY,
PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS**

Mr. Chairman and members of the committee, I welcome immensely this opportunity to appear here today. I believe that you now have before you some of the most profoundly important proposals for improvements in national farm policies that have been under consideration within a generation or longer. I believe that these proposals are pointed in a wonderful direction. They are designed to use more fully the unparalleled productive power of American agriculture to help fight hunger and its consequences in many parts of the world. Vigorous expansion of this effort can also make an immense contribution to farm incomes and living standards here in the United States.

The proposals now under consideration bear eloquent witness to the brain and heart, the courage and foresight, of President Johnson. They reinforce our recognition that, in Orville Freeman, we have a great Secretary of Agriculture. They reflect the leadership of this committee and its chairman during many years. They are responsive to the best aspirations of the American people. It is my earnest hope that these proposals, after due consideration, will receive the resounding approval of this committee and the Congress. I even hope that the Congress will move even further in the directions indicated by the President's proposals.

For many years, I have devoted much time and study to how we may realize in practical terms the high promise of the productive powers of American agriculture, and do full justice to our farm people. My studies on this subject include the following publications of the Conference on Economic Progress: "Full Prosperity for Agriculture" (November 1955); "Toward a New Farm Program" (December 1958); "Food and Freedom" (October 1960), which, you will note, bears a title very similar to the "Food for Freedom" designation which the President has adopted for the proposals now before you; and "Agriculture and the Public Interest" (February 1965), copies of which I made available to members of this committee last year and am doing so again for their convenience. The committee will note that the basic thrust of this 1965 study is entirely in accord with the President's 1966 "Food for Freedom" proposals.

There are many who, over the years, have provided the Conference on Economic Progress and me with moral encouragement and financial assistance in the development of these studies on a nonprofit basis. I cannot mention here all of these organizations and people. But I do want to express my appreciation to an organization which has done so much over the years for American agriculture

* Former Chairman, Council of Economic Advisers. Consulting economist and attorney; president, Conference on Economic Progress.

and for the cause which the pending legislation represents, the Grain Terminal Foundation, located in St. Paul, Minn., and to that great farm leader for more than half a century already, the Honorable M. W. Thatcher.

I cannot today bring before you all of the materials available to me, which bear upon the subject under consideration. But I can bring before you the essence of these materials. What I shall discuss here today divides into these main parts:

- (1) Opportunities for expanded farm-product use in the United States;
- (2) Opportunities for expanded use of U.S. farm products in the food-and-fiber-deficit countries overseas;
- (3) Requirements for U.S. farm plant and people, to meet the estimated needs;
- (4) Related problems of U.S. farm incomes and living standards.

1. OPPORTUNITIES FOR EXPANDED FARM-PRODUCT USE IN THE UNITED STATES

Any probing examination of how we can use part of our domestic farm products to fight starvation and promote freedom overseas must commence with an appraisal of our long-range needs for these products here at home. We could never build a far-sighted farm policy for overseas upon a short-sighted farm policy for our own citizens. We must increasingly budget our long-range farm efforts toward a consistent and integrated approach to these two problems.

Causes of deficiencies in domestic consumption

As my chart 1 shows, we in the United States suffered from an inadequate rate of economic growth during the period 1953-65 as a whole, despite very considerable improvement during the most recent years. According to my estimates, this led us to forfeit about \$733 billion worth of national production during the 13-year period as a whole, measured in uniform 1964 dollars. This, of course, had a tremendously adverse impact upon our domestic demand for farm products, and relatively an even greater adverse impact upon farm income. As the chart shows, farm operators' net income was deficient by about \$101 billion during the 13-year period as a whole.

My chart 2 translates the deficiencies in total U.S. private consumer expenditures for food, clothing, and shoes into their direct effects upon domestic farm marketings and incomes from the beginning of 1953 through the third quarter of 1965. My estimate is that total domestic farm marketings were reduced by \$61 billion, and net farm operators' income by \$28 billion. This last figure is so much less than the \$101 billion deficit in net farm operators' income set forth in chart 1 because many other factors besides deficient demand have contributed to inadequate farm income.

My chart 3 indicates the high importance of rising wages in increasing our domestic demand for farm products, because wage earners are so large a portion of all consumers, and because wage earners spend relatively more for food in relation to the size of their incomes than higher-income families. This fact should help to dispose of the arguments advanced by those who seek to set the wage earner and the farmer against each other.

My chart 4 is designed to indicate the dampening effect upon domestic farm-product consumption, resulting from widespread poverty in the United States. In 1964, in consequence of the approximately 30 million nonfarm Americans living in poverty (as of the 1963 count), 28 billion pounds less of our domestic farm products were consumed at home than if these poor Americans had enjoyed the diets which would have resulted from even a minimum acceptable American standard of income and living. This deficiency alone came to about 9 percent of our total U.S. consumption of all farm products, measured in actual farm-product equivalents.

My charts 5 and 6 portray other factors which have impacted unfavorably upon our domestic consumption of farm products, including the decline in the ratio of consumer spending for food to total consumer spending, the growing farm-to-market spread, and changing patterns of food consumption with changing incomes and tastes. Some of these trends may continue. But their adverse effects upon farm-product consumption and farm incomes can be far more than counter-balanced, if we take the vigorous steps required to maintain adequate economic growth, to improve income distribution, to liquidate American poverty, and to bring adequate and nutritious diets to all American families, regardless of their current incomes. This last objective is, to my mind, an inescapable moral obligation in view of our farm productive powers.

LARGE NATIONAL ECONOMIC DEFICITS DURING PERIOD 1953-1965

Dollar Items in 1964 Dollars

**TOTAL
NATIONAL
PRODUCTION**
(GNP)



\$733 Billion
Too Low

**MAN YEARS
OF EMPLOYMENT**



38 Million
Too Low

**PRIVATE
BUSINESS
INVESTMENT**
(Incl. Net Foreign)



\$165 Billion
Too Low

**PRIVATE
AND PUBLIC
CONSUMPTION**^{1/}



\$568 Billion
Too Low

**...THESE HAVE LED TO LARGE LOSSES
TO ALL ECONOMIC GROUPS**

**AVERAGE
FAMILY INCOME**



\$9,200
Too Low

**FARM
OPERATORS'
NET INCOME**



\$101 Billion
Too Low

**WAGES AND
SALARIES**



\$489 Billion
Too Low

**UNINCORPORATED
BUSINESS AND
PROFESSIONAL
INCOME**



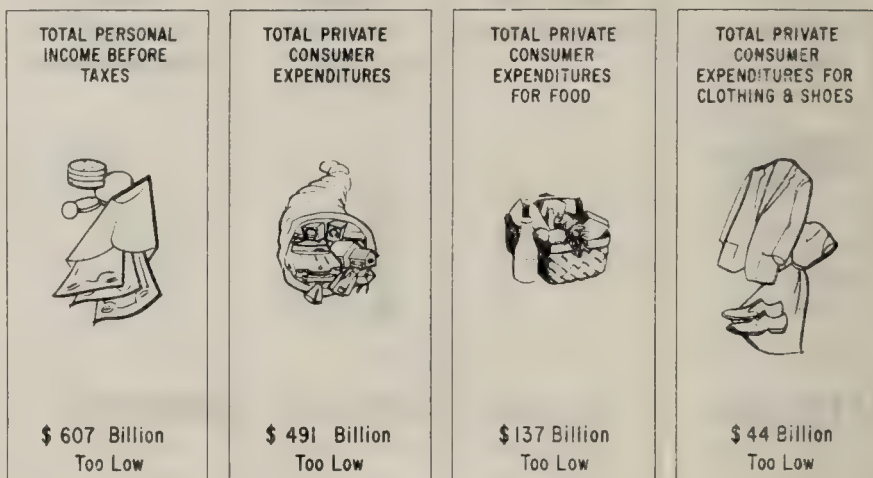
\$56 Billion
Too Low

^{1/}Includes personal consumption expenditures plus government (Federal, state, and local) expenditures (\$509 and \$59 billion, respectively)

CHART 1

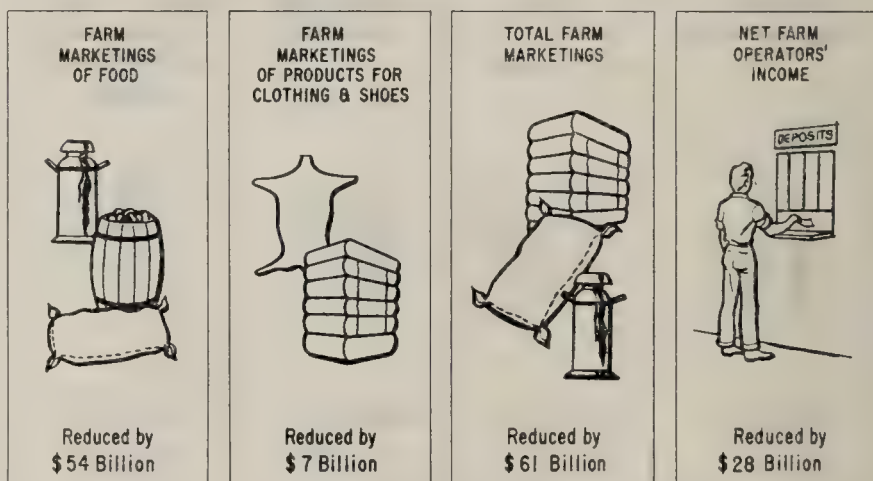
DEFICITS IN TOTAL PERSONAL INCOME AND PRIVATE CONSUMPTION, 1953-3rd Qtr 1965

In 1964 Dollars



DIRECT EFFECT OF THESE DEFICITS UPON FARM MARKETINGS AND INCOME, 1953-3rd Qtr '65

In 1964 Dollars

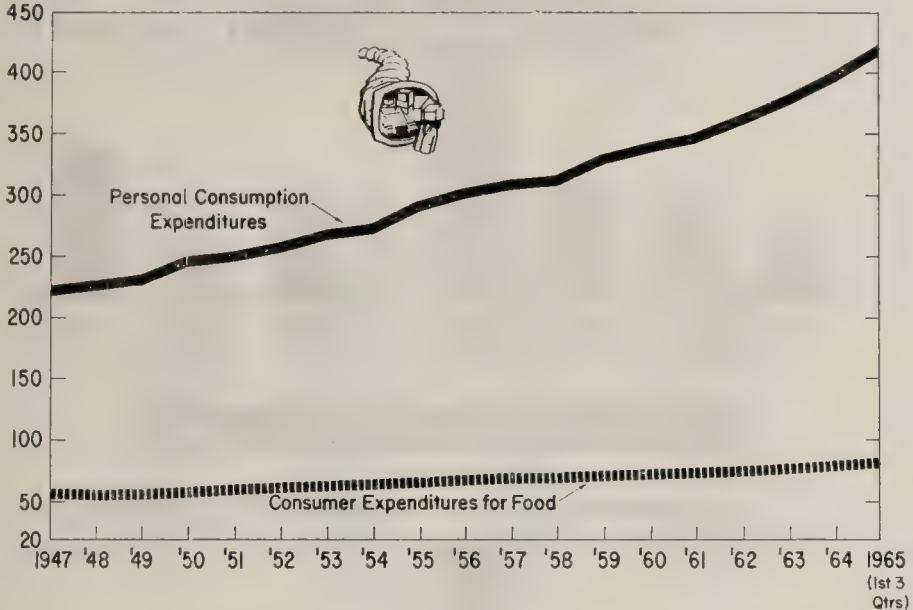


^{1/} This deficit is only a fraction of the 99 billion dollar total net farm operator's income deficit, due to a variety of causes.

Data: Actual income and expenditures, Department of Commerce; actual farm marketings and net farm operators' income, Department of Agriculture; estimates of deficits, Conference on Economic Progress.

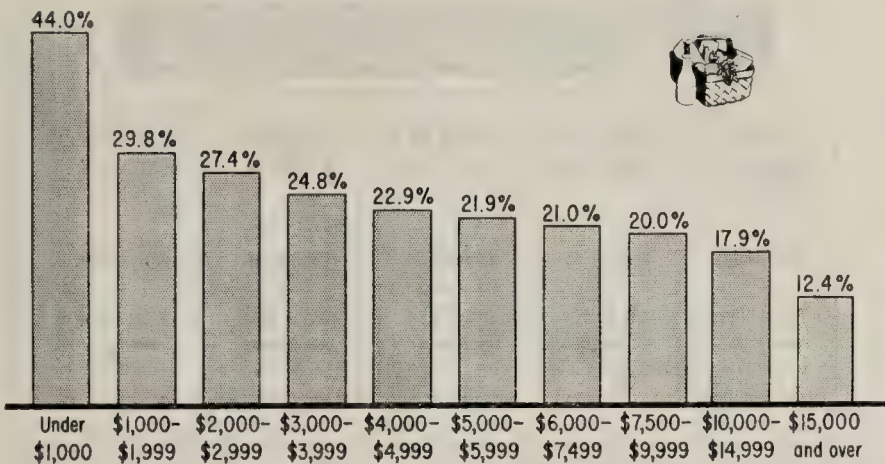
RISING WAGES AND CONSUMPTION LIFT THE PURCHASE OF FARM PRODUCTS

Billions of 1964 Dollars



...AND WAGE EARNERS SPEND RELATIVELY MORE FOR FOOD THAN HIGHER INCOME FAMILIES

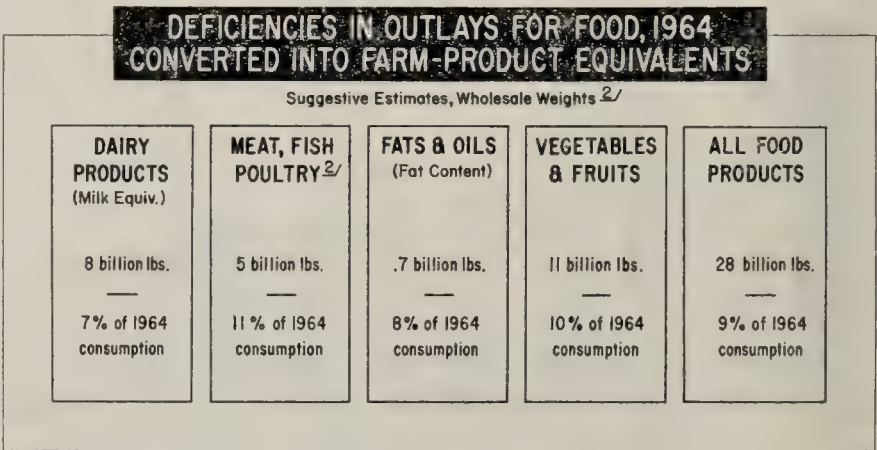
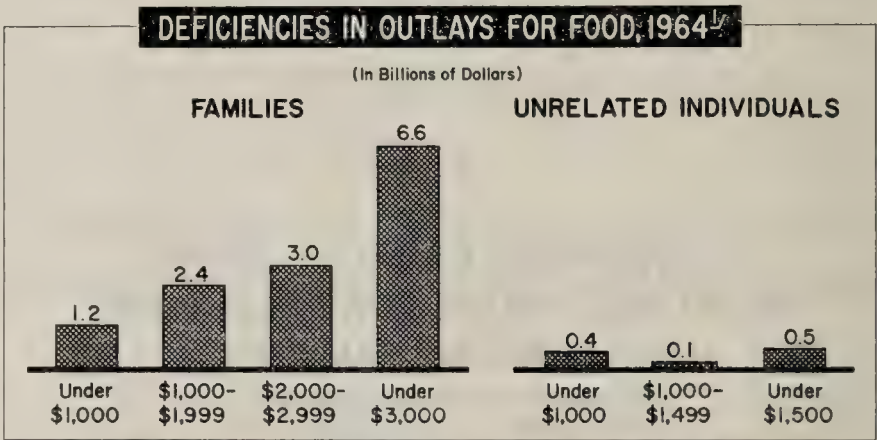
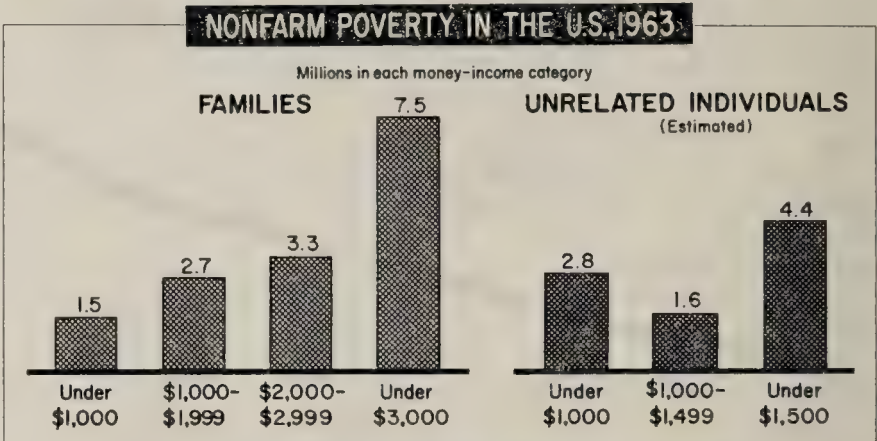
Percent of Disposable Income Spent for Food
by Urban Families and Single Consumers, 1960-'61^{1/}



^{1/}From Consumer Expenditure Survey, 1960-'61 by the Bureau of Labor Statistics. Later data not available.
Data: Departments of Commerce and Labor

CHART 3

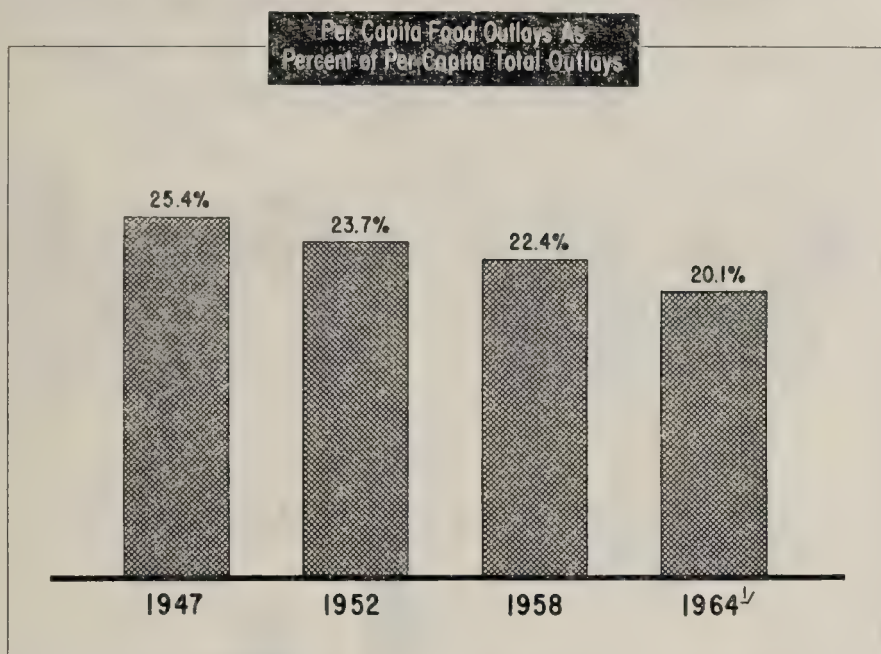
EFFECT OF POVERTY ON FOOD USE



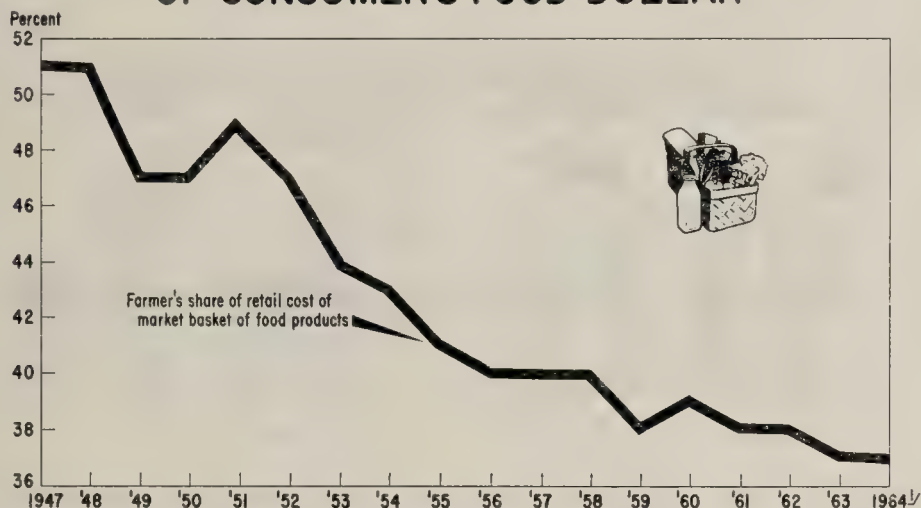
^{1/}Based on Dept. of Agriculture Moderate Cost Plan.
^{2/}Meat stated in carcass weight, poultry in ready-to-cook weight.

CHART 4

CONSUMER SPENDING FOR FOOD HAS DECLINED IN RATIO TO TOTAL CONSUMER SPENDING



FARM TO MARKET SPREAD HAS GROWN: THE FARMER GETS A DECLINING SHARE OF CONSUMER'S FOOD DOLLAR



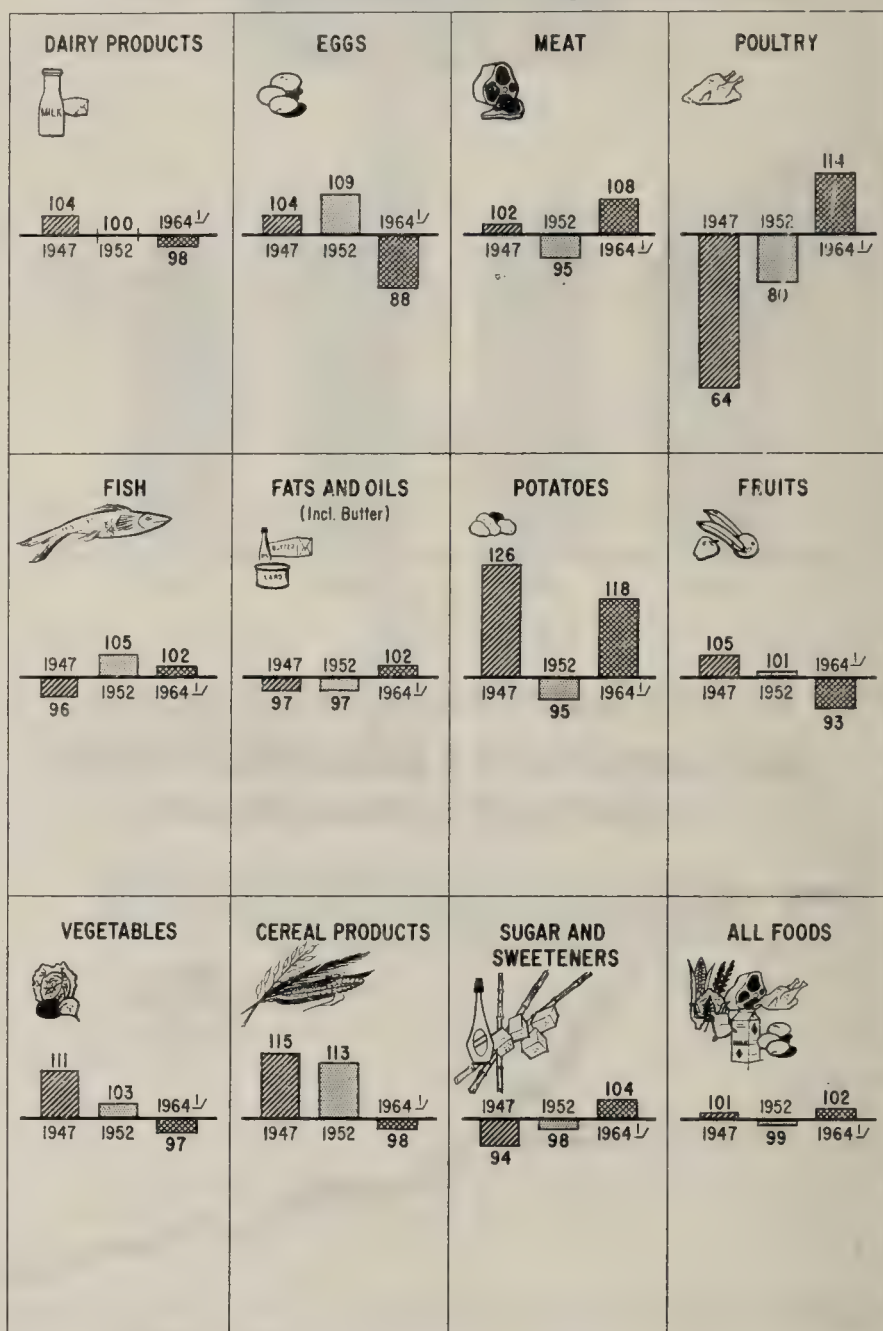
^J Estimated on basis of first three quarters

Data: Dept. of Agriculture and Commerce.

CHART 5

PATTERNS OF FOOD CONSUMPTION CHANGE WITH CHANGING INCOMES AND TASTES

(Index of Per Capita Food Consumption (Price-weighted Basis), 1957-'59=100)

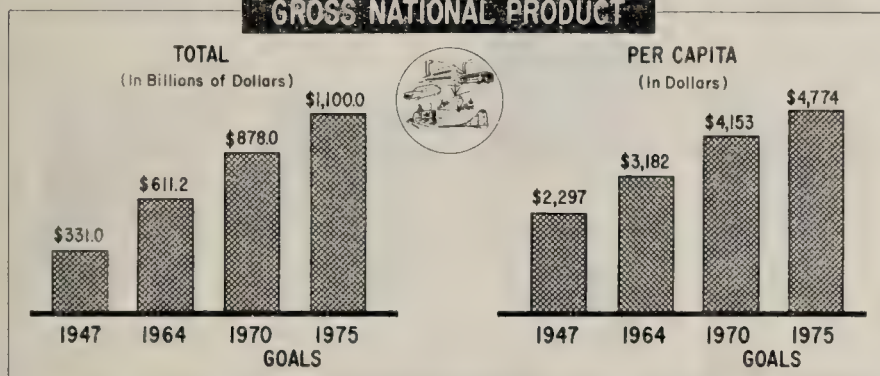


[↓]Preliminary estimates
Data: Dept. of Agriculture

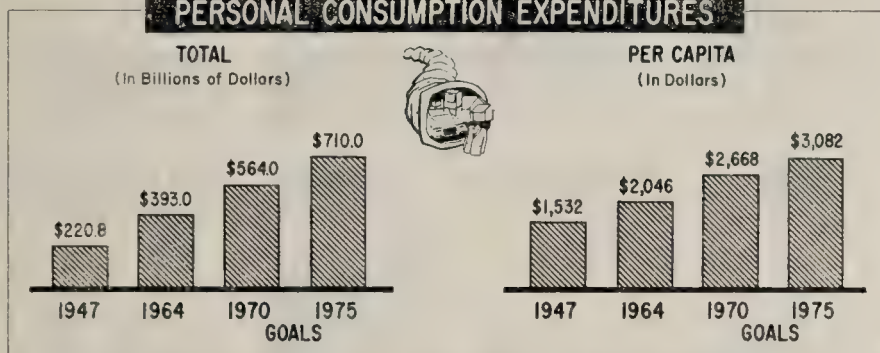
ECONOMIC GROWTH AND ITS IMPACT UPON CONSUMER OUTLAYS FOR FARM PRODUCTS TRENDS, 1947-1964^{1/}; GOALS, 1970 AND 1975

In 1963 Dollars

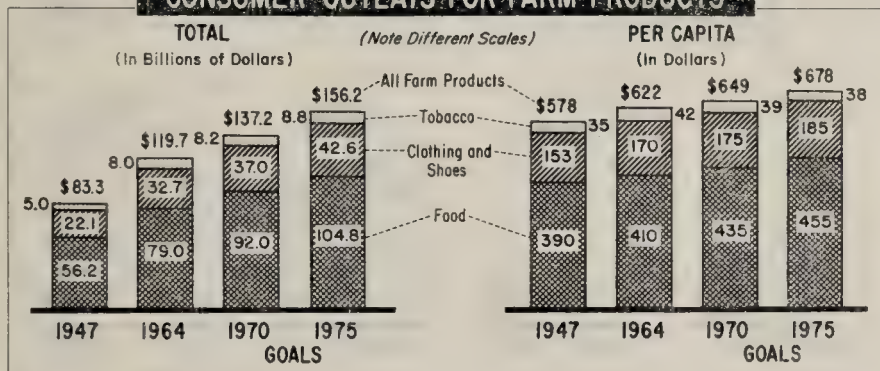
GROSS NATIONAL PRODUCT



PERSONAL CONSUMPTION EXPENDITURES

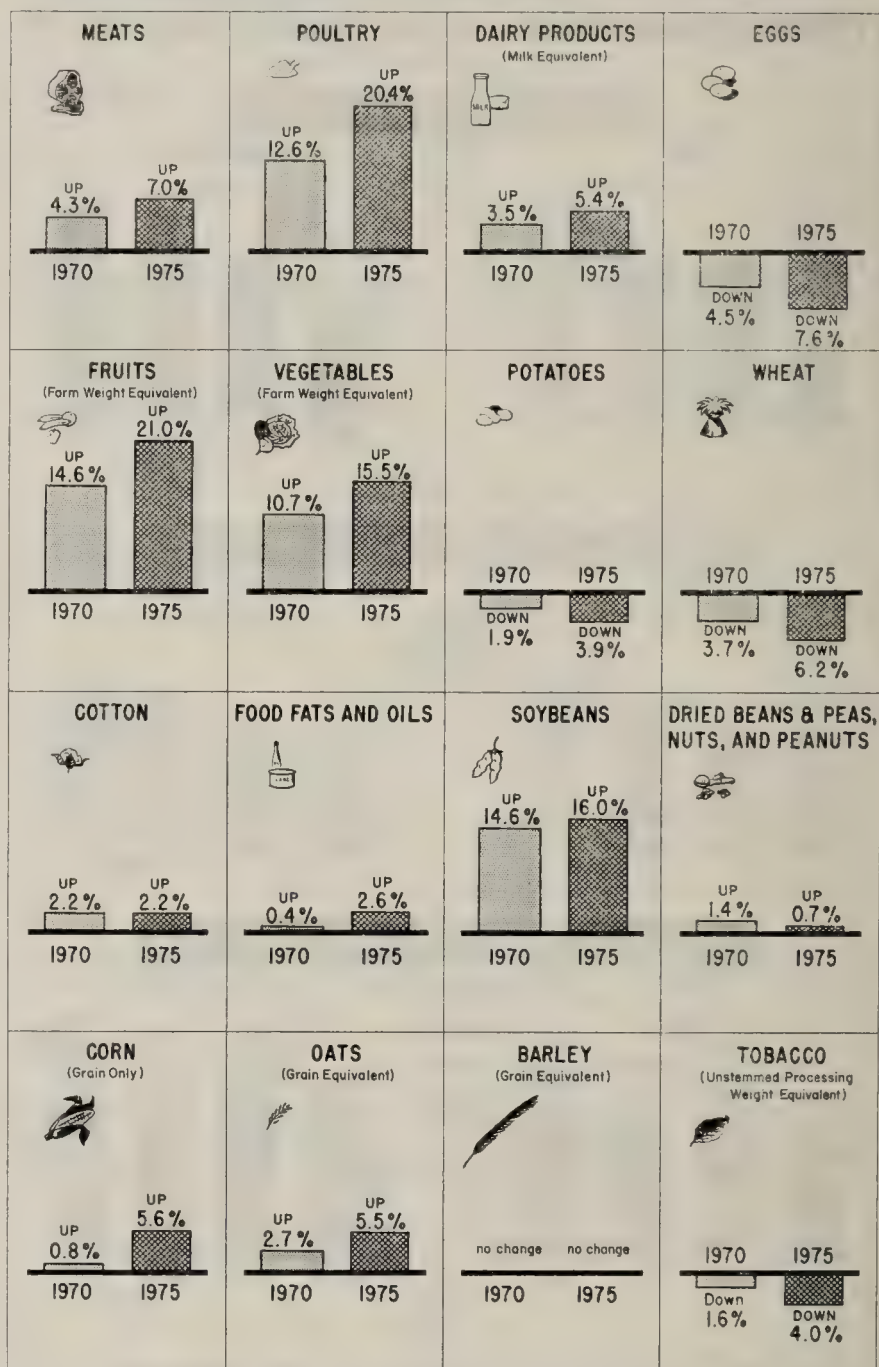


CONSUMER OUTLAYS FOR FARM PRODUCTS^{2/}

^{1/} 1964 estimated on basis of first three quarters.^{2/} Excluding products used in manufacture of alcoholic beverages.

Data: Depts. of Agriculture and Commerce; Goals, CEP.

PER CAPITA FARM PRODUCT CONSUMPTION GOALS, 1970, 1975 PROJECTED FROM 1964

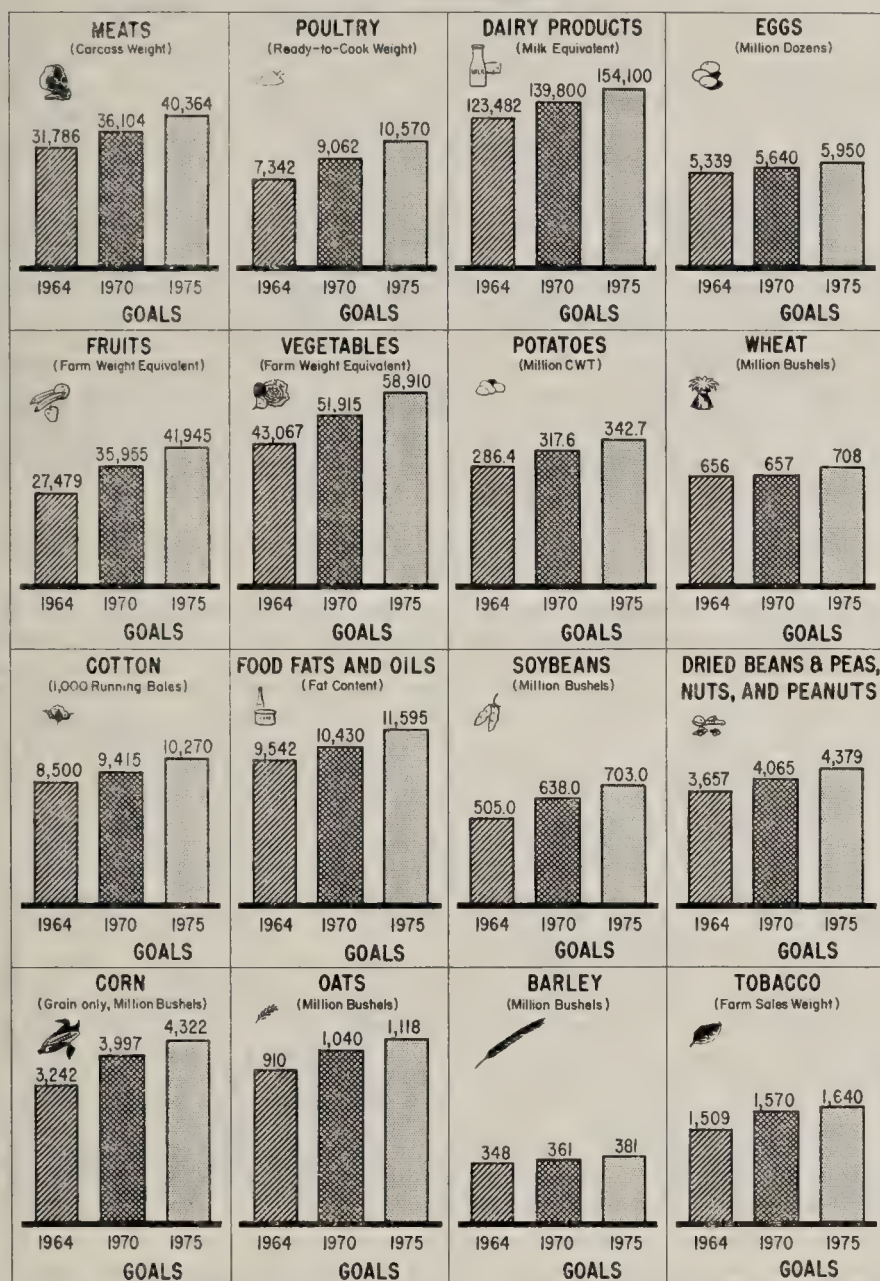


⌞ Per Capita, population 18 years of age and over.

TOTAL DOMESTIC FARM PRODUCT USE^{1/} 1964,^{2/} AND GOALS FOR 1970 AND 1975

Millions of Pounds, Primary Distribution Weight, Except Where Noted

(Note Different Scales)



^{1/}Domestic Utilization from Domestic Production

^{2/}Preliminary estimates, Dept. of Agriculture

Data: Dept. of Agriculture

Goals for domestic consumption

My chart 7 indicates from 1947 through 1964, measured in 1963 dollars, the impact of economic growth upon consumer outlays at the retail level for food, clothing, shoes, and tobacco, and projects goals ahead through 1970 and 1975. My chart 8 translates these 1970 and 1975 goals into 16 major types of farm-product consumption, measured in physical terms at the farm level on a per capita basis. And my chart 9, allowing also for population growth, estimates our total potentials for expansion of these 16 types of farm-product consumption through 1970 and 1975. These potentials are really dazzling, although, I believe, entirely realistic. By 1975, compared with 1964, total meat utilization (in physical terms, measured at the farm level) should be up 27 percent; poultry, up 44 percent; dairy products, up 25 percent; eggs, up 11 percent; fruits, up 53 percent; vegetables, up 37 percent; potatoes, up 20 percent; and wheat, up 8 percent. Cotton should rise 21 percent; corn, 33 percent; soy beans, 39 percent; and tobacco, 9 percent.

These goals, although entirely realistic, will not be obtained automatically. We need to adopt many new measures, not yet in contemplation, to underpin an adequate rate of economic growth. We need improved policies for income distribution, more progressive than some recently adopted. We need an infinitely broader and more effective war against poverty in all its aspects. And, as I have said, we should not wait until the poor are no longer poor to assure them balanced and pleasant and nutritious diets. We should much more vigorously use the food stamp plan and other programs to achieve this objective at the earliest possible moment. I submit that it is iniquitous for millions of American children to remain malnourished while our food productive capabilities are so abundant, and while we could help so much to eradicate poverty on the farm itself by enlarging the domestic distribution of our farm products.

2. OPPORTUNITIES FOR EXPANDED USE OF U.S. PRODUCTS IN THE FOOD-AND-FIBER DEFICIT COUNTRIES OVERSEAS

Having given full weight at the outset to our domestic requirements for the products of our farms through 1970 and 1975, I come now to the overseas aspects of our opportunities available to expand utilization of our U.S. farm products, both foods and fibers. I would be the last to undervalue the great efforts which have been made in this direction to date, especially during the most recent years and now. But I would be less than candid if I did not emphasize that we have sometimes tended to confuse the volume of discussion with the size of the effort. Measured against what we can do and what others need, we have barely commenced to do as much as we should. As those as well informed as the members of this committee know, when we subdivide our total international economic and financial effort since World War II into the part of them devoted to defense and related purposes and the part of them related to economic and human needs, our efforts in the latter category have thus far been an almost infinitesimal fraction of our total national production.

I say this without any implied criticism of the defense aspects of what we have done, and I am not here to discuss our international policies in general. Yet, I do believe that nothing would contribute more toward peace and good will among all peoples than our firm resolve to place a much larger share of our burgeoning productive resources upon the scales of human improvement and social justice overseas. We have the know-how to do this as well as the resources, and are gaining more know-how year by year. Even so, this will require further improvements in practically all programs. I commend all of the agencies of Government, and the leadership of the President, directed toward constant improvement in all of these programs.

Food deficits overseas, and goals to reduce them

My chart 10, dealing with practically the whole globe, shows that, while one-third of the world's people live in countries where the food supply is good, and one-eighth in countries where the food supply is fair, more than half, coming to more than 1½ billion people, live in countries where most of the people there go hungry. In making these estimates, I have taken account of divergent needs in different countries, based upon climate, custom, and other factors. Due to availability of comparable data at the time of my 1965 study, the portrayal represents average for the years 1959-61. But we know that, in the years since 1961, the race between the population explosion and the enlargement of the food

supply in the ill-fed lands has continued, so that progress on a per capita basis has been in the main dangerously slow, and in some cases nonexistent. In many aspects, the situation now is more critical than 5 years ago.

My chart 11 contrasts, for the major areas, the estimated average daily calorie consumption per capita with the estimated need. The most significant part of this chart obviously is the bottom sector, relating to the countries where most of the people go hungry. Viewing these countries as a whole, the estimated average daily calorie consumption per capita was only 1,957, compared with an estimated need of 2,340, during the 1959-61 period.

Based upon realistic goals which by no means assume the ideal by 1975, chart 12, taking account of the population explosion, compares per capita daily and total annual calorie consumption among the underfed peoples during the base period 1959-61 with goals for 1970 and 1975.

Of course, I heartily endorse the increasing recognition that we want to help those who help themselves, and that major emphasis should be placed upon what these other countries can and should do to expand their own domestic output of farm products. But we should not go overboard on this subject, and may possibly be going too far already. It takes time to limit population growth where the population explosion is most evident. It takes time to build production. We should also realize that these underdeveloped countries must allocate wisely the use of their current resources, including the help they receive from overseas. They may move more efficiently toward development and self-sufficiency in the long run, if they put a relatively larger portion of their available resources into industrial development, and a relatively smaller portion into agricultural production. This would enable them gradually to achieve the greater industrialization which is essential to their movement out of dire poverty for most of their people. It would also enable them gradually to enlarge their exports, and thus obtain foreign currencies with which to pay for an increasing share of their imports of farm and other products. We must develop a balanced approach in our efforts to help them, during the next decade or longer, with farm products, industrial goods, capital equipment, and credit. As a matter of fact, as I shall demonstrate in due course, our productive capabilities will make us for many years ahead a logical exporter of enormously growing quantities of agricultural products, and certainly of a larger share of our agricultural products than of our other forms of production.

Import needs of underfed countries

Taking full account of all of these considerations, including optimum estimates as to how much the underdeveloped countries can expand their own farm production, my chart 13 estimates the portions of the total calorie consumption of the underfed peoples which can and should be met, respectively: (1) By increases in their own domestic production plus projection of existing import trends, and (2) by imports above existing trends, through 1970 and 1975. This chart makes it abundantly clear how high an emphasis I place upon the expansion of their domestic production to meet the goals for 1970 and 1975, and how relatively tiny in comparison are my estimated goals for their increased importation of farm products above projection of existing trends.

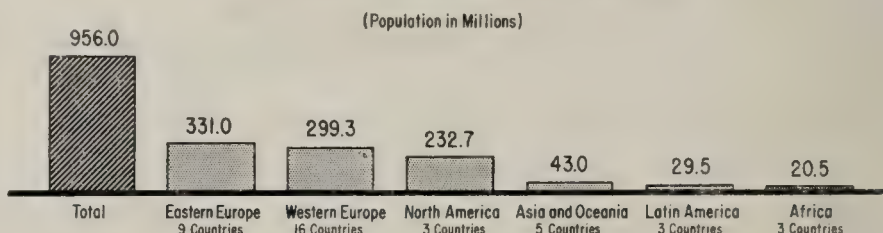
It will be noted from this chart, and from some of my previous charts, that I depict needs and goals with respect to Communist China, as well as with respect to the food deficit areas in the free world. I hasten to stress that this demonstration is not intended to imply any view on my part as to whether, at any time within the next decade or later on, we should engage in any form of exchange with Communist China. That is a matter to be determined by those responsible for our international policies in general, and is not within the scope of my competence. I do lean toward the view that we should recognize that Communist China exists, and that nobody can foresee now what changes in world relationships there will be during the next decade. Be that as it may, all of my charts separate Communist China from the other countries, and alternative estimates are made with and without the inclusion of Communist China.

My next few charts translate the estimates in terms of calories into estimates in terms of specific types of farm products. Thus, charts 14, 15, 16, and 17 depict the food goals for the underfed, and how they might be met, in terms of annual proteins, pulse proteins, other proteins, and fats.

My chart 18 goes one step further, and translates the need for imports above the projection of existing trends into eight so-called "standard commodities."

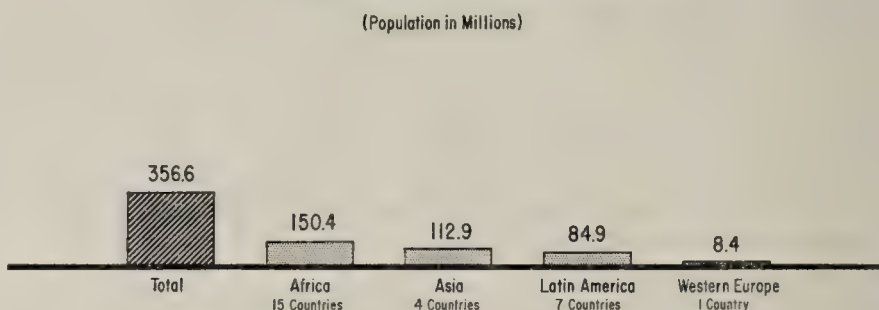
A THIRD OF THE WORLD'S PEOPLE LIVE IN COUNTRIES WHERE THE FOOD SUPPLY IS "GOOD"

Number of People in Countries Where the Average Calorie Consumption
Exceeds Basic Requirements by 5 Percent or More



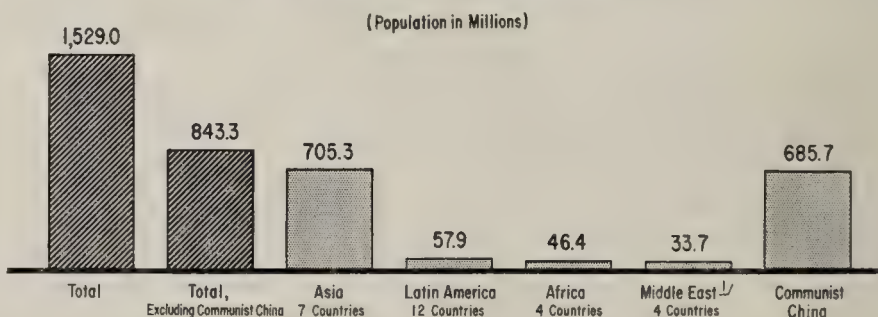
ONE EIGHTH LIVE IN COUNTRIES WHERE THE FOOD SUPPLY IS "FAIR"

Number of People in Countries Where the Average Calorie Consumption
is Within a Range of 5 Percent of Basic Requirements



MORE THAN HALF LIVE IN COUNTRIES WHERE MOST PEOPLE ARE "HUNGRY"

Number of People in Countries Where the Average Calorie Consumption
is less than 95 Percent of Basic Requirements



⌋ Excludes Cyprus, Israel, Lebanon, and Turkey, which are included in Asia under "good" and "fair" food supply categories.

Note: All data represent averages for 1959-1961, the latest available data. Chart covers approx. 95% of world population.

CHART 10

WORLD PER CAPITA FOOD CONSUMPTION CONTRASTED WITH PER CAPITA NEEDS

Estimated Average Daily
Calorie Consumption Per Person

Daily Calorie Consumption
Needs Per Person

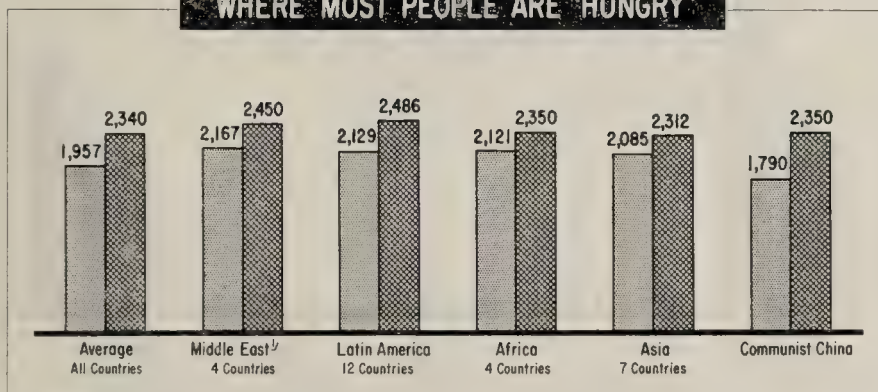
WHERE FOOD SUPPLY IS "GOOD"



WHERE FOOD SUPPLY IS "FAIR"



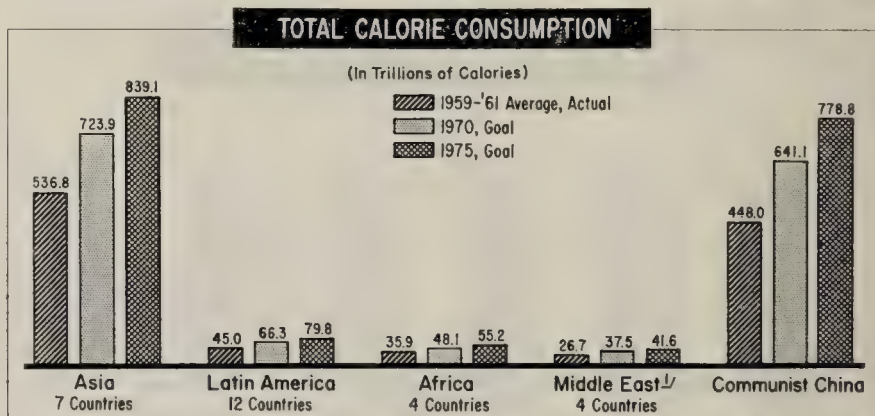
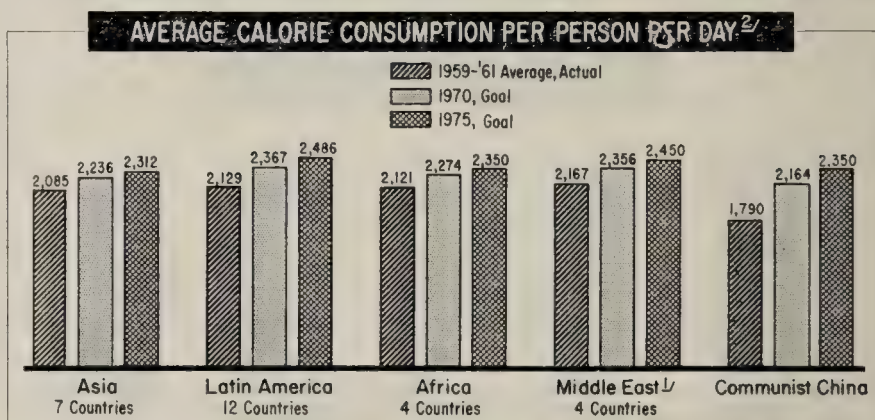
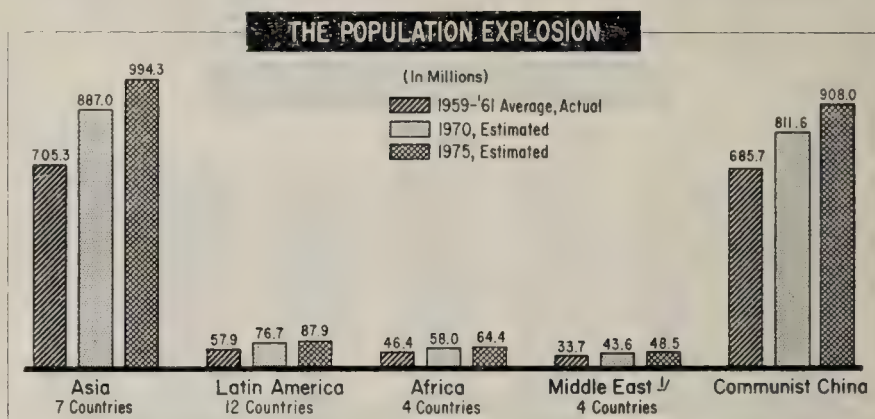
WHERE MOST PEOPLE ARE "HUNGRY"



^{1/} Excludes Cyprus, Israel, Lebanon, and Turkey which are included in Asia under "good" and "fair" food supply categories.

Note: All data represent averages for 1959-1961, the latest available data.
Chart covers approx. 95% of world population.

PER CAPITA AND TOTAL FOOD GOALS FOR THE UNDER-FED PEOPLES, PROJECTED TO 1970 & '75



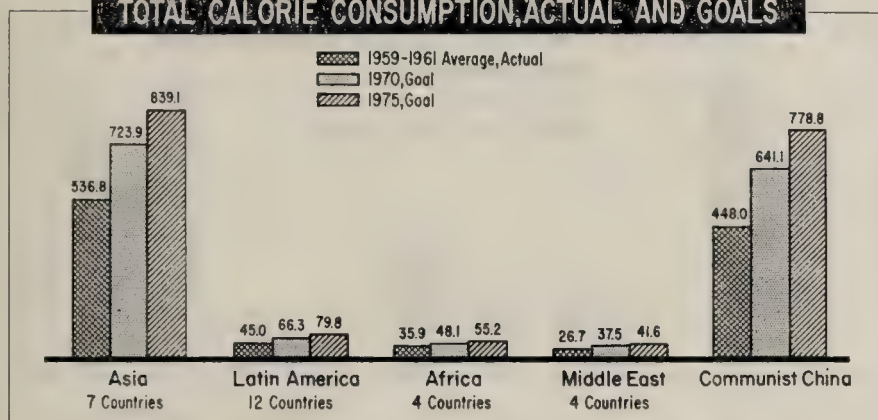
^{1/} Excludes Cyprus, Israel, Lebanon, and Turkey which are not classified in the under-fed peoples' category.

^{2/} The per capita goals are designed to elevate actual per capita consumption to the needed levels by 1975.

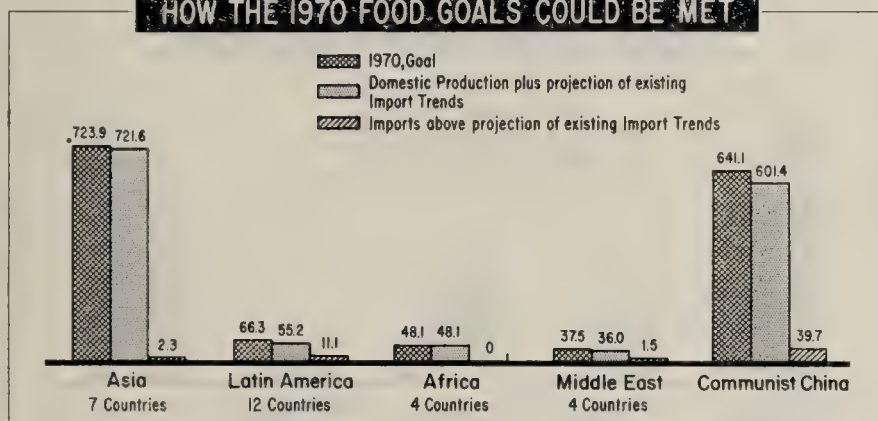
FOOD GOALS FOR THE UNDER-FED PEOPLES AND HOW THESE COULD BE MET, 1970, 1975

In Trillions of Calories

TOTAL CALORIE CONSUMPTION, ACTUAL AND GOALS



HOW THE 1970 FOOD GOALS COULD BE MET



HOW THE 1975 FOOD GOALS COULD BE MET

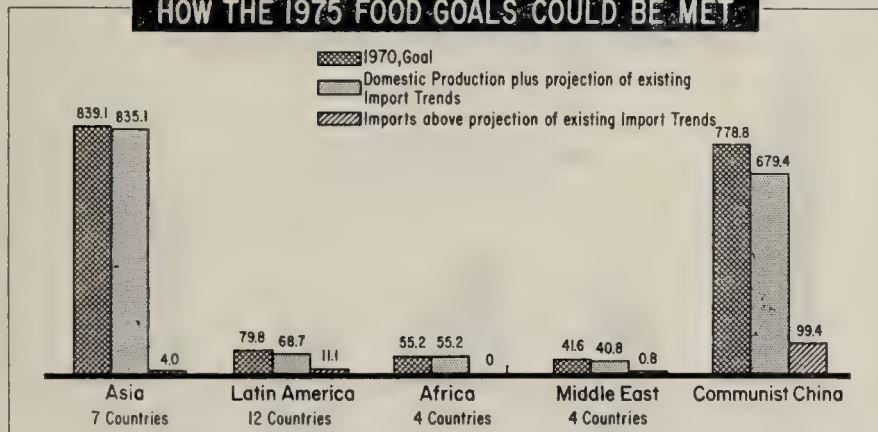
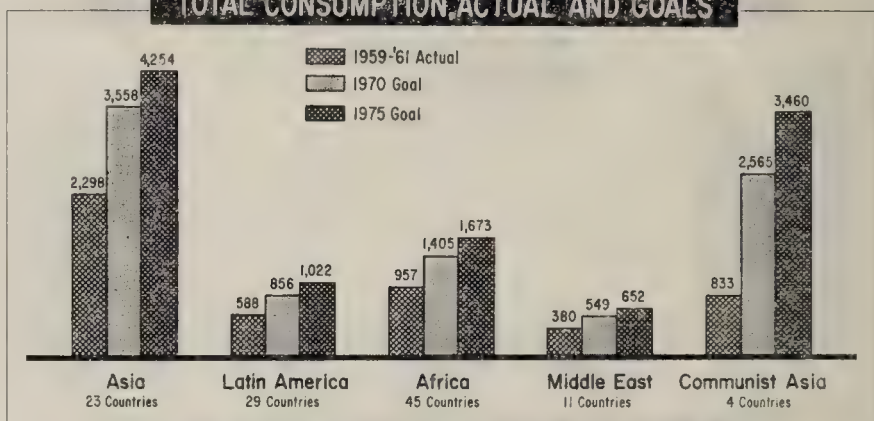


CHART 13

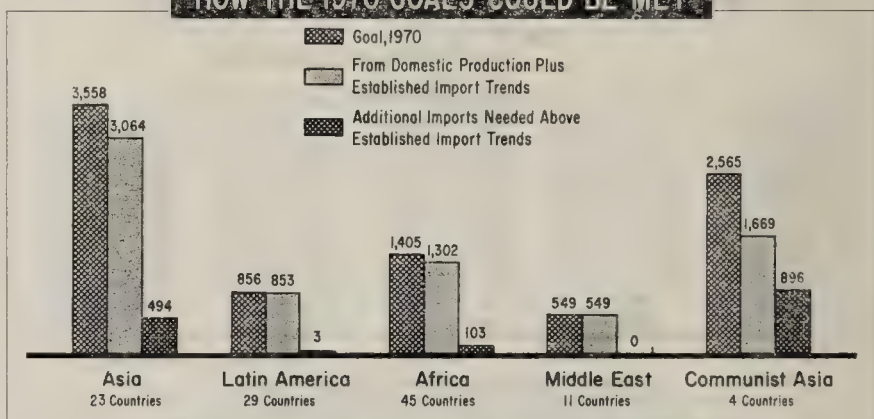
FOOD GOALS FOR THE UNDER-FED, STATED IN ANIMAL PROTEIN NEEDS, 1970 AND 1975

In Thousands of Metric Tons

TOTAL CONSUMPTION, ACTUAL AND GOALS



HOW THE 1970 GOALS COULD BE MET



HOW THE 1975 GOALS COULD BE MET

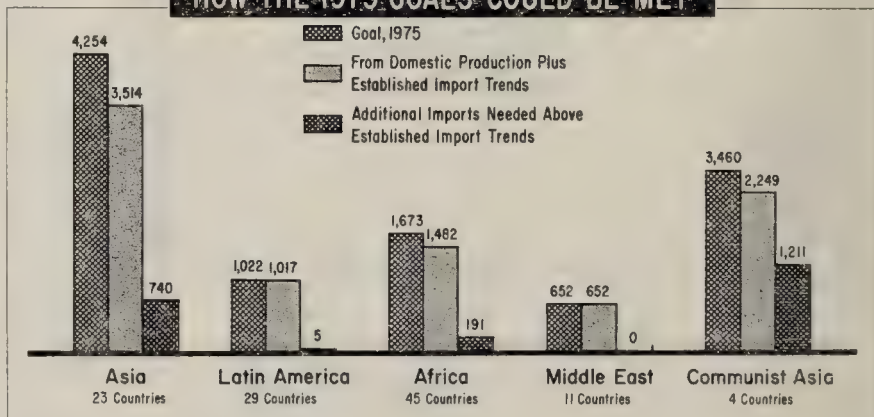
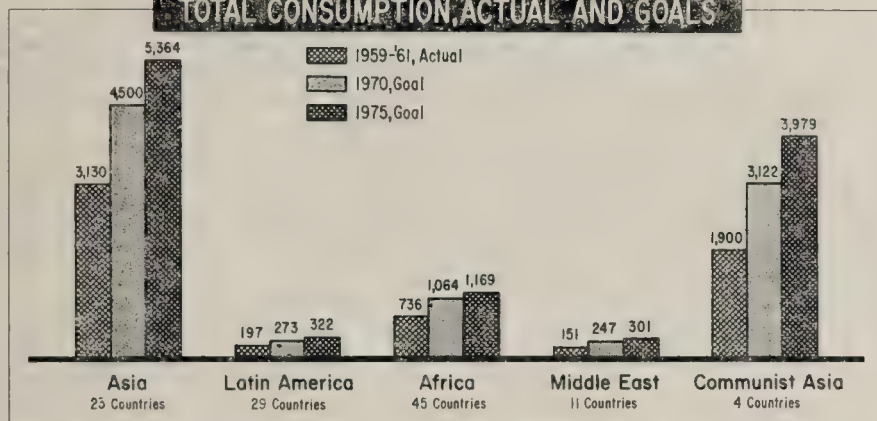


CHART 14

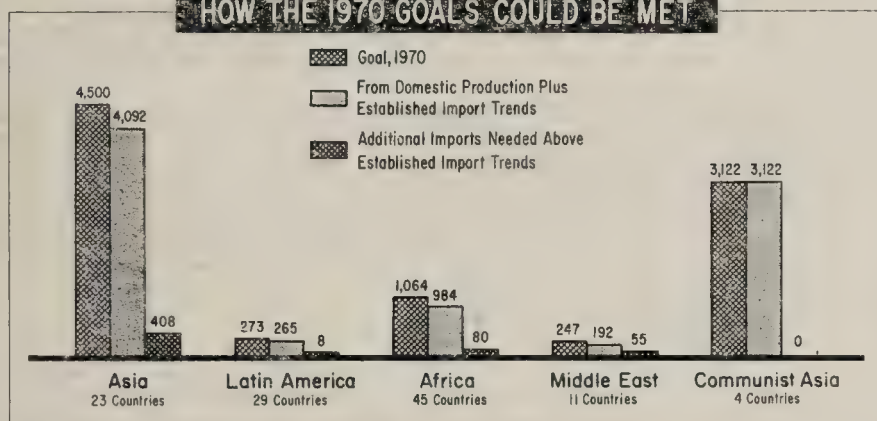
FOOD GOALS FOR THE UNDER-FED, STATED IN PULSE PROTEIN NEEDS, 1970 AND 1975

In Thousands of Metric Tons

TOTAL CONSUMPTION, ACTUAL AND GOALS



HOW THE 1970 GOALS COULD BE MET



HOW THE 1975 GOALS COULD BE MET

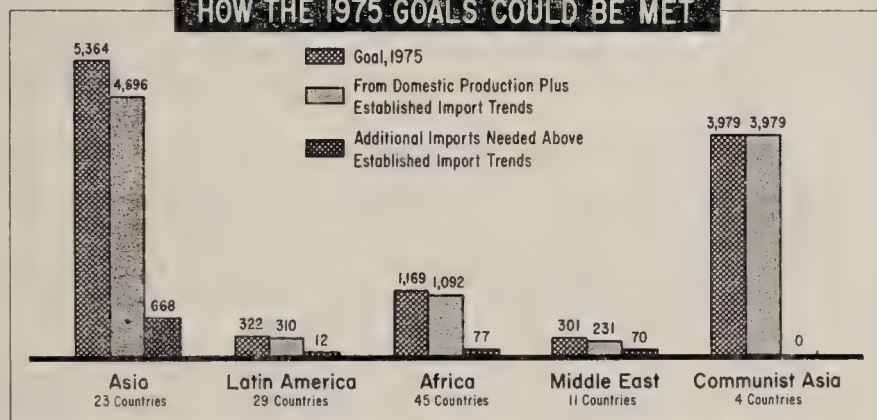


CHART 15

Although I have not gone into the subject in equal detail, my chart 19 depicts my estimates for increases in fiber consumption among the more than half the world population who are very deficiently clothed, on both a per capita and a total basis. And chart 20 estimates how these increases might be achieved.

Using the estimates to which I have referred, my chart 21 depicts needed imports above existing trends, for 15 types of specific farm commodities.

Export goals for United States

Chart 22 is of great importance, because it projects my estimates as to what part of the import needs of the recipient countries should be met by exports from the United States. These estimates are derived from my balanced estimates of our domestic production capabilities and our domestic consumption needs, both in the perspective of the U.S. economy at large.

This chart depicts alternative U.S. export goals for 16 specific U.S. farm products, including both the export goals in accord with projection of existing trends and the higher export goals in accord with my own estimates of needs. This chart, as I have already said, makes the estimates alternatively with Communist China excluded and included, with respect to 1975. My study projects no goals for United States exports to Communist China for 1970.

Even excluding Communist China, and considering only our export goals to the portion of the free world which is ill-fed and underclothed, this chart indicates the following: Comparing 1975 with our actual exports in 1964, our exports of red meat should multiply more than nine times; dairy products, multiply almost 10 times; wheat, up 50 percent; corn, up 47 percent; food fats and oils, more than double; soybeans, up 69 percent and soybean oil, up 151 percent. Exports of cotton should more than double.

Movement toward these goals would tend to iron out the tremendous instabilities in our exports of farm products in the past, as depicted on chart 23. These extreme fluctuations in themselves have, as we all know, bedeviled the entire handling of the U.S. farm problem.

Coming now to my chart 24, it estimates goals for total use of U.S. farm products, including both the domestic and the overseas goals which I have depicted through 1970 and 1975. In summary for 1975 compared with 1964, and again excluding Communist China from the export goals, the total utilization of U.S. farm products should trend as follows: red meat, up 35 percent; dairy products, up 46 percent; fruits, up 51 percent; vegetables, up 37 percent; potatoes, up 25 percent; wheat, up more than 30 percent; corn, up 56 percent; food fats and oils, up 49 percent; soybeans, up 65 percent, and soybean oil, up 60 percent; cotton, up 52 percent; and tobacco, up 12 percent.

The importance of these estimates does not reside in any pretense on my part that they are exact. They cannot be. The only reason why I use such precise figures is because they represent components of a carefully worked out balance sheet of our total farm product use. Even if my estimates are off 5 or 10 percent, or even more—and how much they are off will obviously depend upon what policies we follow—they nonetheless portray highly useful ranges for purposes of policy consideration. I should express at this point my appreciation to various domestic and international food organizations, and above all to the Department of Agriculture, for its generous assistance to me during my development of these studies.

3. REQUIREMENTS FOR U.S. FARM PLANT AND FARMERS TO MEET THE ESTIMATED NEEDS

The foregoing estimates, even if used within very broad bands, indicate what we should be doing in the years ahead with respect to adjustments in our farm plant and farm population.

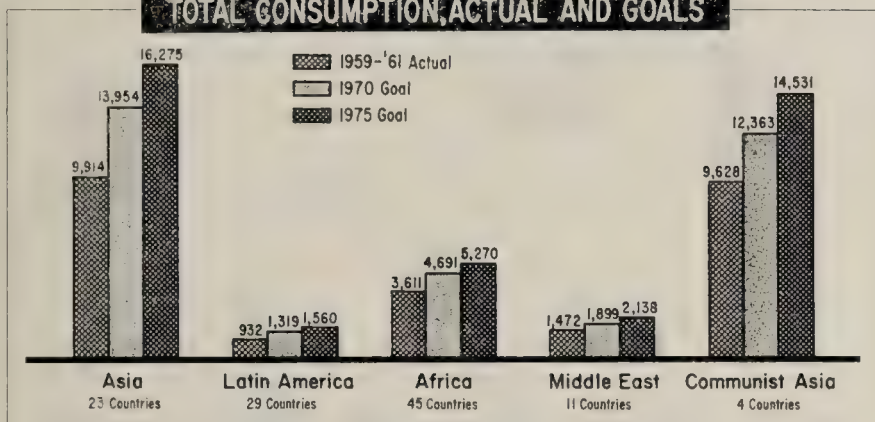
The adjustments which I shall now suggest are entirely practical, not only in terms of the farm sector itself, but also in terms of the operations of the whole U.S. economy and its optimum progress in the years ahead.

In other words, I have reconciled my recommendations for adjustments in the farm sector with my projections for all other sectors of the American economy, both on the product and income side. My studies are thus exercises in the development of compatible and mutually reinforcing goals for the progress of American agriculture and the progress of the entire U.S. economy and all the American people. I might say that I do not think that this type of very much needed reconciliation has been fully developed elsewhere.

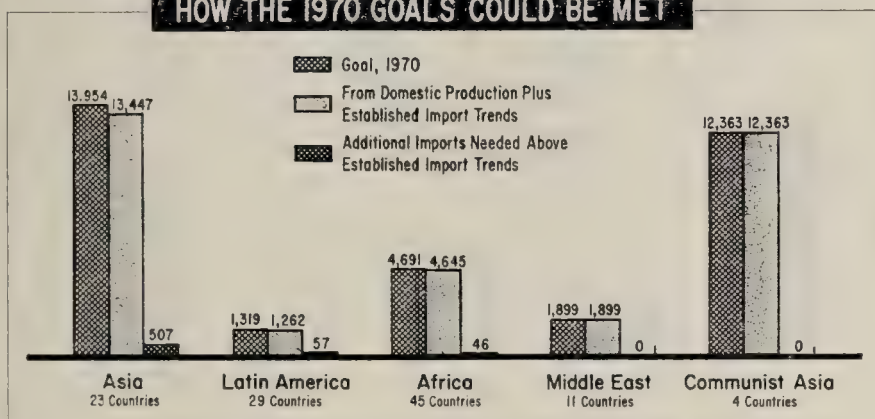
FOOD GOALS FOR THE UNDER-FED, STATED IN OTHER PROTEIN NEEDS, 1970 AND 1975

In Thousands of Metric Tons

TOTAL CONSUMPTION, ACTUAL AND GOALS



HOW THE 1970 GOALS COULD BE MET



HOW THE 1975 GOALS COULD BE MET



FOOD GOALS FOR THE UNDER-FED, STATED IN FAT NEEDS, 1970 AND 1975

In Thousands of Metric Tons

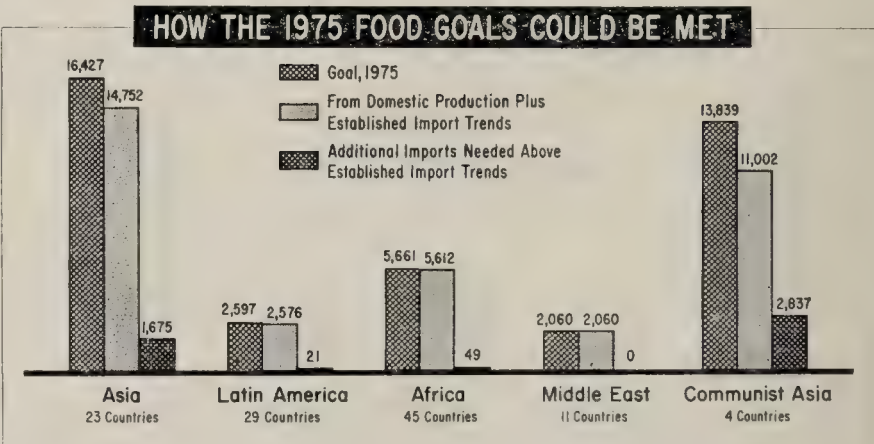
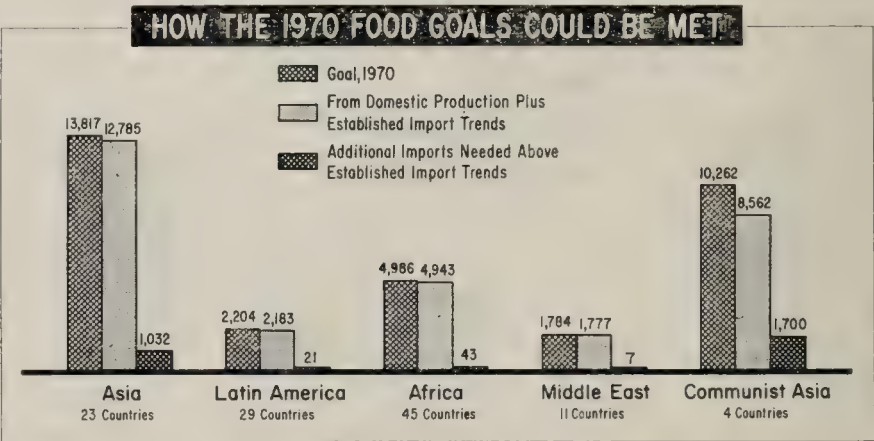
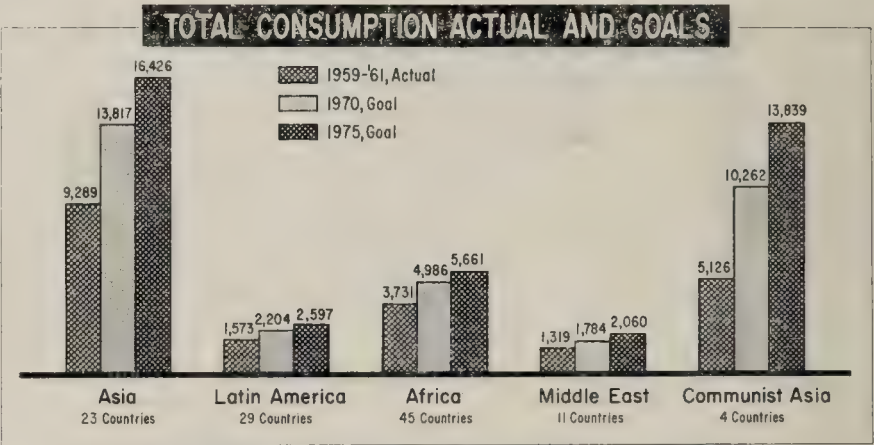


CHART 17

MORE IMPORTS (IN "STANDARD COMMODITIES") ABOVE PROJECTION OF EXISTING TRENDS TO MEET NEEDS OF UNDER-FED PEOPLES

Excluding Communist Asia

Communist Asia

(Note Different Scales)

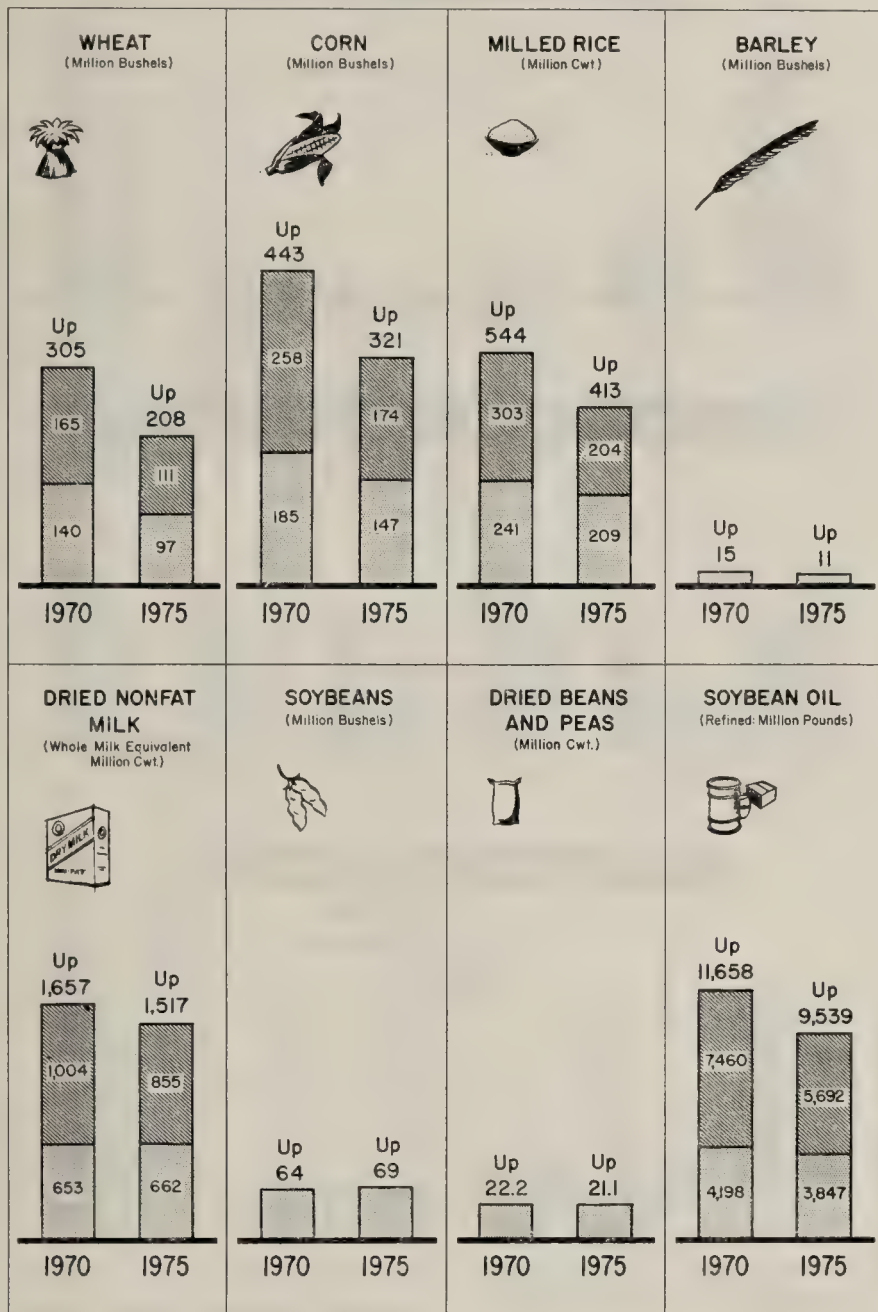
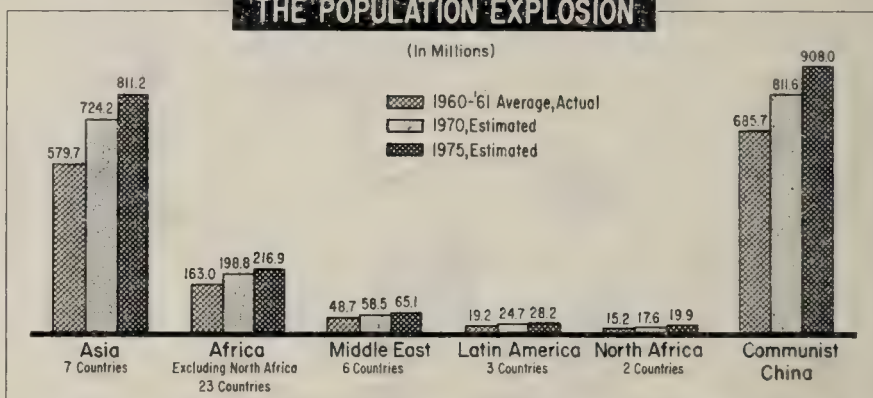


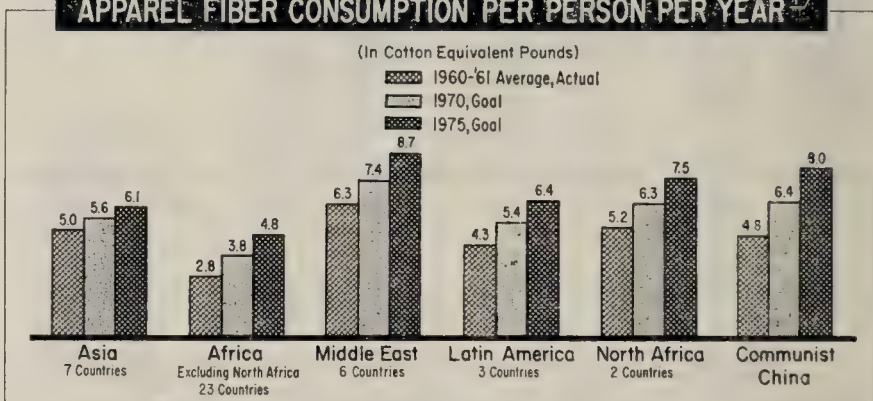
CHART 18

GOALS FOR FIBER CONSUMPTION AMONG THE MORE THAN HALF THE WORLD POPULATION WHO ARE VERY DEFICIENTLY CLOTHED

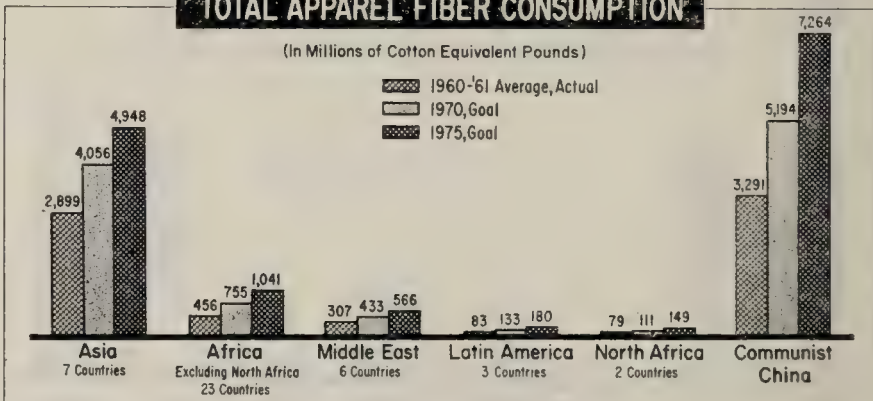
THE POPULATION EXPLOSION



APPAREL FIBER CONSUMPTION PER PERSON PER YEAR

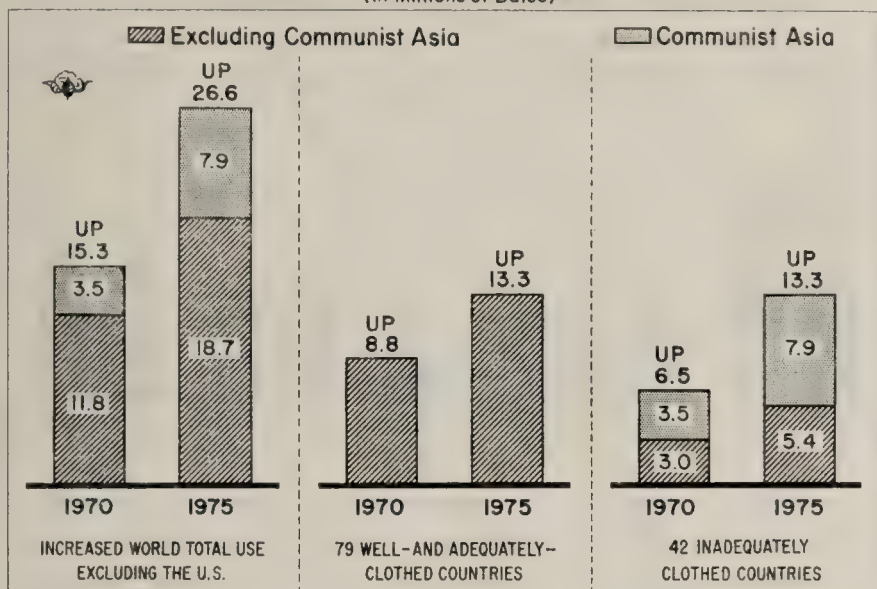


TOTAL APPAREL FIBER CONSUMPTION

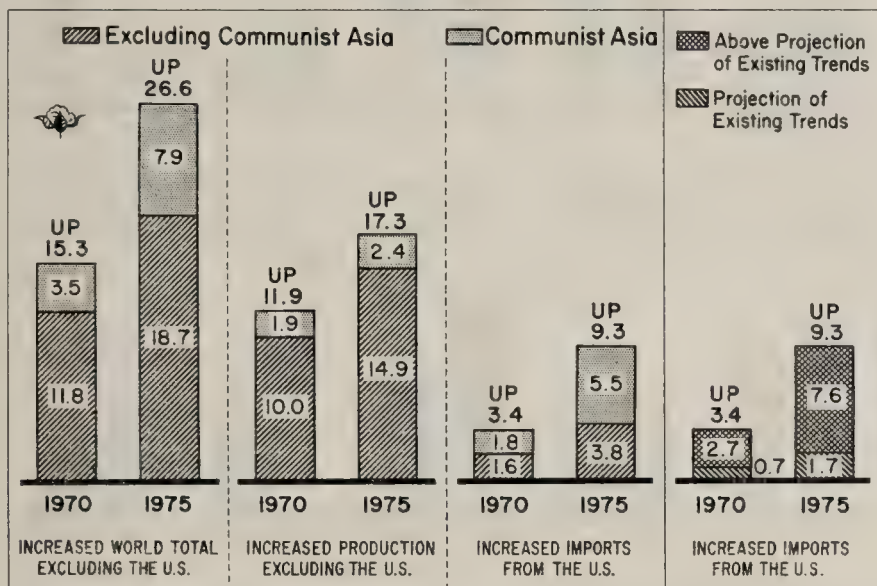


⌞ The per capita goals are designed to elevate actual per capita consumption to the needed levels by 1975.

GOALS FOR MORE COTTON USE, 1970, 1975 COMPARED WITH ACTUAL USE, 1960-1961 WORLD TOTAL, EXCLUDING THE U.S.^{1/}

(In Millions of Bales)^{2/}

HOW GOALS COULD BE MET, 1970 AND 1975

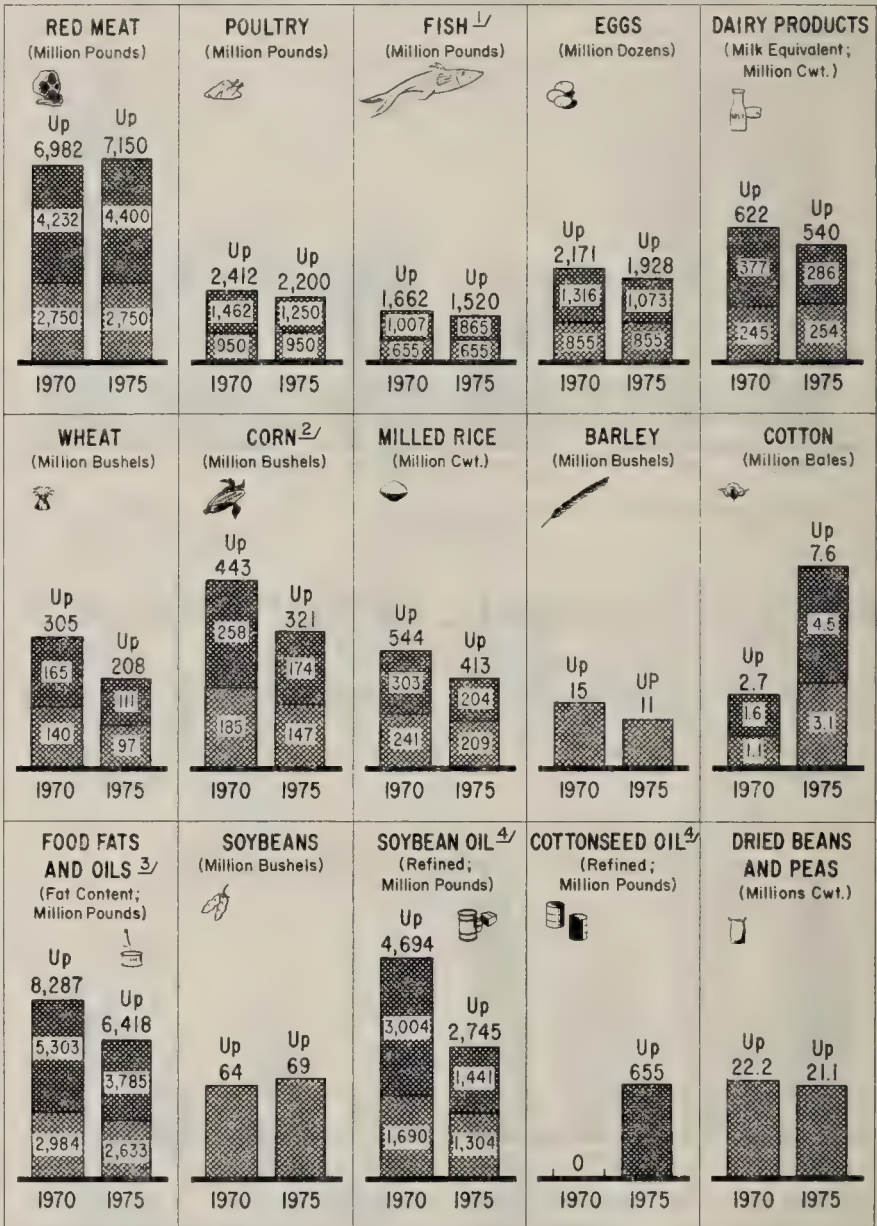
(In Millions of Bales)^{2/}^{1/} Goals designed to achieve adequate clothing standards by 1975 in the inadequately clothed areas.^{2/} In Millions of bales of 480 pounds, net weight.

MORE IMPORTS (VARIOUS FARM PRODUCTS) ABOVE PROJECTION OF EXISTING TRENDS TO MEET NEEDS OF UNDER-FED PEOPLES

 Excluding Communist Asia

 Communist Asia

(Note Different Scales)



¹/Expressed as fish protein concentrate.

²/Excluding feed requirements.

³/Excludes fats supplied by red meat, poultry, and eggs.

⁴/Included in Food Fats and Oils.

Of course, there could be other patterns of use of our total resources. But my patterns take into account not only that we should use our resources fully, but also that we should utilize them in accord with great priorities of need. We could have full employment and full production for the economy as a whole with fewer and fewer farmers. But we would not then have enough food and fibers, in terms of balanced domestic progress and a sensible response to world conditions.

Many economists and others forget this, when they talk only about how to speed up or slow down the economy, depending upon whether the outlook is "inflationary" or "deflationary." This tendency neglects the ultimate purposes of a great nation and a great people, who must consider not only how fast they are moving, but also in what directions; not only how much they are producing, but also what for. Moral purposes should be at the heart of our economic efforts.

The so-called farm surpluses

In view of my projections for immensely increased utilization of U.S. farm products, a word about our so-called farm surpluses is called for. Some members of this committee will recall that I have for years protested against the fantastic exaggeration as to the size and cost of these surpluses. My chart 25 shows, as of 1964, how small these surpluses have been in most instances, whether one compares the annual use with the accumulated stocks, or whether one compares the annual use with the annual production. I have warned repeatedly that we should have been asking ourselves whether we really were developing an adequate food reserve. And I have warned repeatedly that a growing population and a fuller response to needs both at home and overseas would convert these so-called surpluses into real shortages. Developments even in 1965 and thus far in 1966, while not shown on the charts, more than vindicate all that I have said.

Looking even to the past, my chart 26 shows how infinitesimal our so-called farm surpluses have been, when compared with other surpluses in the U.S. economy. In 1964, only 0.6 percent of our current farm output was not currently used, compared with 13.7 percent of automobile capacity idle, 21 percent of steel capacity idle, 11.8 percent of total U.S. productive power unused, and a true unemployment level coming to 8.3 percent of our civilian labor force. Cumulatively from 1953 through 1964, measured in 1963 dollars, the total value of our farm production in excess of current use was only \$7.6 billion. This compares, as I have shown on my chart 1, with \$733 billion of our total national production powers not actually used during 1953-65.

But while we have now come so close to getting rid of the visible farm surpluses stored up in warehouses, we should not jump to the erroneous conclusion—as some are now doing—that we no longer have a surplus farm economy in terms of current or prospective uses of farm products, unless we make tremendous efforts to increase these uses. As I have insisted all along over the years, the really unbearable surpluses in our farm economy have been the wastage of farm plant and farmers when we have not called forth the full productive powers of these resources to meet human needs. Instead of calling forth these resources fully, we have not only retired acreages and driven farmers off the land; in addition, we have not permitted nor enabled these farmers remaining on the land to enjoy the plant and incomes which would enable and induce them to be full producers.

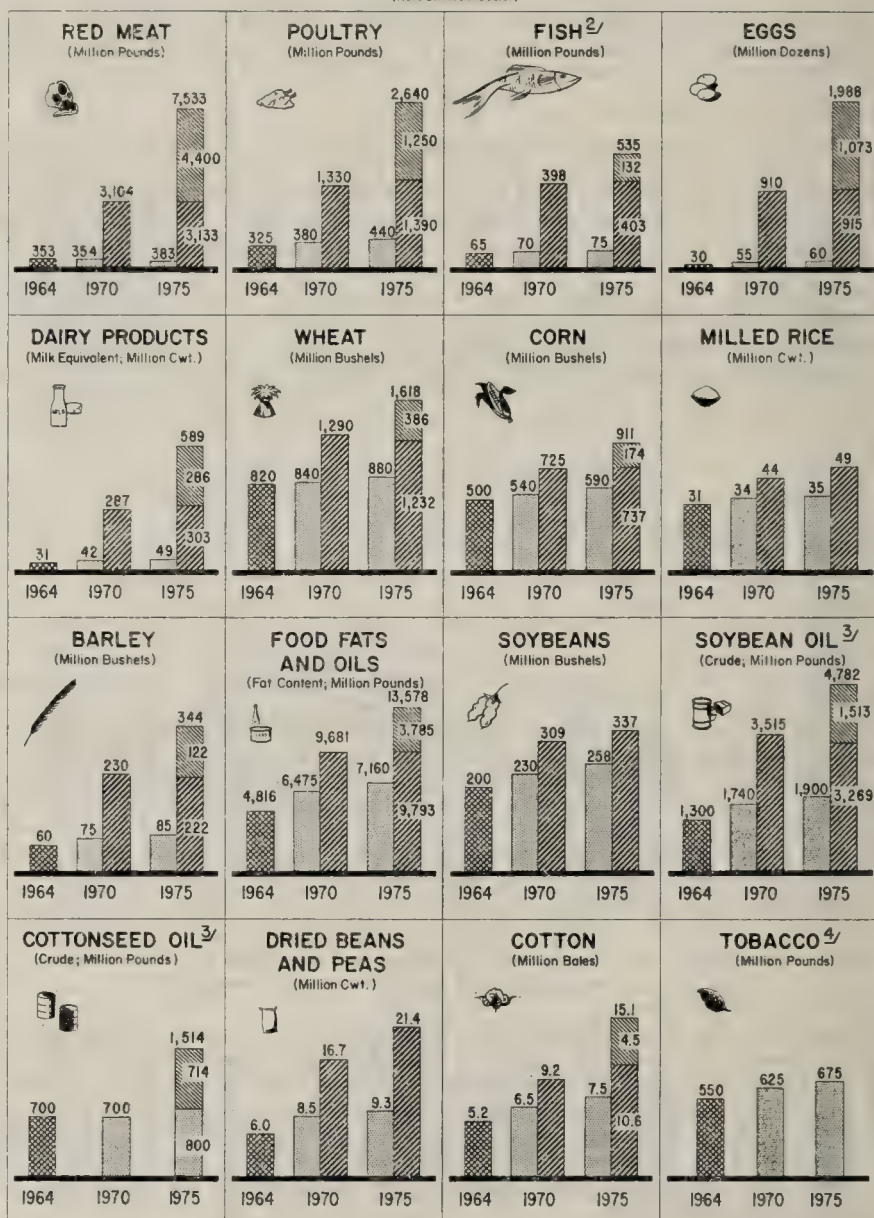
Measured in this proper way, our farm production capabilities now and in the years ahead will lead inexorably to a further tragic decline in the farm population, to further tragic deflation of farm income, and to continuous defeat of the objective of bringing farm families anywhere close to parity of income with others, unless we enormously expand the domestic and overseas utilization of farm products along the lines I have indicated. In short, we have by no means solved the farm surplus problem as correctly interpreted; we have only solved it as grossly misinterpreted.

Needed adjustments in U.S. Farm resources

My chart 27 shows the unique record of farm productivity advance from 1947 through 1964, leading to vast increases in output despite drastic reductions in acreage and breeding units; chart 28 indicates, over the same period, the rising yields per acre; and chart 29 indicates the rising total farm output by commodity. Projecting ahead the accelerating advance of farm productivity science and technology, and yields per acre and per breeding unit, it is obvious beyond question that, without Herculean efforts to expand farm product use to meet

ALTERNATIVE EXPORT GOALS FOR U.S. FARM PRODUCTS, 1970 AND 1975 COMPARED WITH ACTUAL EXPORTS, 1964^{1/}

 1964, Actual
  "Higher Export Goals," Excluding Communist Asia
 "Lower Export Goals," in Accord with Projections of Existing Import Trends
  "High Export Goals," Communist Asia
 (Note Different Scales)



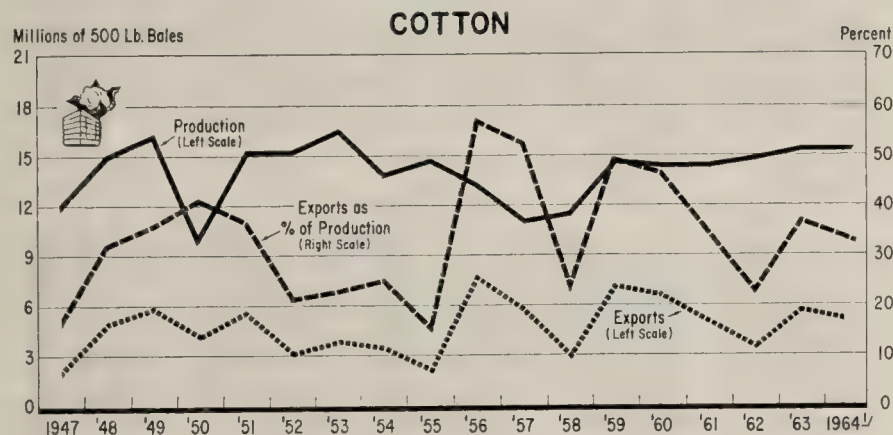
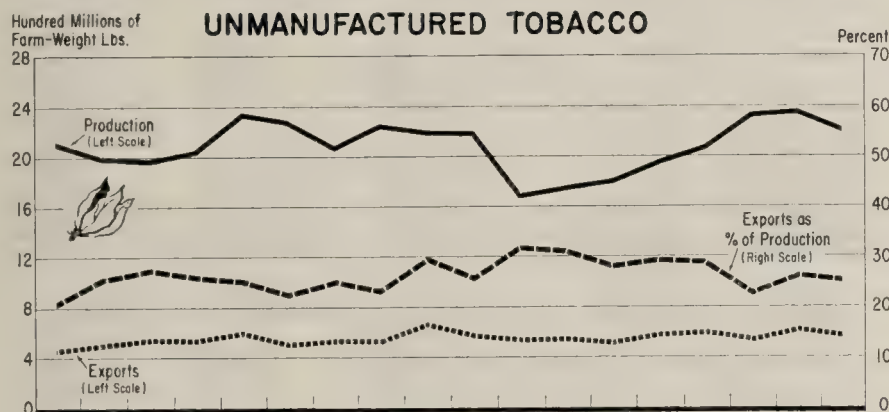
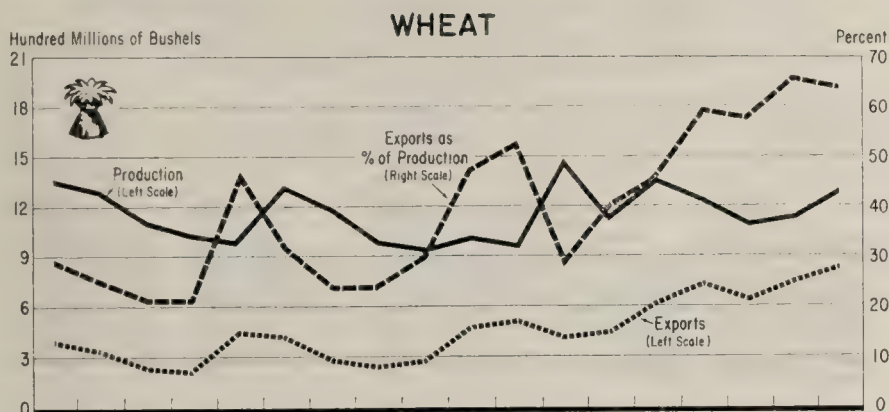
^{1/} 1964 actual and 1970 goals, and lower goals for 1975, exclude Communist Asia

^{2/} Expressed as fish protein concentrate

^{3/} Included in food fats and oils

^{4/} Tobacco exports assume continuation of normal export levels with no additional needs.

INSTABILITY OF EXPORT MARKETS IS OF HIGH SIGNIFICANCE



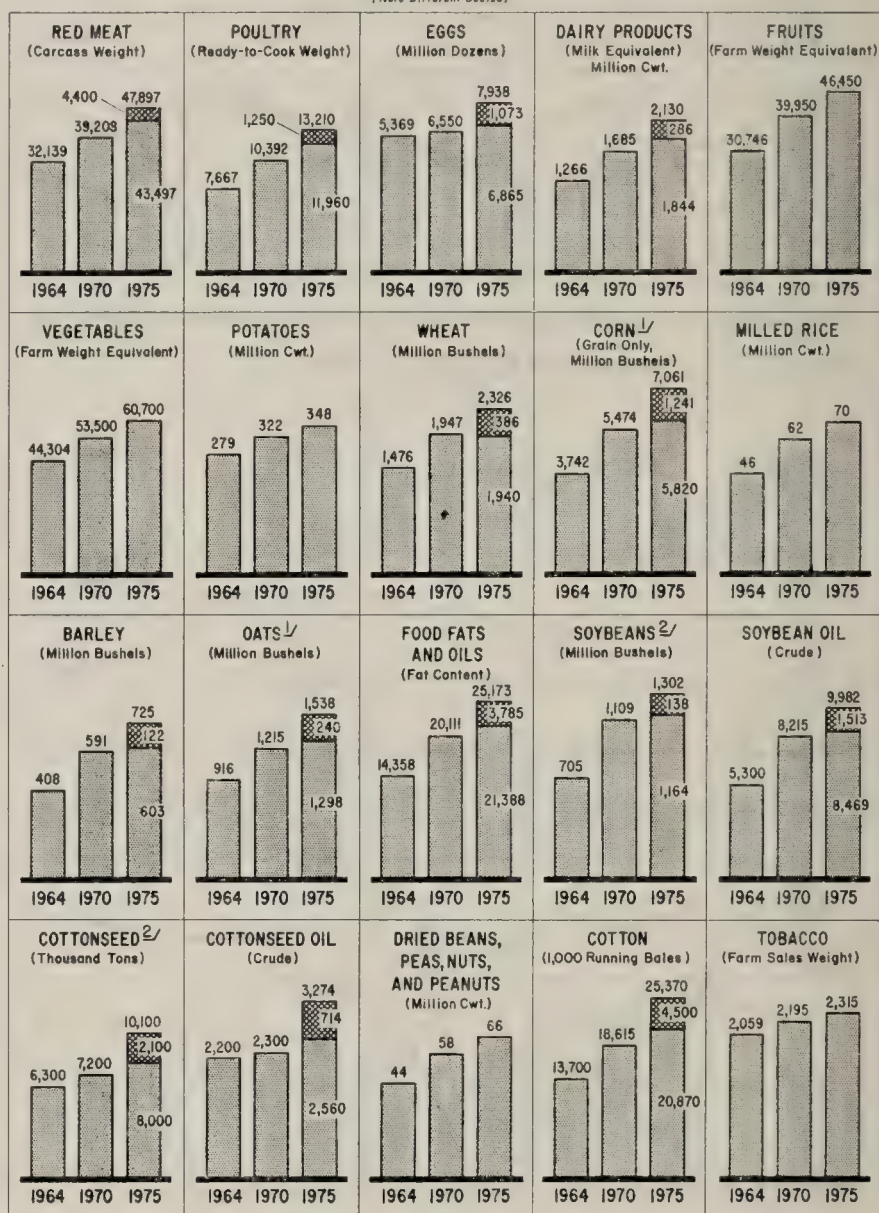
Estimated on basis of indications as of December 1964.

Data: Department of Agriculture.

GOALS FOR TOTAL USE U.S. FARM PRODUCTS 1970 AND 1975, WITH FULL PROSPERITY AT HOME AND HIGH LEVEL EXPORTS

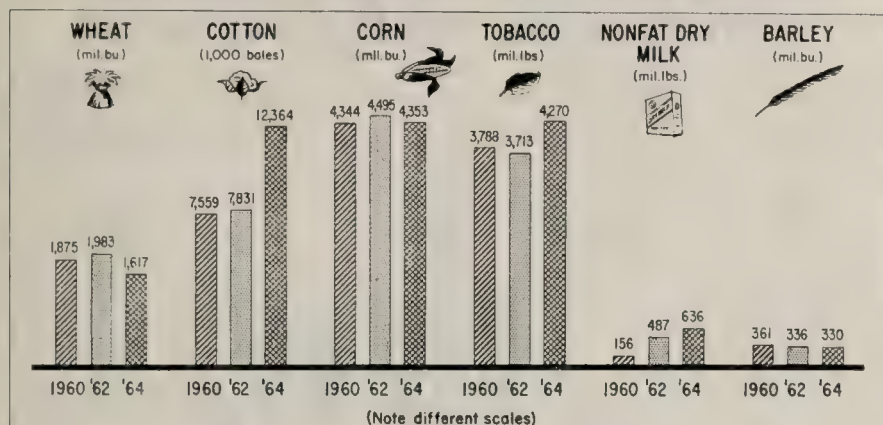
Millions of Pounds, Primary Distribution Weight, Except Where Noted
 Excluding Communist Asia Communist Asia

(Note Different Scales)

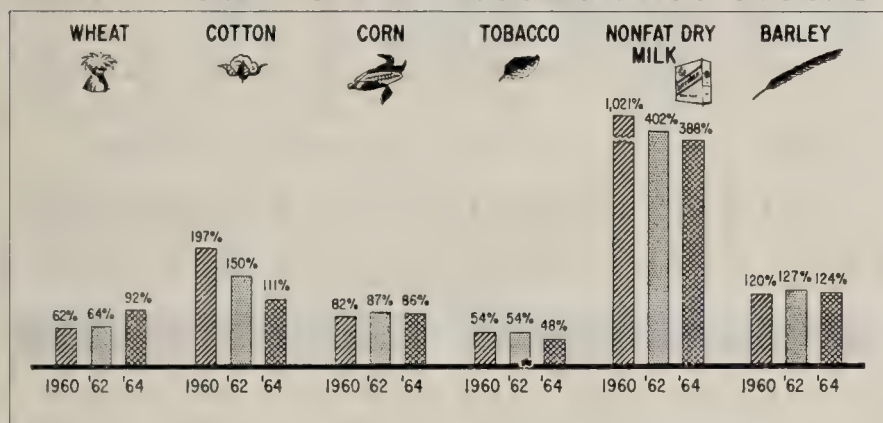


¹/Includes additional feed requirements to meet expanded exports of livestock products.

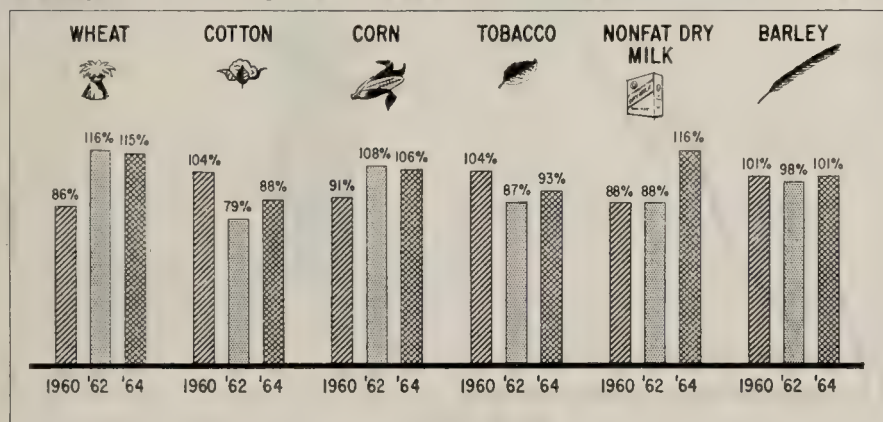
²/Includes additional oilseeds to meet expanded exports of soybean oil and cottonseed oils.

ACCUMULATED STOCKS,^{1/} KEY FARM PRODUCTS

ANNUAL USE AS % OF ACCUMULATED STOCKS



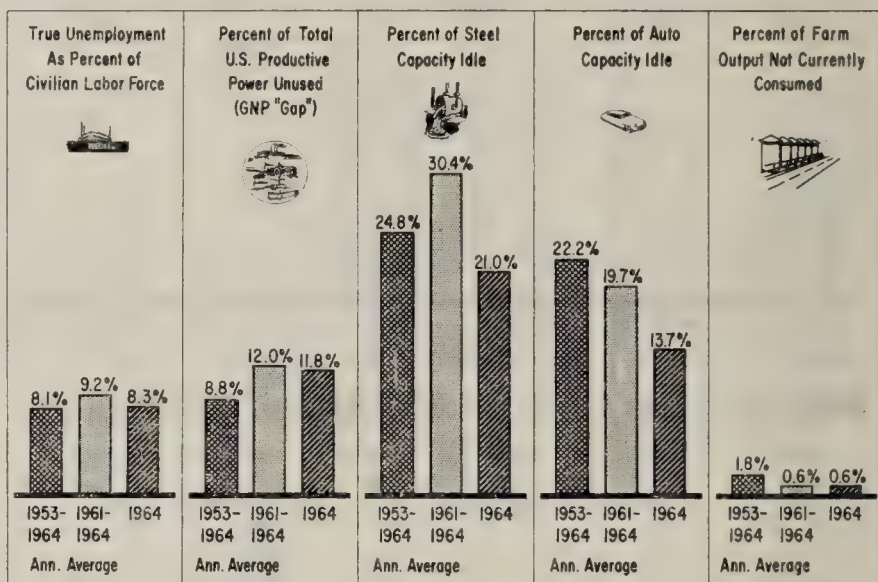
ANNUAL USE AS PERCENT OF ANNUAL PRODUCTION



^{1/} January 1 stocks, except for cotton, which are as of August 1

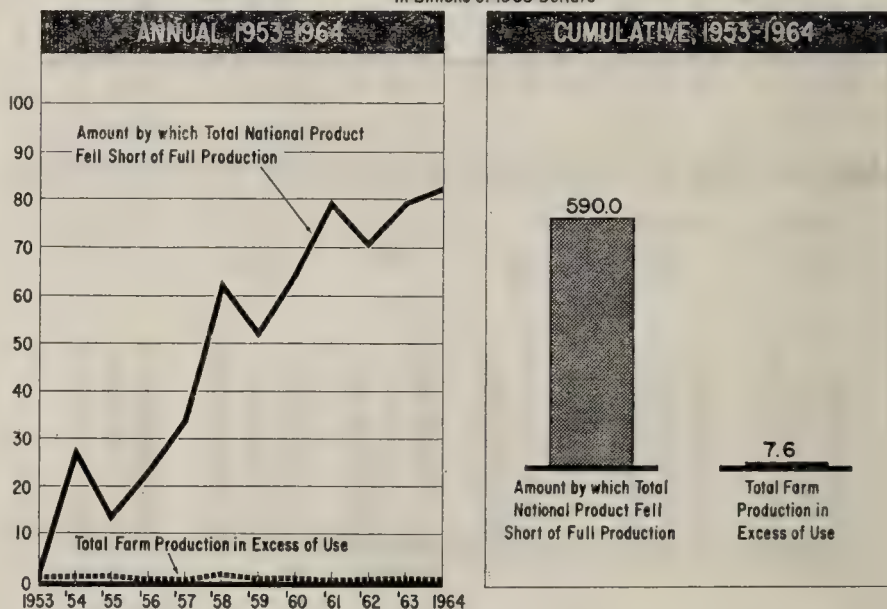
Data: Dept. of Agriculture

FARM SURPLUSES ARE TINY FRACTION OF OTHER SURPLUSES IN U.S. ECONOMY



VALUE OF FARM SURPLUSES COMPARED WITH TOTAL IDLE RESOURCES (GNP "GAP")

In Billions of 1963 Dollars



Note: 1964 estimated by CEP on basis of first 11 months.

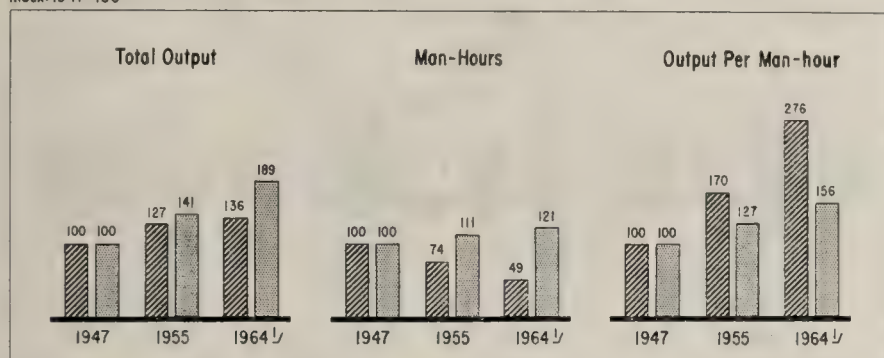
Data: Depts. of Agriculture, Commerce, and Labor

UNIQUE RECORD OF FARM PRODUCTIVITY

Index: 1947=100

FARM

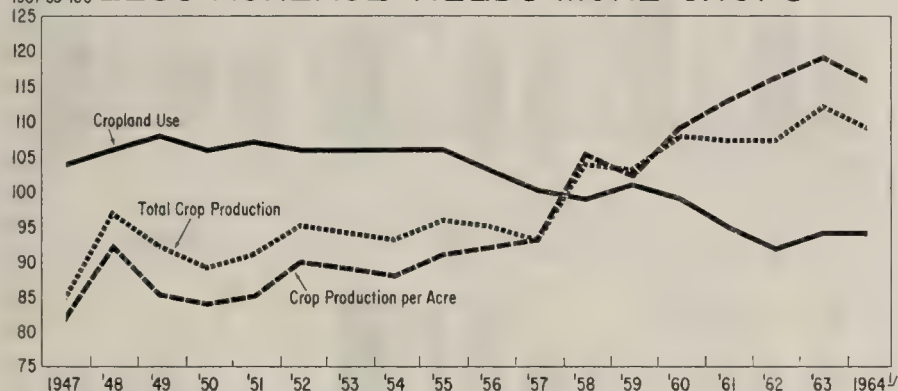
NONFARM



Index:

1957-59=100

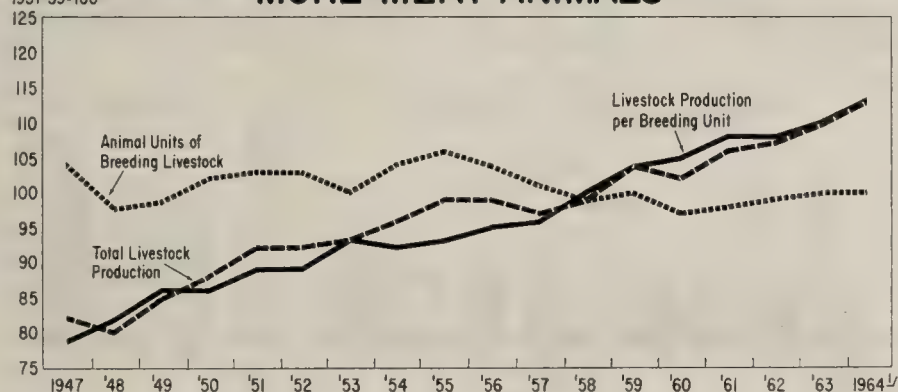
LESS ACREAGE YIELDS MORE CROPS



FEWER BREEDING UNITS PRODUCE MORE MEAT ANIMALS

Index:

1957-59=100

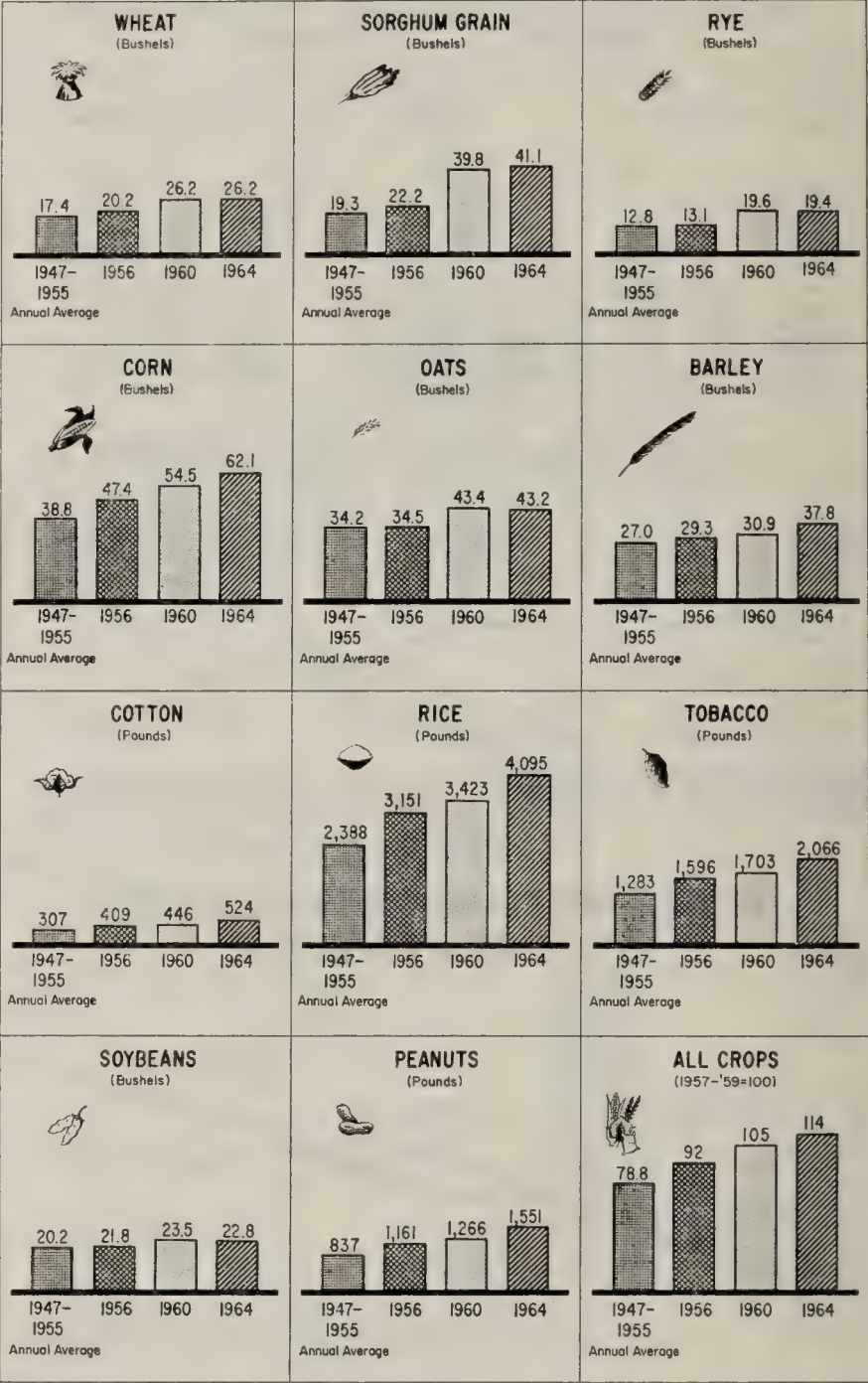


⌋ Estimated on basis of first ten months.

Data: Depts. of Agriculture and Commerce

RISING YIELDS PER ACRE, 1947-1964

(Note Different Scales)

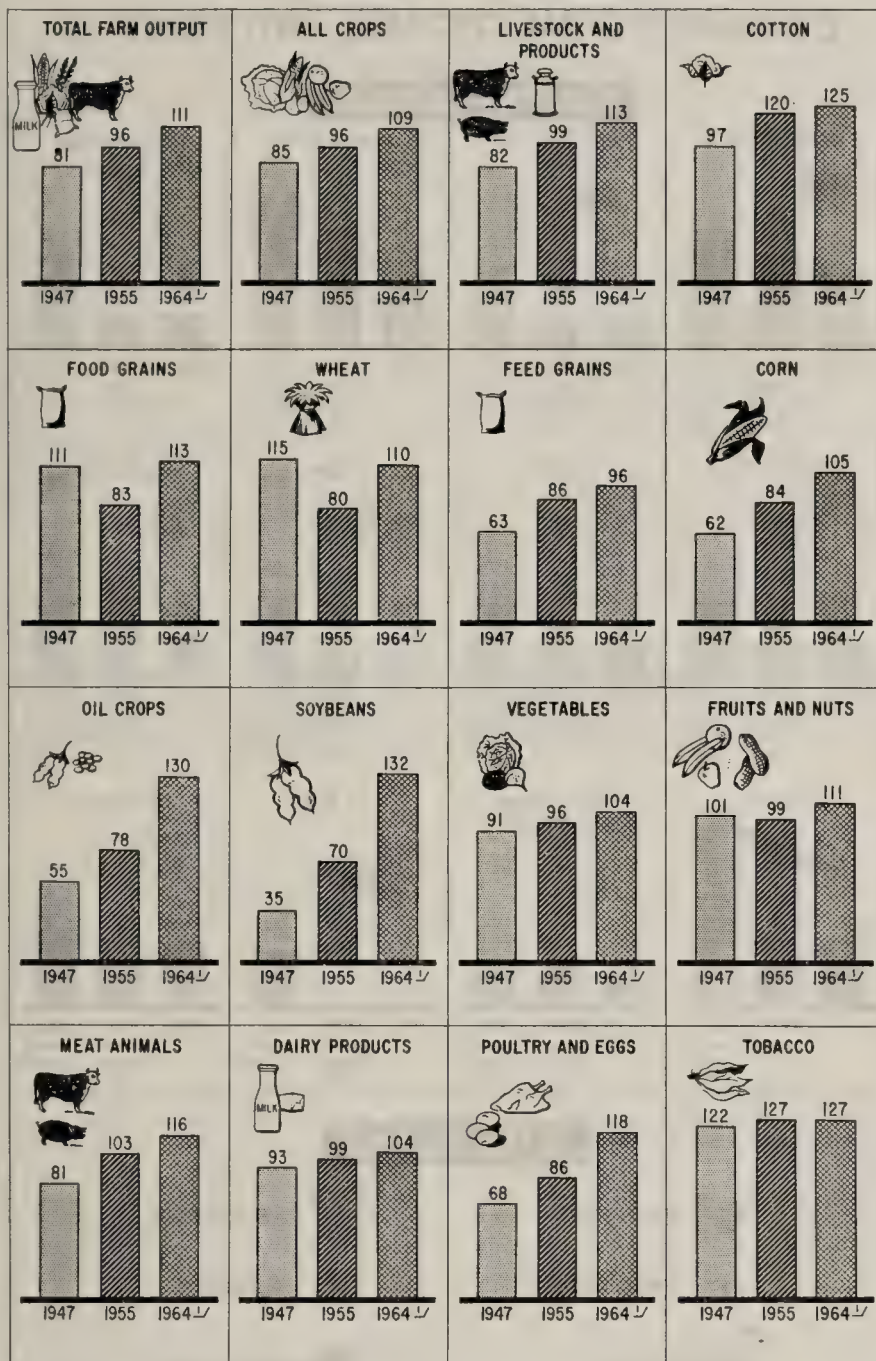


Data: Dept. of Agriculture

CHART 28

RISING FARM OUTPUT, 1947-1964

(Index Numbers, 1957-'59=100)



↓ Preliminary estimates

Data: Dept. of Agriculture

CHART 29

NEEDED ADJUSTMENTS IN ACREAGE AND LIVESTOCK UNITS TO MEET EXPANDED DOMESTIC USE AND EXPORTS

1970 and 1975 Compared with 1964 - Percent Increase

REQUIRING INCREASES



IN FAIR BALANCE



PEANUTS



VEGETABLES



TREE NUTS



POTATOES



FRUITS



RYE

^{1/2} Stated as increases in production rather than poultry units.

human needs at home and overseas, the tragic decline in the farm population will continue, and perhaps at an accelerating rate.

But we can reverse this course by budgeting and promoting the levels of farm output to meet human needs which I have thus far projected. To serve these needs, as my chart 30 shows, looking toward 1970 and 1975, we need enormous upward adjustments in most types of acreage and livestock units. Looking ahead only to 1970 for the moment, and excluding any exports to Communist Asia, the needed increases in acreage as I estimate them, from the base year 1964, range from 12 percent in the case of corn and 15 percent in the case of wheat to 20 percent in the case of milled rice and 29 percent in the case of soybeans. Cotton acreage should remain virtually stable. With respect to livestock units, from the base year 1964, the needed increases by 1970 range from 10 percent in the case of hogs and 16 percent in the case of dairy cattle to 28 percent in the case of beef cattle and 35 percent in the case of poultry. In a majority of instances, the needed increases by 1975 are much greater.

Contrasted with the catastrophic decline in the farm population, in the number of farms, and in farm employment since World War II, as depicted on chart 31, we need in the years ahead approximately to stabilize the number of farms and farm employment, as shown on chart 32. We need also to adopt vigorous policies to check the trend toward giant farms, and to strengthen the family-type farm. We need to lift the bulk of the so-called substandard farms, rooted deeply in poverty, to the level of self-sufficient, family-type farms earning an American standard of living.

This determined arresting of the tragic decline in the farm population will be beneficial to the whole U.S. economy. As my chart 33 shows, the brutal forcing of farmers off the land by income deflation since 1953 has contributed a fantastically large portion of the total unemployment in nonfarm areas. Farmers forced off the land have not in the main found opportunity elsewhere. They have merely swelled the poverty ranks and the relief rolls elsewhere, or at best taken jobs away from others.

Beyond this, the deficiencies in farm income have contributed such a large portion of the deficiencies in total incomes and purchasing power since 1953 that a reversal of the farm trends since 1953, far more powerful and sustained than the reversal during the last year or so, is imperative in the interest of optimum economic growth and maximum production and employment for the whole U.S. economy.

4. RELATED PROBLEMS OF U.S. FARM INCOMES AND LIVING STANDARDS

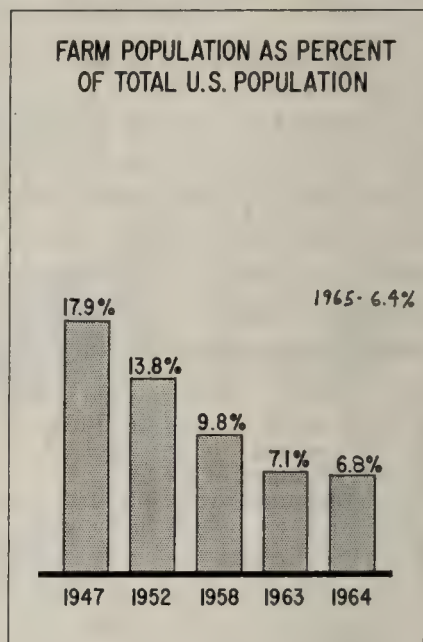
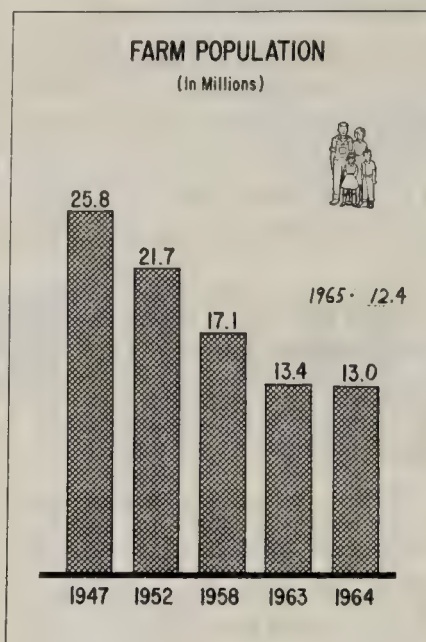
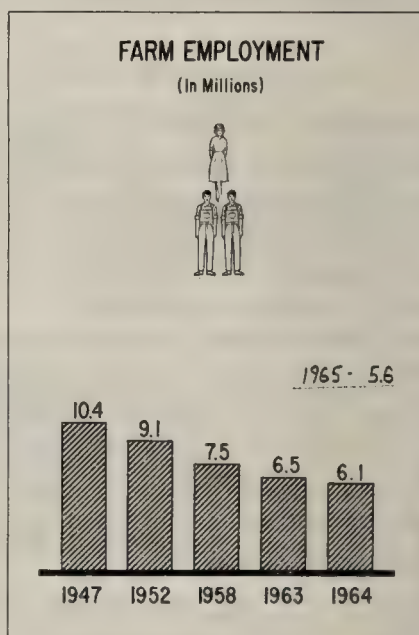
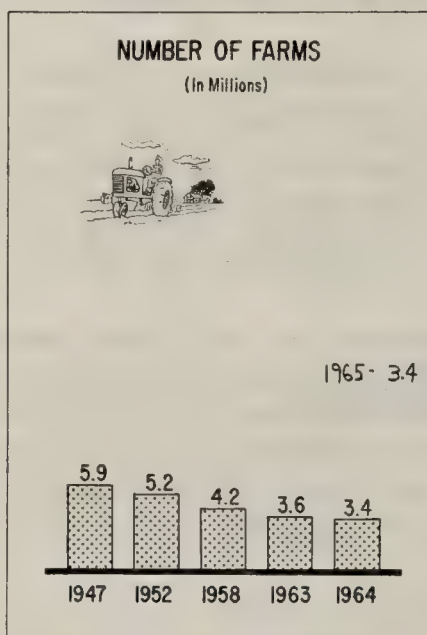
Our desire to help fight starvation overseas is essentially moral. Nonetheless, this desire reflects also our intelligent self-interest. In addition, one of the greatest, if not the greatest, benefit to be derived from the expansion of our farm-product distribution along lines indicated above would be the elevation of U.S. farm income. Despite a considerably improved situation during the past year, it is not an overstatement to say that our farm population as a group are still the dispossessed of the richest and strongest economy in human history.

Long-term decline in farm income

From 1947 to 1965, measured in 1963 dollars, my chart 34 shows that farm personal income from all sources declined 26.1 percent and net farm operators' income declined 27.6 percent, while total U.S. personal income rose 93.3 percent and total nonfarm personal income rose 102.6 percent. From 1953 through 1965, net farm operators' income declined at an average annual rate of 0.5 percent, while total nonfarm income rose at an average annual rate of 3.9 percent. It should be noted that personal interest income rose at an average annual rate of 7.8 percent, and this toll of rising interest rates has helped to maintain the yoke of poverty around the necks of millions of farmers who are extraordinarily dependent upon credit.

On a per capita basis, as demonstrated on chart 35, the rapidly declining farm population has served to ameliorate the income trends among those remaining on the farm. I cannot accept this as even a partial solution; it reminds me of saving those on the ship by throwing half of the people into the sea. And even on a per capita basis, the farmers remaining on the land have advanced far less rapidly than others. For more than a generation, our Nation purports to have pursued the fair goal of income parity for farmers. But even in 1965, as the chart shows, measured in 1963 dollars, per capita nonfarm income was \$2,700, per capita farm income from all sources only \$1,565, and per capita farm

DECLINING FARM POPULATION, 1947-1965

FARMS ARE BEING ELIMINATED RAPIDLY;
FARM EMPLOYMENT IS SHRINKING FAST

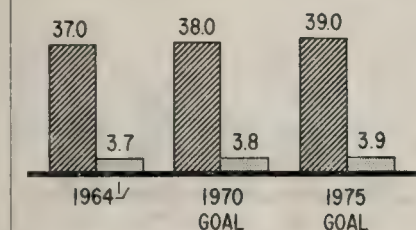
Data: Depts. of Agriculture and Commerce

TOWARD STRENGTHENING FAMILY-TYPE FARMS

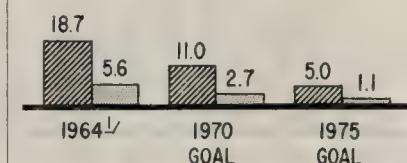
 Percent of Total Farms

 Percent of Total Sales
NONCOMMERCIAL FARMS

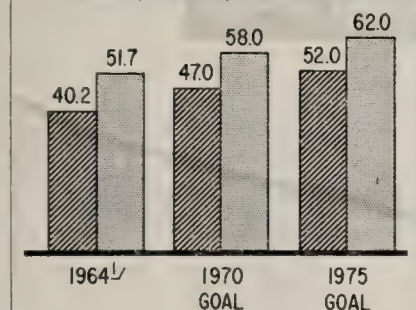
(Part Time and Residential)

**SUBSTANDARD FARMS**

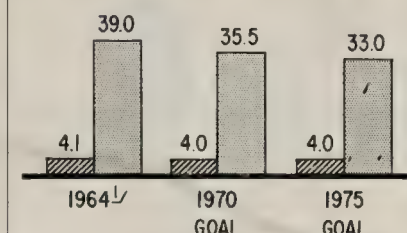
(Sales Below \$5,000 a Year)

**FAMILY TYPE FARMS**

(Sales \$5,000-\$24,999 a Year)

**LARGE TO GIANT SIZE FARMS**

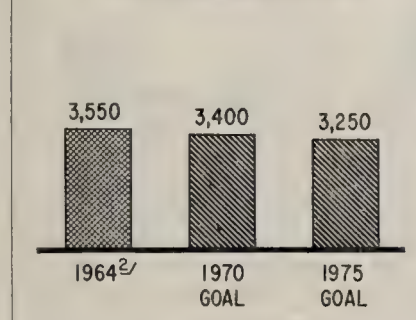
(Sales Above \$25,000 a Year)



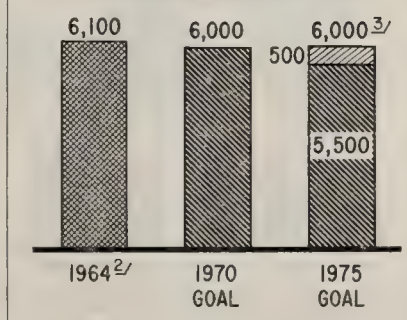
TOWARD STABILIZING THE NUMBER OF FARMS AND FARM EMPLOYMENT

NUMBER OF FARMS

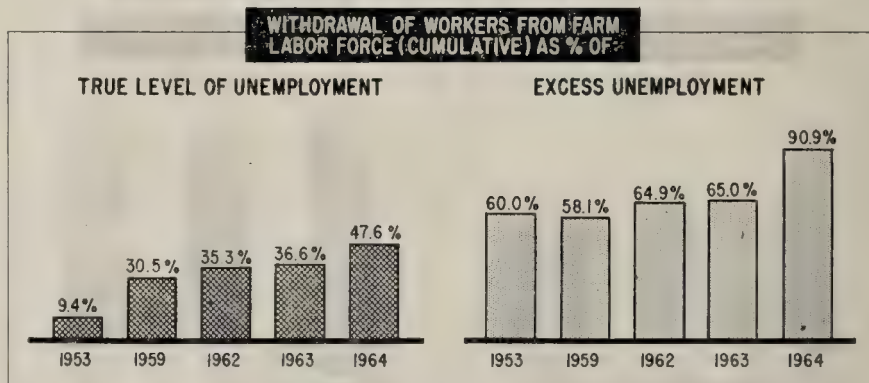
(thousands)

**FARM EMPLOYMENT**

(thousands)

^{1/} Estimated by CEP on basis of earlier Census of Agriculture data.^{2/} Preliminary estimates by Department of Agriculture.^{3/} The 5.5 million projection assumes no exports to Communist Asia; the 6.0 million projection assumes exports.

IMPACT OF FARM WORKER DECLINE UPON TOTAL UNEMPLOYMENT IN U.S., 1953-1964^{1/}

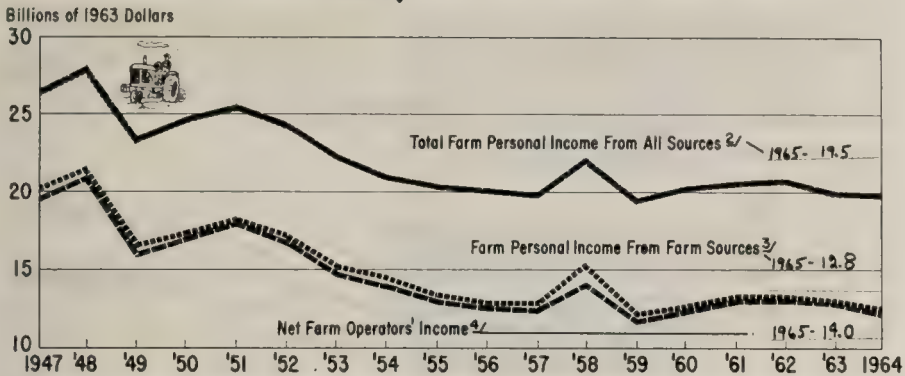


^{1/}1964 estimated on basis of first ten months.

^{2/}Estimated as the difference between the officially reported civilian labor force and its likely size under conditions of maximum employment.

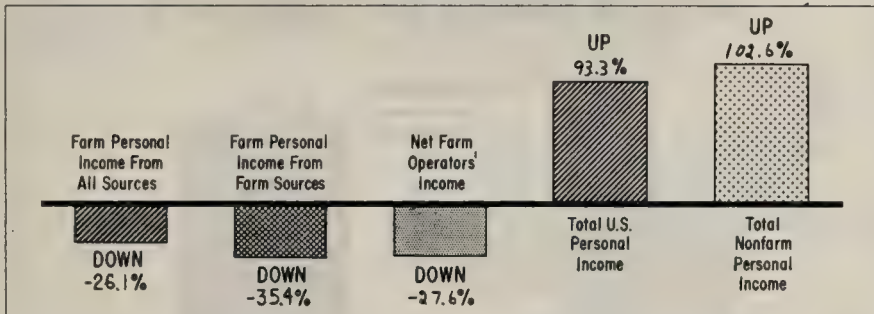
^{3/}Unemployment in excess of levels consistent with maximum employment.

DECLINING FARM PERSONAL INCOME, 1947-1965^{1/}



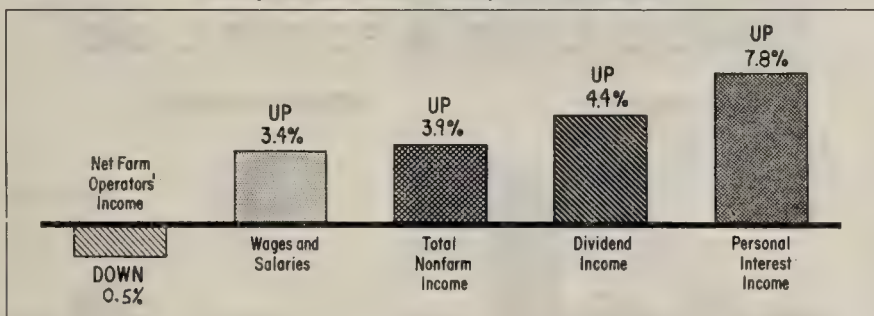
DISPARITIES IN INCOME TRENDS, 1947-'65^{1/}

Percentage Changes 1947-1965, in 1963 Dollars



STILL MORE RECENT TRENDS, 1953-1965^{1/}

Average Annual Rates of Change in 1963 Dollars



^{1/} 1965 Preliminary.

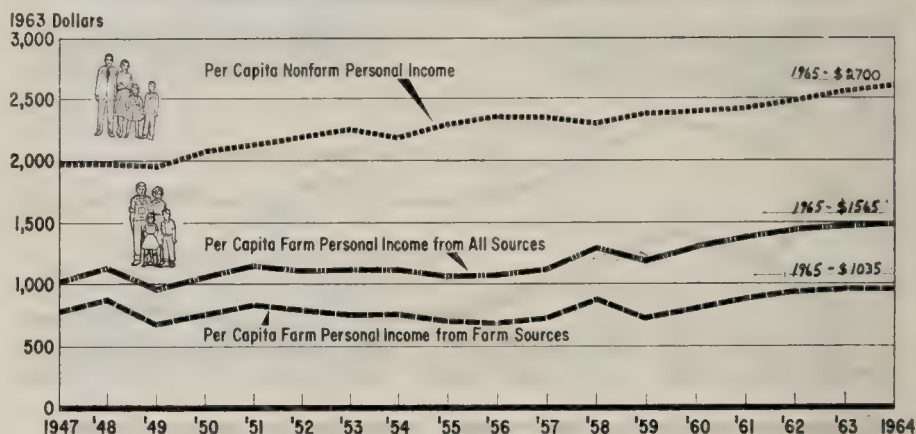
^{2/} Total farm personal income is total net income, before taxes, and includes income of farm people from farm and nonfarm sources.

^{3/} Farm income from farm sources is net farm operators' income of resident farmers, plus wages of farm resident workers and their nonmoney income, less social insurance contributions.

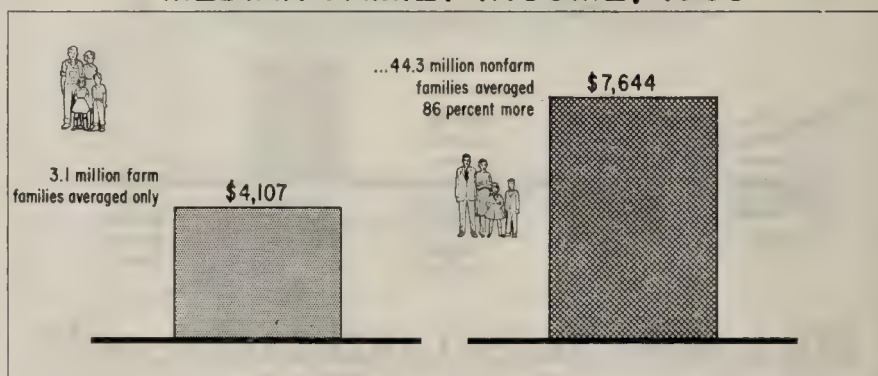
^{4/} Net farm operators' income is their income from farm marketings, less production expenses; their nonmoney income; Government payments; and adjustment for inventory changes.

Data: Departments of Agriculture and Commerce.

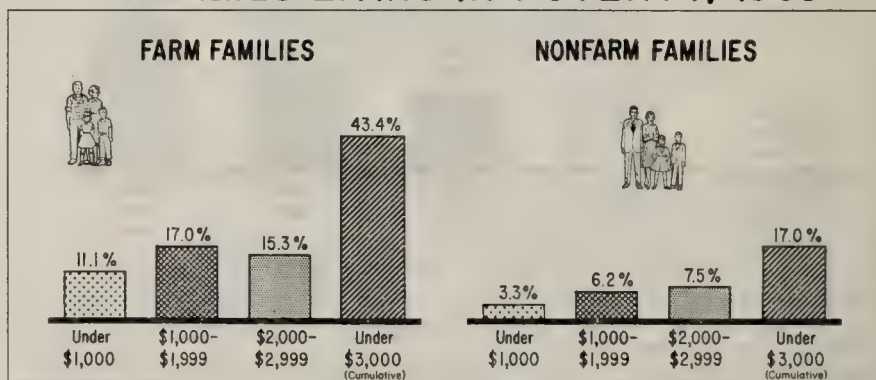
EVEN ON A PER CAPITA BASIS, 1947-'65^{1/} THE INCOME^{2/} DISPARITIES HAVE GROWN



MEDIAN FAMILY INCOME,^{3/} 1963



FAMILIES LIVING IN POVERTY, 1963^{3/}



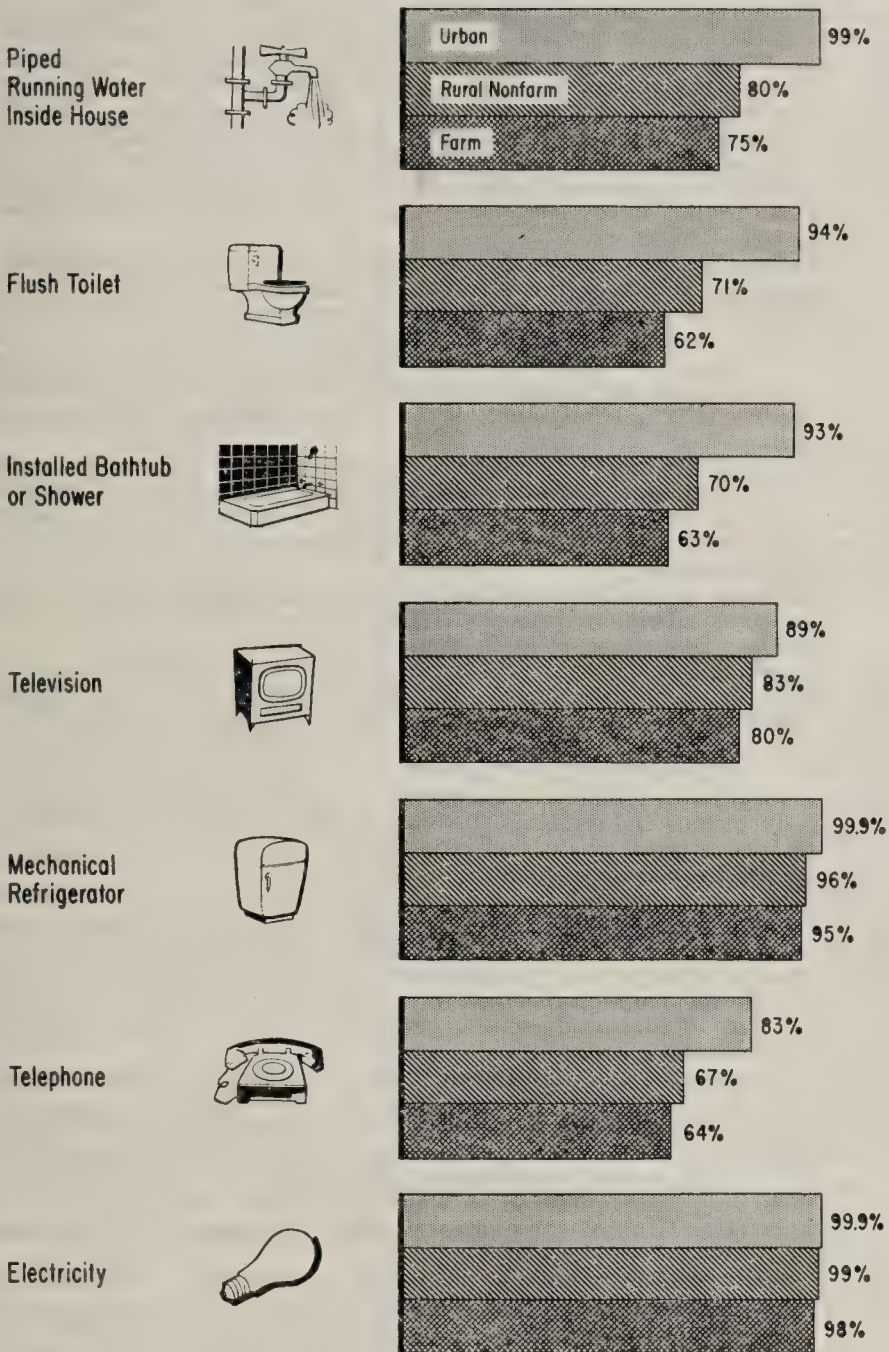
^{1/}1965 Preliminary.

^{2/}Money and nonmoney personal income before taxes; Depts. of Commerce and Agriculture income concepts.

^{3/}Money income before taxes, in 1962 dollars; Bureau of the Census income concept.

SOME DISPARITIES IN LIVING STANDARDS

Estimated Percentage of Homes in 1960 Having:



Data: 1960 Census of Housing. Later data not available.

income from farm sources only \$1,035. In 1963, 43.4 percent of all farm families lived in poverty, contrasted with only 17 percent of all nonfarm families.

My chart 36 indicates, as of the 1960 census, some of the disparities in living standards which have resulted from these income disparities.

Avenues to farm-income improvement

Domestic and international expansion of demand for U.S. farm products, as indicated clearly by some of my earlier charts, would provide the most powerful single lever for bringing farm income upward toward parity of income with others. But we can never have an adequate farm-income policy, unless we recognize in practice and not just in theory that even full utilization of our farm productive resources does not automatically and in itself bring farm families close to parity of income with others. Even during World War II and shortly thereafter, when the pressures upon our farm productive resources far exceeded supply, farm families never got more than in the neighborhood of 60 percent of income parity with others.

This is basically because the farmer sells his products in a so-called free market, and buys in a highly controlled or administered market. The consequences of this phenomenon from 1947 through 1964 are shown on chart 37. And even on January 15, 1966, the parity ratio was only 80 percent, thus returning to the ratio for 1962 as a whole, but certainly nothing to be complacent about. Even 100-percent price parity, as we all know from the experience during and shortly after World War II, does not yield anything approximating income parity for farmers.

The moral of this is that we shall have to achieve many other improvements in national farm policies, in addition to expansion of production and distribution of farm products, to come even within hailing distance of income parity for farmers, and to make effective war against the immense concentration of poverty in American agriculture.

The magnitudes of the desirable goals for farm-income improvement, which I have developed consistently within the balanced perspective of goals for the U.S. economy as a whole, are set forth on my chart 38.

This will require, in my view and in the view of an increasing number of informed people, a gradual shift from price goals for farmers to income goals for farmers. Farm people, like others, live on their incomes, not their prices. The establishment of constantly improving goals for farm production, rationally related to real needs, can provide a framework for income goals as well. In this connection, we need to promote desirable adjustments in the composition of farm production by income inducements, instead of attempting unsuccessfully, as in the past, to induce these production adjustments through the gross deflation of farm income and the forcing of farmers off the land.

As we gradually substitute income goals for farmers in place of mere price goals, we should increasingly relate these income goals, and direct payments designed to achieve them, to the whole problem of poverty in America and our determination to wipe it out. Increasingly, we should develop fair standards which relate the income help received to the size and income of the farm enterprise receiving it. This would combine genuine economy with the social purpose which should be at the heart of all true economy.

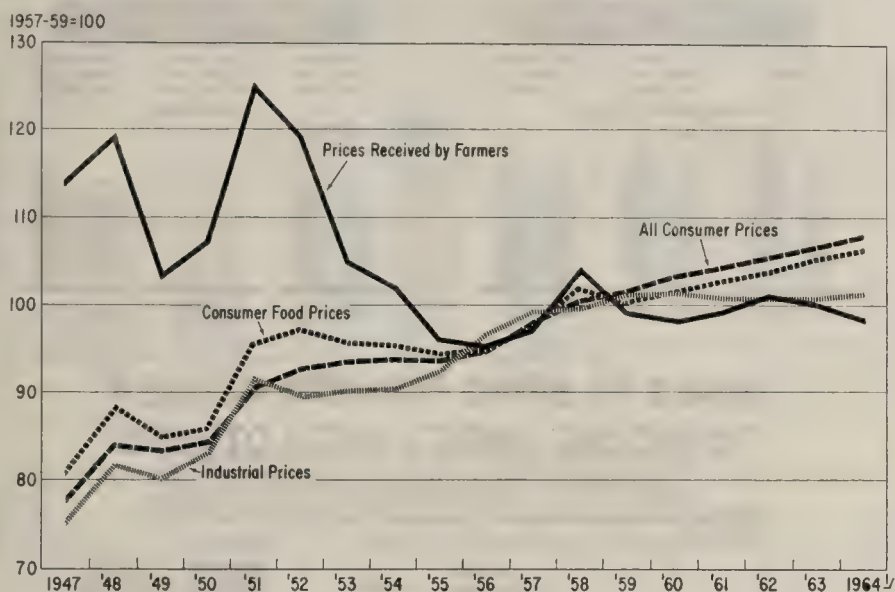
This change would enable the American people at large to recognize that the so-called costs of the farm program are really a part of the war against poverty, and should be chargeable to that war instead of being charged to the conventional farm program. The war against poverty in its farm aspects should reflect a triple-barreled approach: a war against that portion of U.S. poverty off the farm which is due to malnutrition; a war against that poverty overseas which is due to starvation; and a war against poverty at home among farm families themselves.

The U.S. farm problem is not a farm-income problem only. Our rural people suffer, even more than others, from vast deficiencies in educational and health facilities and personnel, satisfactory housing, adequate social security and welfare payments. A full-scale attack upon rural poverty must include much more concentration upon the "public sector" than we have thus far mustered.

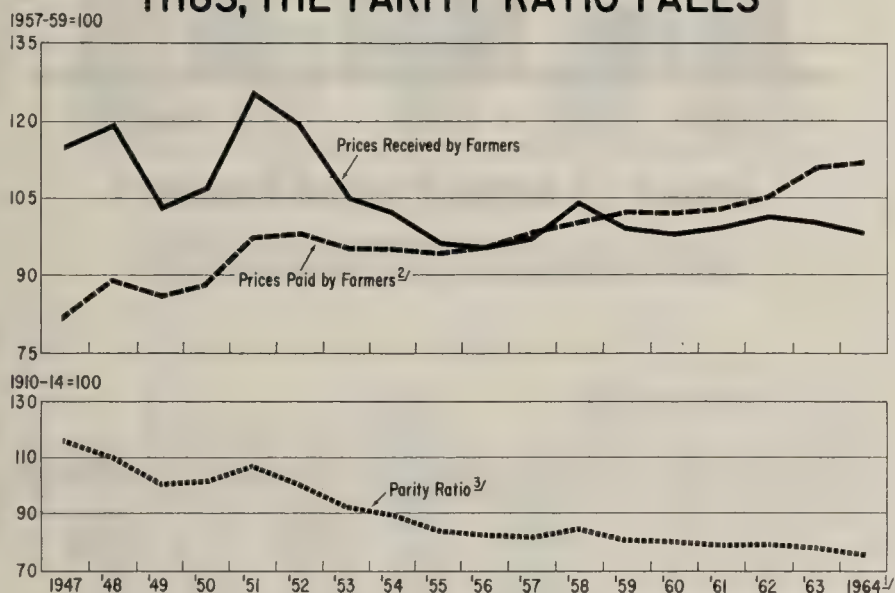
The "costs" of the farm program

As we set forth ever more vigorously and soundly toward achievement of these multiple purposes, we will for the first time bring home a sensible appreciation of the real costs of the farm program, measured against its benefits. We have been too prone to measure the costs of the farm program by items appearing in

FARM PRICES FALL IN "FREE MARKET" WHILE "ADMINISTERED" PRICES MOVE UP



THUS, THE PARITY RATIO FALLS



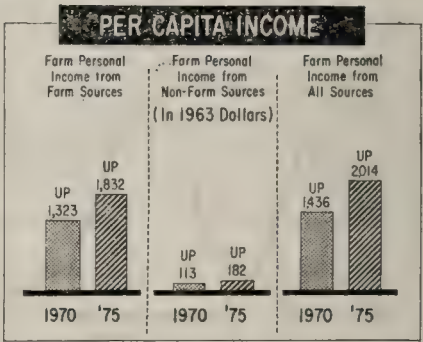
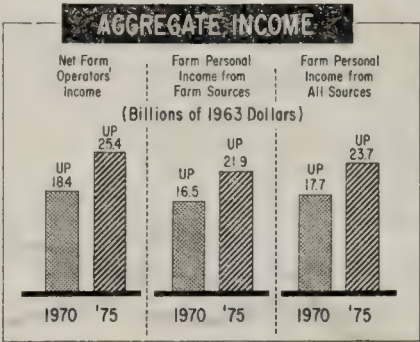
^{1/} Estimated by Conference on Economic Progress on basis of data for first three quarters.

^{2/} Prices paid, interest, taxes and wage rates.

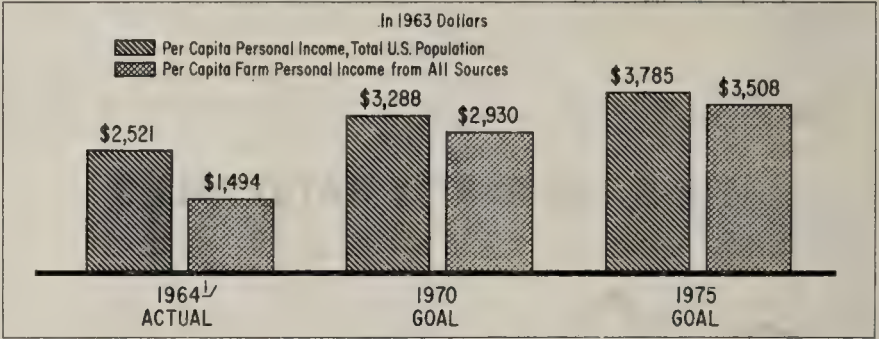
^{3/} Ratio of index of prices received to index of prices paid, interest, taxes and wage rates, on 1910-14=100 base.

Data: Depts. of Agriculture and Labor except for fourth quarter 1964.

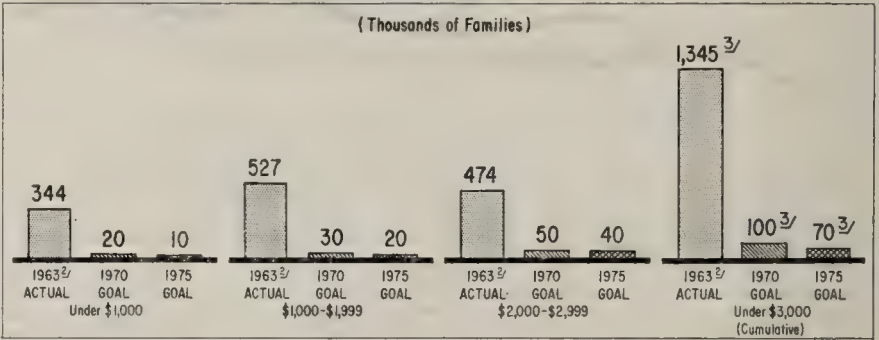
GOALS FOR IMPROVED FARM INCOME 1970 AND 1975, COMPARED WITH 1964 ^{1/}



GOALS TO BRING FARMERS CLOSER TO INCOME PARITY WITH OTHERS



GOALS TO REDUCE FARM POVERTY



^{1/} In 1964 estimated on basis of first three quarters.

^{2/} Latest year for which income distribution data are available.

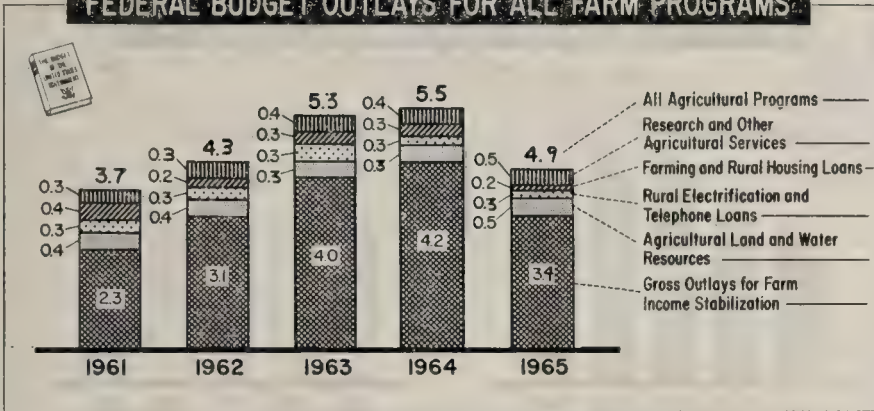
^{3/} In 1963, there were 3.1 million farm families (1.345 million = 43.4%); 1970 estimate is 2.9 million farm families (100 thousand = 3.5%); 1975 estimate is 2.8 million farm families (70 thousand = 2.5%).

Data: Actuals, Depts. of Agriculture and Commerce; goals, CEP.

FARM PROGRAM COST USUALLY OVERSTATED

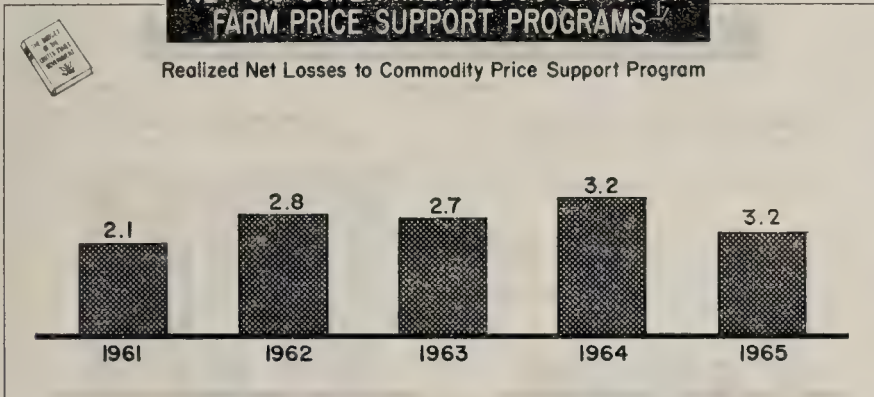
Fiscal Years (In Billions of Dollars)

FEDERAL BUDGET OUTLAYS FOR ALL FARM PROGRAMS

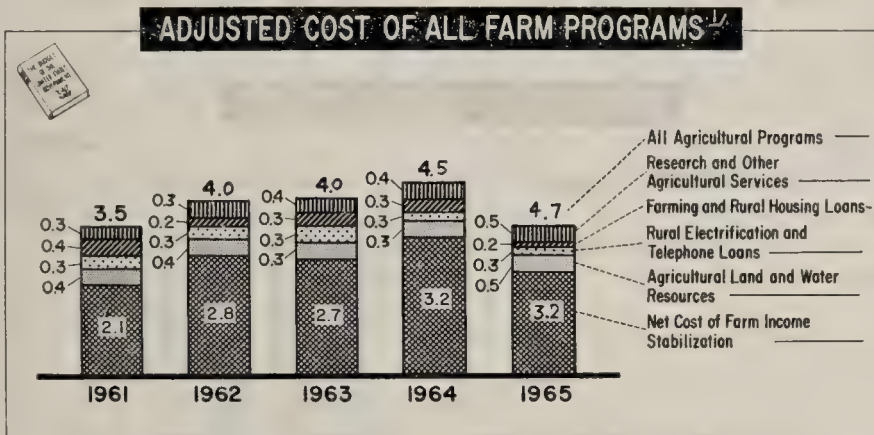


NET U.S. GOVERNMENTAL OUTLAYS FOR FARM PRICE SUPPORT PROGRAMS

Realized Net Losses to Commodity Price Support Program



ADJUSTED COST OF ALL FARM PROGRAMS

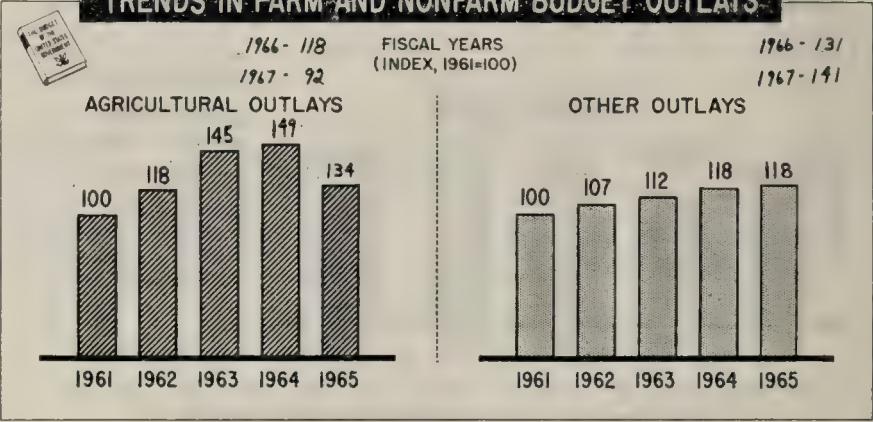


^{1/} Net cost of farm income stabilization.

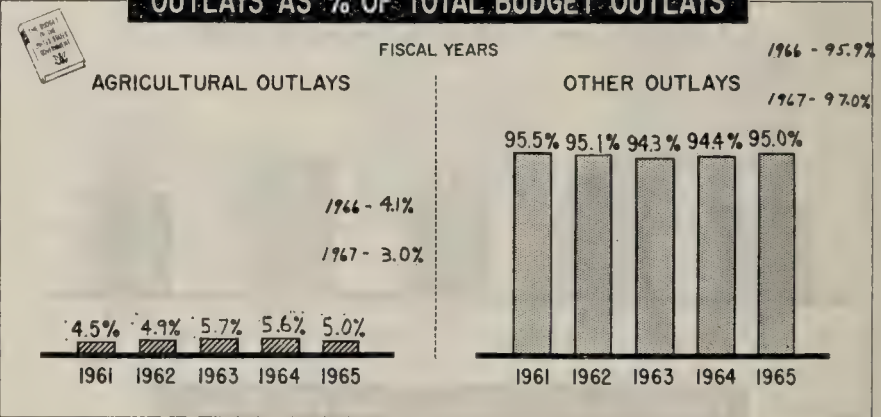
Data: Department of Agriculture and Bureau of the Budget.

FARM OUTLAYS IN THE FEDERAL BUDGET COMPARED WITH OTHER OUTLAYS

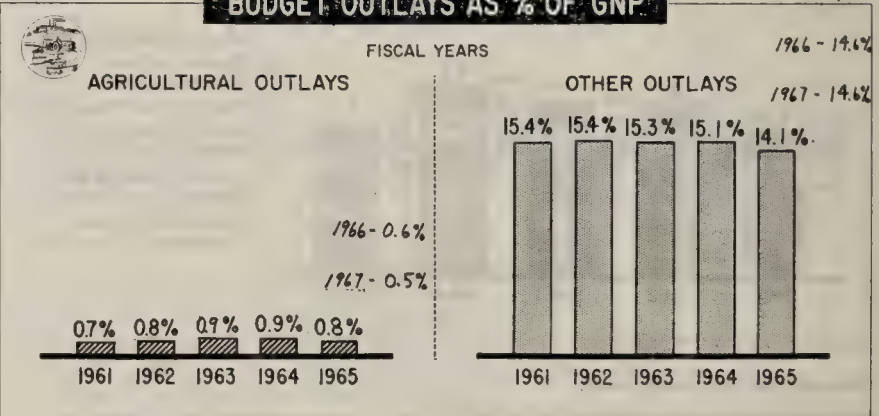
TRENDS IN FARM AND NONFARM BUDGET OUTLAYS



OUTLAYS AS % OF TOTAL BUDGET OUTLAYS



BUDGET OUTLAYS AS % OF GNP



the Federal budget, rather than by measuring how much worse off the American economy would have been if we had not taken even those inadequate efforts to help support farm income.

Even apart from this, as shown by my chart 39, the costs of the farm program as set forth in the Federal budget have been grossly overstated, mainly by confusing the gross immediate outlays for all so-called farm purposes with the adjusted net costs of the farm program in the long run. Further light on this subject is shed by my chart 40, which depicts trends in farm outlays in the Federal budget compared with other outlays.

Although we are now moving toward an economically more sound and financially more realistic appraisal of the whole farm program, I respectfully submit to this committee that the 1967 Federal budget is penny wise and pound foolish in its proposed outlays in the agricultural category, even after allowing for the fact that some items previously contained within that category are now properly carried as costs of our international undertakings.

Toward further improvements in national farm policies

I also submit that even our new efforts to expand the distribution of our farm products overseas are tremendously short of what they ought to be by all reasonable tests—and this goes without saying with respect to what we are now doing toward assuring a truly American standard of food and fiber consumption for the 34 million of our own people who still live in poverty and the additional 49 million who live above the poverty income ceiling and below a “modest but adequate” budget.

I do not think that we will do as much as we should until we develop a long-range prosperity budget for American agriculture, treating this as an integral part of the long-range “American Economic Performance Budget” which I have long advocated as a necessary undertaking under the Employment Act of 1946. We really ought to have, as a counterpart of the Employment Act of 1946, an Agriculture Employment Act, limited not to employment in the narrow sense but directed also toward sustained maximum employment, production, and purchasing power for the vital farm sector of our throbbing and dynamic U.S. economy. The details of this are set forth in my 1965 study to which I have referred, “Agriculture and the Public Interest.”

This committee is now engaged in a profoundly important reconstruction of aspects of our American farm policies. I hope that the immediate new steps being taken this year will provide a foundation for the other things which need to be done to bring justice and prosperity to our farm population, and thereby to contribute mightily to justice and prosperity for the nonfarm population, and to the cause of peace and the institutions of freedom throughout the world.

Mr. KEYSERLING. I am amplifying the statement with some charts which are valuable, because my last study was completed more than a year ago, and I brought these up to date right through 1965, so that I would like to have them attached to the statement in the record.

Mr. POAGE. All right; that will be done.

Mr. KEYSERLING. Coming to what I want to say orally, I am, of course, heartily in favor of the emphasis of the food-and-freedom program or food-for-freedom program for the very simple reason that I believe and I think all of us believe that food is such a fundamental human commodity that wherever the need exists it should be used, so long as human needs exist.

The difficulty I find which is represented in some of the questions already asked is that while we have made some improvements in farm policies, our farm policies, really, have been on what I would call an ad hoc random basis. We do things from year to year. Some of them are good, some of them conflict with what we did last year. And what I have tried to do is to make what I call a long-range budget—a long-range budget extending over 10 years of what our food production capabilities are, how we may use them at home and overseas, and after obtaining desirable use at home and overseas I

do get to the question of what part of these food resources we should bear.

I want to say, specifically, a word, first, about the food surpluses, because the opinion is spreading that since we have got rid of our domestic food surpluses we no longer have the productive capacity means to serve our needs at home and do a reasonable job overseas.

I maintain that this idea that we have gotten rid of the food surpluses is based upon an entirely false measurement.

Many of the members of this committee will remember that I have argued that the food surpluses were exaggerated all along but, actually, when we measure them against the size of the current production—when we measure the accumulated surpluses against annual use that the American farmer, curiously operating under a free system, was doing a better job of keeping production in line with actual demand and distribution than any other section of the American economy.

Without distracting you with these charts at this moment, although I may use some of them by way of illustration, let me cite one fact, because I think facts are more important than ardent desire.

Over all of the years from 1953 to 1964, on the average, the portion of our farm product was only 1.8 percent; meanwhile, from 20 to 40 percent of our automobile capacity, our steel capacity was idle, 11 to 12 percent of our total American productive capacity was idle, and the true level of unemployment was about 8 percent; in other words, our farm surpluses were very much smaller than the surpluses in other parts of our economy, but we called them as large because due to the nature of the farm technology these surpluses were stored up in surpluses where we could see them, while with the automobile industry or the steel industry when it was in surplus, they did not produce steel, they just had a surplus plant and manpower which is equally a load upon the American economy.

My first point is that the surpluses were exaggerated. And I warned year by year through last year that with a growing population and with a higher rate of economic growth at home and with increased response to needs overseas that they would vanish. So it is now coming to appear, but that is not my point.

The main point that I want to make is that we should not judge from that, that the American farm economy is no longer a surplus economy. It is a tremendous surplus economy when we measure the surpluses, not by the wheat stored up in warehouses, but by the unused farmers and the unused farmlands. When we force millions of farmers off the land, as we have in recent years, they are still in surplus, because they have gone to the cities where they have gone on the unemployed rolls and on the relief rolls. The millions of farmers in America who are still on the land and who can eke out but a bare living, because they are living in poverty, not having the tools or the equipment or the income or the knowledge to produce at a level which will yield them a basic American standard of living, are in surplus, too. And even when we take some American farmlands out of production, if they are still lands that can produce, and if we still have great American needs, both at home, not to speak of overseas, we have those surpluses, too.

And when you measure it that way—when you measure it in terms of human resources, and when you measure it in terms of physical resources, I want to emphasize with all of the force that I can that the American farm economy is still a surplus economy.

What I have done in my studies is to look at the trends in farm technology and productivity over the years, the increasing power to produce per farmer, the increasing power to produce per acre, the increasing power to produce per livestock unit, and I have projected ahead these accelerated trends in productivity and technology, and what I find is this, that in the years ahead, over the next decade—and my studies go over the next decade—unless we tremendously expand the demand and the distribution for our farm products which would not be a make work program—it would not be raking leaves, but it would be serving human needs—unless we do that the American farm population will inexplicably be continued to be driven off the land and we will have to have further reductions of acreage and the long-term tragic decline of farming will continue, even though it has been interrupted for a period of a year. And it is very noteworthy to note that even during this last year, when there has been a substantial improvement in farm income, another one-half million farmers have left the land to find poverty and unemployment in the cities, and a number of the farms have continued to decline and farm employment has declined by another one-half million.

So the question of how we are going to solve this ever-present problem of using our farm productive power arises.

Now before we can even talk about how we are going to use it overseas, we have to talk about how we are going to use it at home. And I have made a 10-year budget of the American need for our farm products, forgetting for the moment what we do overseas, because we cannot have an intelligent overseas farm program unless we have an intelligent domestic farm program.

And what do I find? I will summarize the points.

First, during the last 8 years, as we all know, we have had a very low rate of growth in the American economy of about 3.5 percent and in consequence of this low we have had a short fall of \$80 billion at the farm level in the distribution of farm products. In other words, since we are now moving forward at a more adequate rate of economic growth, with lower unemployment, we have to budget into our domestic farm needs the American farm cake in an adequately expanding American economy.

As I say, we have lost \$80 billion of farm distribution here in the United States since 1953 due to high employment and low rate of economic growth.

We have 30 million poor people right here in the United States. I have budgeted that if these poor people in the United States were brought up to a merely adequate, nutritious level of diet, we would have had 9 percent more food distribution right here in the United States from that one factor alone. So we have to budget in the United States for the gradual liquidation of poverty. We have to budget for a higher rate of economic growth which we are now enjoying. We have to budget for a growing population which as someone pointed out, would double by the year 2000.

Taking those factors into account alone I would like to read a few pages that I have here, simply on the increased food need here in the United States.

On the domestic side alone, forgetting entirely about overseas, between now and 1975, meat utilization needs will have to go up 27 percent, poultry 44 percent, dairy products 25 percent, eggs 11 percent, fruits 53 percent, vegetables 37 percent, potatoes 20 percent, wheat 8 percent, cotton 21 percent, corn 33 percent, soybeans 39 percent, and tobacco 9 percent. That is here in the United States alone.

Now we come to overseas and what you do overseas is merely the difference between our needs in the United States and a healthy, full-blown American economy with everybody enjoying nutritious diets and the reserve productive powers of the American farm economy above that.

There let me say a word about the idea today that we want to shift to having these people help themselves. Of course, we do. We want them to help themselves. Every estimate that I have made over the next 10 years for the utilization of American farm products overseas is based upon their helping themselves more than ever before. And one of the charts that I have here shows that what I currently budget is on the basis of the American export of foods and fibers, and let me emphasize that fibers, because I do go into the whole cotton question—that is one of the biggest questions that has been neglected—a neglected question, and in my estimates of overseas, that is a tiny, almost infinitesimal fraction of my reliance upon their own production and their own increases in production, but there are limits to what they can do in the next 10 years, and the limits are these:

First, it takes time to control a population explosion. It takes time to build up food production in a country like India. And we should, also, recognize to a degree that after careful study of some of these other countries I have reached the conclusion that they might reach self-sufficiency sooner; that they might get their people out of dire poverty sooner; that they might become more self-sufficient sooner; that they might be able to buy instead of beg sooner, if a larger part of their own resources go into the industrial sector than are now going there, because they have to overstrain to put a larger part of their total productive resources into agriculture production.

In other words, while they need capital and equipment from the United States, while they need industrial help, probably the optimum thing that we could do to improve their own self-sufficiency is to help them to help themselves which would be to place relatively more emphasis upon food and fiber supports to these countries than industrial products. This would gradually enable them to industrialize by putting more of their own resources into industry. It would enable them to export industrial goods, not to us but to other underdeveloped parts of the world; and, therefore, to acquire foreign currencies which would gradually pay for a larger part of the food and other imports.

This matter has not been sufficiently studied, and I think that we tend to substitute a very pleasing motto, "Let them help themselves," for the realities of the situation. But I do believe that they should help themselves.

I also believe that the respect in which the American economy is a surplus economy more than in any other respect is with regard to our

food-productive powers. And that in this area more than any other to get a better balance in the world economy and to do more justice to ourselves, this is an area upon which we should concentrate very heavily.

I am not going to burden you with these charts or with the details, but when you have the opportunity to look at them you will see that measured against our own growing productive powers and measured against my estimates for what these other countries should do, my proposals for American farm supports to themselves are very small, in fact, they took almost infinitesimal, although they are large and absolute amounts.

Taken together my estimates of our increased supports to these countries, based fundamentally upon our domestic needs, I come up with these conclusions, upon how much we need to increase the total American farm domestic output.

The total utilization of the U.S. farm products, based upon this budgeted approach as between now and 1975, the production of wheat would go immediately up 35 percent, dairy products 46 percent, fruits 51 percent, vegetables 37 percent, potatoes 25 percent, corn 56 percent, food, fats, and oils 49 percent, soybeans 65 percent, soybean oils 60 percent, cotton 52 percent, and tobacco 12 percent.

In my studies you will see these are not figures pulled out of the sky. I have gotten help from various organizations who have more resources than I have, but they involve a careful budgeting of every basic American farm product—a careful budgeting of our own consumer needs, taking into account changing consumer tastes, a careful budgeting of what kind of supports are necessary, relying heavily upon proteins, as to what that would do most to help the underdeveloped countries—a careful budgeting of the handling of technology yields per acre, and yet I come up with this inescapable conclusion that this increased utilization of American farm products is the only alternative to a further serious deflation of the farm population and a further serious deflation of the farm income.

Finally, I come to the question of what kind of farm productive resources do we need to do this job? And here I do want to call attention to this. I have here on this basis estimated the trends in agriculture—the trends in livestock units and the trends in farm population that would support these combined domestic and export goals, and I come up with the conclusion that we will need very substantial increases in acreage, with respect to most of our basic types of farm commodities, and here I would like again to read a few of these figures.

The increased acreage, looking ahead only to 1970 and not to 1975—only to 1970—range from 12 percent in the case of corn and 15 percent in the case of wheat, to 20 percent in the case of milled rice and 29 percent in the case of soybeans.

With respect to livestock units the needed increase ranges from 10 percent in the case of hogs to 13 percent in the case of dairying cattle, to 28 percent in the case of beef cattle, and 35 percent in the case of poultry.

With respect to cotton acreage, despite the view of the enormously rapid increase of technology in cotton, I think that we will have to

substitute for the very, very drastic curtailments of cotton acreage, at least, a virtual stabilization.

The more important element, of course, is the human element. And, I think that this would result in a virtual stabilization of our farm population over the next 5 or 10 years compared with the very catastrophic decline over the last 10 or 15 years. Even if this would not serve the human needs at home and overseas; even if we were stabilizing it as a make work operation, which we would not be, but even if we were, I maintain that it would be economically cheaper, financially cheaper, socially more desirable, better for the American people, to maintain these farmers on the farm, and to help them earn a decent standard of living on the farm than to carry them off the farms to other places where, in the view of trends in other parts of the economy, there is no opportunity for their absorption at all.

Here is a way that we can combine the stabilization and the position of our farm population with a dynamic, but nonetheless practical program for releasing, not for building, but for releasing our farm productive resources to meet real needs.

Now, finally, to the matter of farm income: Let us not be beguiled by the fact that farm income improved last year. So it did, and all credit to those who helped it to do so, but after all, what is 1 year, Mr. Chairman and members of the committee?

Let me read you just a few figures on what has happened right in 1965—right to 1965, from 1947 to 1965, measured in 1963 dollars, net farm operators' income declined 27.6 percent, while total nonfarm personal income rose 102 percent. Even from 1953 to 1965, net farm operators' income declined at an average rate of 4.5 percent, while total nonfarm personal income increased at an annual rate of 3.9 percent.

In 1965, we have been working toward parity of income for farmers for a long time, and in 1965, which is not too long ago, despite the increase in farm income during the last year per capita nonfarm income was \$2,700, while the per capita farm income, the personal income, was only \$1,565 from all sources, and the per capita farm income from farm sources was only \$1,035. So, the farmer is still only about 52 percent of parity with others. And, furthermore, despite the increase in farm income earned from farm sources, the net farm income during the last year when we take into account the farm income from all sources, including what the farmer earned, would be so bad off that he has to get a part-time job elsewhere and there is not any improvement in 1965.

How are we going to reverse this? We could reverse this course only, first, by increasing along the lines I have indicated the demands for farm products. And, secondly, of course, since we learned from World War II experience that even a full demand for farm products does not bring the farmer parity of income—it brings him price parity but not income parity—we will have to confine his efforts to meet human needs at home and overseas by calling forth this restless and dynamic farm productive power—we will have to combine it with other measures. And I lean toward the view that we will have to move gradually toward more emphasis upon the income that the farmer receives, instead of the price that he gets. You do not eat prices. You eat income.

And, secondly, we will have to concentrate more upon those types of farmers who are in need. And, therefore, to bring out the point as to the income, of the low farm income, and the general war on poverty, which will bring the people to a realization that this is not a cost-of-the-farm program, but the cost of lifting Americans out of poverty.

Now, finally, a word about budget costs, because we are all interested in it. And I remember the question of the last gentleman. I want to say something about that.

I firmly believe—and this may sound heretical, but I firmly believe that there has been no subject on which there has been more nonsense talked than the high cost of farm programs. I cannot fight city hall but, at least, I can call attention to it. We have not realized that the cost of our farm programs are not a consuming of resources, as it is when we burn up \$50 billion a year in armaments and I am not implying that I am against the defense program—I am making an economic point, or that we burn up scores of millions of dollars to get to the moon and I do not know what good it will do us when we get there.

The farm program has been mostly transfer payments. They have not consumed wealth and the real source of our strength is our wealth, not the money measurement. They are merely to transfer, not completely, but to transfer a fairer share, although not a fairer share of national income to our basic producers, and they have helped the whole American economy. I do not have time to go into that but, allowing for that, I want to show has happened during the last few years as the cost of the farm program has been inextricably driven down and what I consider a penny wise and pound foolish policy, with all due respects to our competing needs.

Farm outlays in ratio to the total Federal budget declined from 5.7 percent in fiscal year 1963 to 3 percent; in other words, it was cut almost one-half as projected in the new fiscal 1967 project. In other words, the portion of the Federal budget devoted to agriculture measured as a ratio—as a proportion of the total—has been almost cut in half in a few years since fiscal 1963.

Measured in ratio to our total national production farm outlays in the Federal budget declined from 0.9 percent to an estimated 0.5 percent, in fiscal 1967, this 0.5 percent ratio of farm outlays, in other words, the farm outlays in the Federal budget, measured against the size of our economy in fiscal 1967 is estimated at 0.5 percent, which contrasts with an estimated 14.6 percent for other outlays in the budget.

Now considering this, considering that more than 13 percent of our total when we are engaged in war against poverty—more than 13 percent of our total poor people in the country live on farms, we talk about the great needs to replenish and strengthen their farm productive resources in terms of our needs at home and overseas and we are starving our farm people in terms of an inadequate and unfair allocation to them of what we are using the Federal budget for as the greatest instrumentality of national purposes, and we cannot, without the commencement of a just realization of the farm economy, and of our farm people, and these new things that we are trying to do to them all, unless we straighten this out.

I think that we have been a little defensive on it.

I appreciate this opportunity to have highlighted these few points. I think we are all for these splendid programs. We are all for the compelling terminology of a fight against hunger, but unless we can translate these generalities into a long-range, practical appraisal of what our resources really are, and what we really want to do with them—what the wealth of the Nation is—what this marvelous productive power of our farm economy is—what role it can play in this great effort, I think that we are going to make some of the mistakes that we have made in the past.

Of course, the implications of what I say is that all of our sights are low—our sights for the expansion of the domestic farm production are low. We are not going to have enough food and fiber in the United States the way we are doing it, to support an economy growing 5 percent a year, to support a war against malnutrition among our own people, to support the more varied and palatable diets which we always want, even for those who are better off, even a fair and moderate allocation of our farm productive resources to our needs overseas. It would not cost us anything in an economic sense to build our farm resources to this point. It would increase the farm income, not through subsidies, but through production and sales.

Talking about the supports, suppose that the Federal budget simply pays the money, it would not, because most of it would be generated by the increased output and distribution, but suppose that it paid the money to support the traditional distribution. Why do not people talk about the other industries we support? How much do we support the steel industry with a \$50 to \$60 billion for defense program and I am not criticizing that. How much do we support the automobile industry with what we spend on roads per year? How much do we support almost every other industry with every other item in the budget? We have got to get an accurate measurement of what we are spending for this farm program to get these benefits.

I think that if we do that the real cost will decline. I think that if we concentrate upon distribution and improvement of production and enlarge our markets both at home and overseas, we will, on the one hand, find the Federal cost decreasing, not in the absolute, not as rapidly as this pennywise and pound-foolish policy, but in ratio to the size of the total budget and in ratio to the size of the total economy, and we will with every dollar spent be making 10 times as important a contribution to peace and human advancement and justice and fairness and goodwill toward the United States around the world than in any other way.

The only other thing that I should like to mention came from listening to the questions that the chairman and others asked and I, certainly, am not an expert in the administration of farm programs. I do incline toward the view, without in any way depreciating the value of the various agencies, but I think that all of our programs have tended to do a little thinking on the hard facts and too much proliferation of slogans, of agencies, a new way of doing it.

I go around to meetings around the country and see these various problems being attacked, and the vested interests in the programs are using more money in some instances than the people who are being helped. We are creating doubts, not for farmers, income not for

farmers, jobs and incomes for everybody who wants to get in on the act.

I think one of the things that studies of the kind I am trying to bring before the committee could help with would be to rationalize this thing. The only thing I am interested in is the advance and quickest and shortest line and cheapest way of doing the job that needs to be done. And you can not do that unless you first make a long-range budget of what the size of the job is—and what you are trying to do.

Thank you very much, Mr. Chairman and members of the committee.

Mr. POAGE. Thank you. Do you want to go over those charts in more detail?

Mr. KEYSERLING. I do not think that I will bore the committee or take the time with the charts. I would like to submit them for the record as I stated previously. They are rather dramatic. They are rather hard to see from this distance. I think I have hit the high spots of them.

Mr. POAGE. Mr. Foley.

Mr. FOLEY. I think that it would be very valuable to have the charts in the record. That has been done in other hearings on other types of studies, so that I do not think that it will be difficult to do that here. It brings it right up to date. This brings it up to fiscal 1967 budget.

Mr. POAGE. Are there any further questions? Mr. Quie?

Mr. QUIE. You have not talked about the bill providing for reserves of these commodities. I wonder if you would care to go into that.

Mr. KEYSERLING. I have budgeted the estimates of the domestic needs and the total needs for acreage and livestock units and the production and an adequate and fair food reserve which, I think, has always been too low, and I have said over the last few years, when I was attacking the idea that the surpluses were merely spilling out, I have covered that and I have a chart which shows that even if you took all of the accumulated stocks of those commodities, where the accumulated stocks were the biggest that we really did not have more than 2 or 3 months' supply, and in some cases only a 2 weeks' supply if we really got into trouble.

Mr. QUIE. Do you have that chart here?

Mr. KEYSERLING. I have it in here.

Mr. QUIE. I think it would be helpful if you would take a moment to point that out.

Mr. KEYSERLING. This does not go any further than 1964. Now the situation is much more in the direction of what I was talking about now, because we have worked on the surplus and have it further down to 1964, but even if you take the years 1960 to 1964, which I have here, first look at the annual use of the percent of annual production—and I will give it to you—take, for example, wheat—in 1960, the annual use was 86 percent of the annual production; in 1962 the annual use was 116 percent of the annual production; in 1964 the annual use was 115 percent of the annual production.

Let us come now over here to corn. In 1960 the annual cost was 91 percent of the annual production; in 1962 it was 108 percent; in 1964 the annual use was 115 percent of the annual production.

And so forth, with the other crops. That in itself will show to any informed person that we were moving toward a situation where we were using more than we produced.

If you take it on the cumulative basis—if you look at these years for the total accumulated stocks, in other words, instead of measuring the annual use against the annual production, you measure the annual use against the accumulated production over the years, even there in the case of wheat by 1964 the annual use was 92 percent of the accumulated production, which is another way of saying that you had only 8 percent reserves, and against an annual use which would be about 1 month's supply. Do you see what I mean?

And for the others, 1964, in the case of cotton the annual use was 111 percent of the accumulated stocks; in other words, they were being worked down.

In 1964 in the case of cotton the annual use was about four times the annual production.

These studies showed me, even before we came into 1965, that far from being really in a surplus situation we were moving toward a deficit situation. We were retiring acres and driving farmers off the land and we were not looking at what we were really going to need. But I get back to the fact that I do not want to overemphasize this chart, because of what I said before, these are not the real farm surpluses. The real farm surpluses are the people and the lands.

We do not measure an automobile surplus by cars. If we have idle plants and workers, we say that it is unused surpluses. How about idle farmers and unused farmlands? How about the fact that right now the farm population that is on our land has a productive capacity of 10 to 15 to 20 percent above what they are now producing and if they had the kind of incomes and tools and information and help that would enable them to become, it would enable them to come up to the American status of living. In other words, if we remove brakes on the farmers who are there now and the land and the land that is there that ought to be brought into cultivation, we are really in a surplus farm economy in that sense.

We can do one or two things in the years ahead.

I have referred to technology. I show the yields per acre and the tremendous increases. We talk about technology in industry. Farm productivity has increased twice as fast as nonfarm productivity in a given period of time. When you budget that and look ahead, you are not going to be able to hold the farm population where it is now. You will not be able to hold the farm income where it is now unless we do immensely more at home and overseas, because I show that on chart 2, where we talk about how much the situation has improved in the last year—we talk about that—but let us go back to 1947. In 1947 the farm population was 25.8 million; in 1954 it was 13 million; in 1965, with the great improvements, it was 12.4 million; another loss of 600,000 people in the farm population. Where have they gone? Into the automobile industry and into the steel industry? I think not. They have gone to swell the ranks of the unemployed and the poor people in the cities, all of them taking jobs away from us. So what have we got?

The farm population percent of total percentage, 1947, 18 percent; 1964, 6.8 percent; 1965, 6.4 percent.

The farm employment, 101½ million in 1947; 6.1 million in 1964; 5.6 million in 1965, so that in 1965 with all of the great improvements we have fewer people employed on the farm—fewer than we had before.

I would not object to it if in the process the American economy—they were getting good jobs somewhere else by producing something that the people needed more than food, but that is not where they have gone. This does not represent a true adjustment of farm population.

Just to bring up to an American standard of nutrition, one of my charts shows, as I said before, the 34 million Americans living in poverty would have had an 8 percent higher intake in 1964 alone—an 8 percent higher farm take if that stage of technology could have used 8 percent more farmers and with that we would not have had these farmers being driven off the land in 1 year alone, and that year 1965.

So all I am saying is that before we shape our farm policy in terms of acreage and income we have got to ask ourselves, first, what is the need at home, and how can we supplement it with a fair share going overseas? And then we get to the question of how many farmers and what kind of farmers and the like we need. I say this is the true economic way of looking at it.

Mr. QUIE. When you say that the reserve needs should be much higher than stated by the Secretary, do you feel that the reserves of agricultural products must be maintained by the Government? In the case of automobiles, you pointed out that you have the reserve capacity which is held by the manufacturers. Is it not possible for reserves to be maintained both in reserve capacity and in the reserves themselves?

Mr. KEYSERLING. First of all, I do not want to be facetious. Our reserve capacity in private enterprise—our reserve power is being reserved or maintained by private enterprise—let me answer it more directly. I do not intend to be facetious. I think it is very important. It is strange that certain people who consider themselves realistic economists, when they start pounding any public program that is designed to help poor people, they do not use the economics that they use in other instances. Once they talk about public spending—when they talk about taxation, they say that in the final analysis it is all paid for by the people. I wish that they would stick to that thesis, because it is right. Everything is entirely paid for by the people. It is paid for out of the wealth of the production of the economy. The steel capacity with 50 percent in idle capacity for 8 years in a row, earning high prices nonetheless—and I am not criticising them—they had the power to maintain high prices—when they were maintaining about 50 percent capacity—that was paid for by the American people—paid for it in prices. Steel supported its price more than we have ever supported prices for farmers. It was paid for by the American people.

I can see nothing wrong in practice or in theory or in the nature of our institutions if \$50 billion a year—that is a modest estimate—is going to be taken out of the wealth of production of the American economy to maintain a reserve capacity for steel. First of all, they say that they are never going to operate except up to 92 percent of their rated capacity. There is 8 percent reserve capacity right there, which is paid for out of the purchases by the American people. How else can it be paid for?

The farm surpluses measured against current use has never been as high as 8 percent. As I point out, it has been 1.8 percent. It would be very nice if five or six men organized the farmers, all operating separately, to maintain a reserve capacity through the processes of private enterprise and a reserve storage the way the steel industry does and the automobile industry does or any other industry does, but they cannot. Therefore, if you are going to offer an adequate reserve supply at all comparable to these other reserves for agriculture—unless agriculture ultimately becomes organized in two or three monolithic corporations which I am not advocating, although you know some people are—I want to preserve the freedom of American agriculture—then that reserve capacity has to be supported to a substantial extent through public interest.

Mr. QUIE. You are talking about two different things, reserve capacity and accumulated supplies.

Mr. KEYSERLING. There is no difference. You see the point I am making is that you do not have to maintain a reserve capacity for automobiles in the form of cars and store it up in warehouses, because the automobile industry is so organized that they maintain their reserve capacity in the form of idle plants. And if the need appears they simply turn on the switch and they can lift the production of automobiles by a rate of 1 or 2 million a year overnight, but the farmer cannot do that. The farmer cannot turn on a switch overnight. And even if all of the farmers were in one corporation, they could not do it. The farm productive process is not like the automobile productive process.

So if you are going to maintain a reserve capacity in agriculture, part of it has to be in accumulated commodities, and part of it has to be in the land. I do not think any of it should be in farmers. I think they should be employed, but by the nature of the technology and the different organizations of agriculture, it means that the reserve has to take a different form from the industrial reserve. And I, also, maintain that it has to be supported in a different way. The reserves have been very modest and moderate compared to the cost—compared to the reserve in other parts of the economy. They involve a degree of public expenditure. And these other reserves do not, it is said. It is all paid for by the public, however.

Mr. QUIE. You have seen the use of the reserves and the like, in agricultural commodities, which in the last few years have been used to hold down the market price to the farmer. They have been used in that fashion.

Mr. KEYSERLING. We are getting into other elements of the farm policy. I have been against such surpluses as they were being used as a depressant upon the farm prices and the farm income. We have gotten into the inconsistency where the Department of Agriculture, in the farm policy, in the programs which have been to help the farmers, yet those basic programs have defeated farm income. My view all along has been that insofar as there was misjudgment that led to these reserves in the hands of the Government, they should be kept out of the stream of current distribution of products currently being produced by the farmers, and sold by the farmers, and should not be used to reduce the price. If you want an analysis of the reserves, that is simple. That is what industry does. It does not let its reserves interfere with its price. Industry maintains its price. Industry does

not let the reserves in the field, in the sale of cars, for instance, interfere with the production of cars. But that is getting off the subject we have before us today.

I have always maintained that the Government, the Commodity Credit Corporation, should not use the surpluses which it accumulated to help farmers, to hurt farmers with. It seems to me a perfectly simple proposition and it would be cheaper for the Government in the long run, because the process of holding down the farm income and the farm prices one year by doubling the reserves, and so forth, the so-called reserves and surpluses, result in a worse situation next year, so you start all over again, but more basically under the program that I am talking about here today with an inadequate program of distribution at home and overseas you would not have these kind of surpluses—you would have a better long range budget of supply and demand. So, on the one hand, you reduced the real undesirable surpluses and in that sense you have an adequate food reserve—you will be budgeting the thing out over a long range and under no circumstances in my view should the Government become a competitor of the farmer.

Mr. QUIE. Thank you. I thought about the reserves, and I have questioned the wisdom of building up reserves.

Mr. POAGE. I wonder if Dr. Keyserling would not give us his idea of the actual building up of these physical reserves—does it not depress the market—has not the existence of wheat, for example, in the warehouses had a depressing effect upon the market?

Mr. KEYSERLING. Mr. Chairman and members of the committee, to make my position clear, I am not arguing for a moment that the farm surpluses of specific commodities, like wheat, for example, like cotton, for example, should have been as large as they have been allowed to get in prior years. I am not arguing for those kinds of reserves. But I am saying that those reserves occurred through a breakdown in distribution, not because there was too much production related to the real needs of the American people, not to speak of the rest of the world. In other words, the production was not higher than the American need. It was higher than the American use, which is a fundamental economic distinction.

You may say, how could they be used by the people if the people did not have the money to buy them? What are we talking about? The war against poverty. I think that people should have the money to buy a second automobile before they buy it. They should have the money to buy a furcoat before they buy it. But I maintain, as a matter of basic philosophy, that millions of malnourished children in the United States should get a decent diet, even before they buy it. And we know how to do it. And this would be a lot better purpose to put a small amount of public money to than subsidies that we are paying out in other ways.

And, secondly, I am saying that if these huge reserves do occur due to faulty mistakes, we should not compound the felony by using them to depress farm prices. We should hold them off the market. The fact that they have been so worked down in the last year or two, as I forecast, shows that is a feasible approach and they should not be used to work down the domestic price.

So while I am supporting adequate reserves in food and fiber I am saying as a part of our national farm policy, depending upon the commodity, we should have some reserves, depending upon the commodities, depending upon the erratic demands, depending upon how long it takes to speed up production—whether that should be one or two or three of x percent—would be a technical question in each instance. I am for some food reserve in that sense.

Mr. POAGE. We are not passing upon the question of how much total food we need. But is it not a fact of economics that when we maintain a reserve, no matter whether it be large or small—a reserve in being affects the market and it is reflected in the price—is that not true?

Mr. KEYSERLING. It is true, operating in a free market, and this is one of the very reasons why in one sense all of our national farm policies over the years, partially, but not completely successful, have tried to protect the farmer against the fact that he is operating in a free market while everybody else is operating in a controlled market. To put it another way, much larger reserves and much larger surpluses in these other industries do not hurt the basic producer, because they can protect themselves by a maintained price or even an increased price, even in the face of the reserves. Therefore, part of the farm policy has to direct itself—and I think this is the whole philosophy of any national farm policy—to protect the farmer against the ravages of the absolute free market and the law of supply and demand operating upon them when they do not operate against anybody in this kind of economy that we have. In other words, I think with an adequate farm income maintenance policy, whether you call it price policy or income policy, you have to try to protect the farmer in part against the fact that even a very timely oversupply hurts him badly, but you cannot get rid of that entirely, Mr. Chairman, by saying, all right, we are not going to have any excess supply at any time, because if you do it will depress farm prices, because the farmer operating on a seasonal basis and with 5 million of them operating separately, if they are going to plan to produce enough to meet the American needs there will be some times when there is a miscalculation, when we produce too much, and then it is a function of national farm policy to protect them from that mistake, because they cannot protect themselves, while others protect themselves no matter how big their overestimate is.

Mr. POAGE. I can agree with you in part in what you are saying there, but, as a matter of actual fact, in the legislation that is proposed what is there that protects us from the price depressing effect of the maintenance of substantial surpluses?

Mr. KEYSERLING. I think that with all of the merits of the legislation—and I think you know from what I have said that I think that the effort of the legislation is to expand the demand and the distribution of farm products—which is very good for the farmer and very good for the country and very good for the world, but one of the caveats that I have advanced—and I did not develop it fully—this is not in itself a full farm income protection policy—the mere expansion of the demand and the distribution is the point. And the war experience is the best example. We talk about how well farmers did during the war. We said that they did well, because we were accustomed to their being 70 percent below everybody else, and when they got to

50 percent below everybody else, we said that they were doing wonderfully well, but even during the world war, and shortly after, when we were feeding the whole world, and we had 105 or 110 percent of the price parity—when everybody was talking about how wonderful the farmers were, only at 62 percent of income parity, which is an illustration of the fact that because of this very fact the farmers operate in the free market, while others do not. And the distribution program, while it is a first basic step and I am all for it, is not in itself an adequate farm policy.

One of the things that worries me, and that is why I have talked about the Federal budget and the gradual progressive lowering of price supports without the furnishing of an income policy. Some of these things are working against helping the farmer more than these wonderful and practical programs of expanding distribution are helping him. That is why I say that we still have a unified and consistent national farm policy, that is, that we should have.

We are moving in two directions at once. We are trying to help the farmer by getting him to sell more, or, rather, to distribute more overseas, even if the Government supports it. This is good. We are trying to help him by helping Americans to do better and have fuller employment and be less poor. All of those are good. But while we are doing that, we are moving to a considerable degree in the other direction on certain basic elements of a farm program which are the very things, Mr. Chairman, that you are talking about—the economics of the situation is such that with all of these things the farmer is going to be hurt unless he has these other elements in the farm program as well. I do not think there is any disagreement between us on that.

Mr. POAGE. Mr. Foley.

Mr. FOLEY. Dr. Keyserling, I am relatively a new member of this committee, and I think that in your eloquent statement which took less than an hour, it is my judgment that you have provided us with the most valuable and stimulating testimony we have heard or I have heard in my short service on the committee. And I think that the gentlemen sitting here share that view.

With regard to the specific question to maintain stock reserves, is it your judgment that with adequate congressional and administrative policies a reasonable reserve could be maintained, absolutely minimizing, if not eliminating, any depressive effect on farm prices?

Mr. KEYSERLING. I think it can be done. As a matter of fact, the administrative policy tools are really available. I am not overstating it. They are available to do almost anything that you want to do, if you really set out to do it. World War II was an example of that. We accomplished marvelously, because we knew what we wanted. When we make up our minds that we want to have a policy based on abundance, and once we make up our minds that we want to have our farmers fully employed, and once we make up our minds that we want them to get a fair and decent parity of income, the farm measures are not hard to work out. You can be off a little bit, but you can correct them from year to year.

I think the basic trouble is that as a nation and as a government we have not made up our minds but to be perfectly frank about it, the 1967 Federal budget does not make up its mind on fair and just treatment for American agriculture, because you cannot do it cheap in the

sense of cutting back on that more and more to support other things. It does not give the farmer a fair break, but if you make up your minds to do these things, and if you budget it and fortify it as I have, yes, you can have a moderate reserve and I cannot tell you, not being technically equipped, what size it will be—you have to have a cushion.

We have tried to prevent farm surpluses, to cut the productive capacity back and we have to do it all of the time in order not to have too much. This is ridiculous when one-half of the world is starving. By cutting it back so badly that you will never have enough, you can solve your surpluses that way, but this is throwing out the baby, and agriculture being the kind of an industry it is, if you are going to be sure of always having enough—and I am an economist of abundance—because that is real wealth, even if you throw it in the ocean, it is better to throw it in the ocean than not to have enough.

Economically speaking, the real wealth is in what people have and use and distribute. So if you are going not to solve the problem of surpluses by never having enough, and if you are not going to solve it by depressed farm income, then you have to allow for a little excess supply consciously and deliberately, as we do in all other sectors of the economy, but you have got to combine that with specific policies that prevent the farmers from suffering, and this we have not done yet. It is not hard to do. Basically, I would say that you do it by having the commodity organizations take up the reserve supplies, but not throw it back on the farm market. You say, what happens if it becomes too large? If you have an adequate program of distribution it will not become too large. And if in the long run it becomes too large, do you know what I would do, to be perfectly frank? I would write it off. I would not dump it on the market and depress the farm prices and incomes. That is only a superficial economic solution.

Mr. FOLEY. I do not want to take up the time of the remaining members, but I would hope that sometime we could invite Dr. Keyserling back before the committee. I think that this discussion has been most stimulating. I look forward to reading your full statement. I would hope that it will have the broadest distribution in this country.

Mr. POAGE. Mr. Callan.

Mr. CALLAN. What you actually say is that we need to spend two or three or four or five times as much money, by the Federal Government, in agricultural programs?

Mr. KEYSERLING. Oh, no. Oh, no. Oh, no.

Mr. CALLAN. How do you get the income other than from the Government or the market?

Mr. KEYSERLING. Well, in my various studies I go into all of that. Let me just put it this way, because I cannot go into a refined analysis of that whole question. Let me say that I show here that we have reduced on the Federal intervention part through the budget in the farm economy from 9 percent of our national product as late as 1963 or 1964 to 5 percent now. In other words, we have about cut it in half. We have about cut the agricultural portion of the Federal budget in half in 2 or 3 years. I can only give this to you broadly, and we do not even have to go back to where we were. Related to the size of the economy and, certainly, in the trillion dollar economy which we are going to have in 1975, or the \$750 billion economy that we will have in a couple of years, the absolute size of the Federal budget will begin to be, the

absolute money required to do just something for agriculture, will be more, but the President himself and everybody else says that you measure this against the size of the economy and the size of the budget, and in those terms they are stripping and starving the agricultural sector, in my humble view.

To answer your question more directly, I do not believe that we would even have to go back to the 0.9 percent in ratio to the size of the national product, on the farm program, the 5.9 percent or whatever it was. I think that if we went halfway back on that ratio basis where we were a few years ago we would have ample for these farm programs. So it is not a matter of taking an item in the budget for \$27 million a few days and multiplying it 25 or 30 percent. If I gave any such impression, it is nothing like that. If we brought the agricultural share of the Federal budget even one-half way back to what it was a few years ago we would have more than enough for all of these things that I am talking about.

Mr. CALLAN. That is my point. Are there not only two ways that you can get the income? We have to get it out of what we sell on the market or what the Government puts in the program.

Mr. KEYSERLING. Naturally, the only two sources of farm income consist of the income that it receives by selling and the income it receives from some other source. Those are the two ways, sure. But my program is much different, it rests more heavily upon increasing distribution and sales than upon increasing public subsidies.

Mr. CALLAN. Are we going to subsidize the 38 million people to bring their diets up—how do we do that where they do not have the income?

Mr. KEYSERLING. You are raising a question as to the whole nature of economic policy and the whole nature of our economic program. Let me say a word about that, if I may. I do not want to take too much of the committee's time, but you are asking the question.

What the trouble with us now is that we are moving toward putting more and more into the things we need to eat, and less and less into the things that we need most. I had a little debate recently with one of my friends on the Council of Economic Advisers. They say that we are faced with inflation. So we have to cut back. What does "inflation" mean? Inflation means that your economy is so near full that if you are not going to do more of one thing you have to do less of another thing. I understand all of that. If we have to have increased outlays in Vietnam, and that places strains on the economy, you cut back on something that does not need as much, and if the economy becomes sufficiently tight you do it through higher taxes, but when you come to averaging out, all of our other really important purposes, like a decent income for farmers, a little increase in a minimum wage, a little increase in social security benefits, a little rebuilding of our cities, in fact, all of the things that the President is vitally and dramatically interested in and calls what makes up the Great Society, the Council of Economic Advisers and our general mood of thinking says that we have to sacrifice them if the economy becomes tight before we sacrifice the scores of billions of dollars of wasteful production in the American economy. We are willing to put some clamps on build-ings 2 million more automobiles, if necessary, to fight the war in Vietnam. But we are not willing to put some clamps on buildings 2 million more automobiles per year if necessary, to carry out this vital

agricultural function. So the Council on Economic Advisers comes up with this—I do not know how you feel about the minimum wage in general—they come up with the proposition that if you take a man with an income of \$1 an hour, it is going to be inflationary to increase his minimum wage to the 1970 level which, taking account of the cost of living, would be \$1.50 per hour. So they want the whole economy to grow by 5 percent a year, but they want the fellow who has a family with an income of 50 percent below the President's poverty level to advance only 1½ percent a year. This is a misplacement of values. We have plenty of room in the economy which is a \$650 billion economy and \$700 billion in a year or two, to do the things that we need most. And all national policy consists of doing that which you need most. That is the real reason why I was against this \$20 billion annual tax reduction. It stimulated the economy for a while. I could have thrown it into the street and have stimulated the economy for a while. What did it stimulate? It stimulated 10 million a year automobile industry. It stimulated more and more trips to Europe that we had complained about on the ground that they disturbed our balance-of-payments problem. It gave me several thousands of dollars increased income after tax that I had absolutely no right to. And I did not even spend. I used it to bid up the stock market. What good did that do anybody?

So there is plenty of room for that. These things that I am talking about for the farm program and for the domestic and international aspect of it are tiny, little items in the size of the American economy, if we have a sense of priority. That is what the whole struggle is about. That is what the question was by the gentleman who left the room. We have plenty of room to do this. We transferred \$60 billion in the last 10 years, according to one of my studies—we transferred \$60 billion from the small homeowner, from the small farmer, the small businessman, from the fellow buying a secondhand car on time, trying to get to work, from the family that desired to buy a television set on time so that they could watch it while they do not have a job. It is taking the money out of their hands and putting it into the pockets of the most affluent people of the country. That \$60 billion, over \$6 billion a year, a fraction of that would have covered all of these programs that I am talking about. The Federal Government is paying out \$4,500 million in interest rates every year, this year alone—more than if the interest rates had been stabilized at a lower level. The interest payments alone are now bigger than the whole size of the farm program. And it is two and one-half times as big as the appropriation to the Office of Economic Opportunity to make war against poverty.

Mr. POAGE. Mr. Greigg.

Mr. GREIGG. I have just a comment. All of these people who talk so much about inflation and are prophets of doom and despair, having heard them, it is rather refreshing to have your views.

Mr. KEYSERLING. I am against inflation, but I hate to see the fat inflated and the lean starved.

Mr. GREIGG. That is a good point.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. This is at such a high level, that I hesitate to get down to my particular interest. I would like to point out to Mr. Keyserling that peanuts are one of the basic commodities, that is, supported commodities, and the total value in my own district is over \$50 million a year, so you can see my interest in it. I was a little bit disappointed not to see the word "peanuts" anywhere on your charts or in your testimony or to hear you mention them this morning.

Mr. KEYSERLING. I do not think that \$50 million a year is peanuts. Do you? [Laughter.]

Mr. O'NEAL. But I am very proud to be called a peanut politician.

Mr. KEYSERLING. Actually, I have not gone into all of my material here. When you examine the material in detail you will see that one of the crops is peanuts that I take care of.

Mr. O'NEAL. That is what I was coming to.

Mr. KEYSERLING. Yes.

Mr. O'NEAL. I wonder if you have any statistics that would help me with respect to the history of peanuts and the future of peanuts.

Mr. KEYSERLING. Let me send them to you.

Mr. O'NEAL. I would appreciate that.

Mr. KEYSERLING. I will be happy to do so.

Mr. O'NEAL. My name is Matson O'Neal, from Georgia.

Mr. KEYSERLING. I will send it to you.

Mr. O'NEAL. I will appreciate that.

Mr. POAGE. Are there any further questions? If not, the House is now in session and we must get over there. We are very much obliged to you. You always provoke interesting discussions.

We will recess now until 10 o'clock tomorrow morning.

(Whereupon, at 12:10 p.m., the committee recessed to reconvene at 10 a.m. Wednesday, March 2, 1966.)

WORLD WAR ON HUNGER

WEDNESDAY, MARCH 2, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Matsunaga, O'Neal, Stalbaum, de la Garza, Mackie, Redlin, Bandstra, Greigg, Callan, Teague of California, Quie, Mrs. May, Harvey of Indiana, Findley, Dole, Burton of Utah, Walker of Mississippi, and Hansen of Idaho.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; Martha Hannah, staff, and Fowler C. West, staff.

The CHAIRMAN. The committee will be in order, please.

We have about seven or eight witnesses listed here that we are to hear this morning. Our time is limited. I will ask that you make your statements as brief as possible, try to avoid any repetition, and I will ask the members of the committee to withhold questions until we can finish with the witnesses.

We will hear first from Congressman Todd of Michigan.

You may proceed as you desire, Mr. Todd. You can submit your entire statement for the record and talk off the cuff or you may read your statement.

You may proceed as you wish.

STATEMENT OF HON. PAUL H. TODD, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Todd. Mr. Chairman and distinguished members of the committee, I have had distributed my statement to the members earlier, so that is available for you to look at.

Let me just mention my own interest in the matter very briefly. I will do so, and I will be glad to answer any questions.

I am concerned that, should we make a massive effort, limited to feeding the hungry people of the world, we might be met with failure, and that failure would not only increase the suffering abroad, but I think that it could make many enemies for us; for 10 years from now, if we find the ability of the world to produce food for itself was less than it is now, we would have that situation. And I think that the witnesses who have appeared before you would say that that would likely be the case, that 10 years from now the world would be looking to us for greater supplies of food than we could possibly supply.

If we should provide them with food in the meantime and be unable to provide them with food 10 years from now, they would wonder why we were withholding supplies from them.

I think that human beings, being as they are, might very well be mad at us for that; so I think that this program of supplying food for the hungry should look ahead and make certain that we are not creating enemies for ourselves in the process.

I think that as a consequence it should be a total program. I think that the witnesses who appeared before you during the first week made it very clear that part of the total program is the production of food, and another part is to attempt to make certain that the populations do not grow faster than the ability of countries to produce food, so that we can look ahead to the future when people will have enough to eat.

I think the witnesses also made it very clear that technically we cannot expect miracles to exist in these countries, the recipient countries, that our aid cannot increase the agricultural production rapidly enough in the next 10 years to, say, double their output of food.

I would call your attention to the testimony of the Secretary of Agriculture, Mr. Freeman, in which he indicated the potential food deficits, and I would simply like to say that I think these are understatements, because if one were to provide sufficient proteins to the countries whose food is in short supply, I believe that we would have a serious deficit right now, even if all American agricultural land were in production. In other words, today, the United States at full capacity would not be able to supply sufficient proteins to provide an adequate diet for the people presently faced with hunger.

My own interest is a very personal one, because I spent some time during the war in China, and in India, and had the experience of living with people who look forward to continued starvation for themselves and their children. I have felt ever since that time, should it be possible to change the outlook for these masses of humanity, it would be one of the most wonderful things that could occur. I think now that we can technically do this.

Medical science has moved to the point where it is possible to offer anyone who wants the effective means of controlling the family size, the opportunity of obtaining that means, and I think that all of the experience that the foundations have had would indicate that the people do want this information and will make use of it when it is available. The rate of population growth in Taiwan has been slowed down in the last few years with the effective use of new contraceptive techniques that have been made available.

With that, of course, combined in a total program, I think you need a program for maternal and child health so that the children who are living can look forward to living a healthy life, so that the mothers and fathers can look forward with assurance to their child living to maturity and become productive as an individual.

So the program I have in mind would simply allocate a minimum portion of the funds generated in the food-for-freedom program, to the area of maternal and child health and family planning. I think this is an appropriate and fair use of the funds.

I think this is enough for me to state at this point.

I will be happy to answer any questions.

(The prepared statement presented by Mr. Todd reads in full as follows:)

STATEMENT OF HON. PAUL H. TODD, JR., A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MICHIGAN

Mr. Chairman and distinguished members of the committee, I greatly appreciate the privilege accorded me of appearing before you today, to submit my views on food-for-freedom legislation. I should also like to express my appreciation of permitting me to attend the hearings held 2 weeks ago. It was a thrill to witness such a thoughtful and profound and cohesive presentation on the part of outstanding experts in the field which you are investigating. My admiration for your careful organization of those hearings is unbounded.

Ever since my firsthand experience with famine in China and India during the Second World War, I have hoped that our Nation might take leadership in eliminating this scourge from the earth. I have lived with children whose stomachs are distended because they have so little food, and with mothers and fathers who, but skin and bones themselves, see their sons and daughters shrivel away because they cannot provide them with enough to eat. Neither man nor animal deserves such an existence, and no man or woman should be expected to accept it.

The witnesses which appeared before you 2 weeks ago presented a program for a broad attack on hunger. And they pointed out that there will be no stable peace on this planet until hunger and famine have been relegated to the dark ages. This Congress, and above all, your committee, has an opportunity to place the granaries of America in the forefront of the attack on hunger, and to shore up the battle for peace.

The program which, in my opinion, they presented to you had two essentials: (1) assist the nations with food shortages to increase their own agricultural production; and (2) assist them to bring their rates of population growth down to a level for which they can reasonably expect to provide. The witnesses pointed out that our own capacity to feed the exploding populations of the world was limited, and that bringing into production all of America's vast resources would only delay and not avert famine and death. President Johnson, in his food-for-freedom message, said the same thing, when he emphasized that our help should be directed to those who are making every effort to help themselves.

Since you will hear many witnesses discuss ways in which we can assist these nations to increase their agricultural productivity, I should like to place the remainder of my discussion on the other side of the coin—ways in which we can assist in dampening the population explosion.

Let me first illustrate, with some figures which I worked out while the committee on which I sit, Banking and Currency, considered the South East Asia Development Bank. This bank serves about 1 billion people, and the population is growing at a rate of about 30 million per year. Just to provide the present yearly income of \$80 per person for this increase of 30 million people will require a capital investment of about \$16 billion every year, or 20 percent of the income of these countries. If they are to increase their per capita income by 3 percent per year, they must invest another 20 percent of their national income, or a total of 40 percent. This means that from an income of \$80 per person, \$32 must be saved. Such a rate of saving is impossible when people are starving—you can't save for tomorrow when you are dying of hunger today.

If the rate of population growth can be cut in half, only 10 percent and not 20 percent of their income must be allocated to providing for the population growth. If population growth should stop, no resources would be required for an expanding population. And if this could be achieved, the nations could devote their resources to providing a better life for their citizens—they could truly promise that tomorrow will be better than today. Now such a promise is a false promise, and gives a false hope.

Rates of population growth can be slowed down. The means and techniques are available and known to assist families in planning their children. Experiments conducted by the Rockefeller and Ford Foundations, and others, have shown that parents want to know about these techniques. And they have indicated that decreases in population growth rates occur when these techniques are made available. We have the means—what does it cost?

The best estimates available are that it will cost from 10 to 20 cents per head of population per year—which would amount to \$100 to \$200 million per year

in the area served by the South East Asia Development Bank. This compares with the figure of \$16 billion per year without birth control. The former figure is manageable, the later is not. This is why I am such a strong advocate of assisting governments in underdeveloped areas to provide birth control information and techniques to their citizens.

Unless we do, there will be 2 billion, not 1 billion, starving people in these areas in 20 to 30 years. And freedom and individual dignity cannot be expected to last that long.

Your committee has an opportunity to take a bold and totally necessary step forward in this legislation. It can provide in this bill that a portion of the funds generated from the sale of "food for freedom" be allocated for the broad purposes of family planning, maternal and child health, and child nutrition. Without such a provision, food for freedom will be only half a program, and offer hopes and promises which it cannot fulfill. Coupled with a family planning provision, it will be a total attack.

A tentative draft of such a provision has been submitted to you. It suggests the allocation of 15 percent of the funds generated for purposes of "maternal, child health and nutrition, and family planning services, and research activities related to the problems of population growth." These programs all go hand in hand. A family expecting to lose half its children before they become adults, from famine-related disease, is not going to be interested in birth control. But if it can bring a child into the world and expect it to grow strong, with a healthy body and mind, the family may want information on planning. A mother who takes her protein-deficient child to a clinic to receive a supplement of "Incaparina" also wants to know how to delay her next pregnancy long enough to permit her own body to recover from the protein deficiency resulting from the last.

This is why a total program—directed to the health of the entire family—is required. And I believe it is properly a part of this bill. The enjoyment of family life depends upon healthy children, and promise for their future. This proposal is directly related to building the family, upon which the worth and stability of any society depends. I hope you will give it your earnest consideration.

Amendments to H.R. 12785 offered by Paul H. Todd, Jr., Third District, Michigan:

Page 3, line 6, strike out "and (e)" and insert in lieu thereof "(e), and (i)".

Page 13, line 9, strike out "and".

Page 13, line 14, strike out the period and insert in lieu thereof "; and" and immediately after line 14, insert the following:

"(i) For financing a program emphasizing maternal welfare, child health and nutrition, and family planning services, and research activities related to the problems of population growth, for which purpose not less than 15 per centum of the currencies received in any country shall be reserved to be made available, at the request of such country, under the procedures established by the President to carry out the foregoing provisions of this paragraph through any agency of the United States, or through any international agency or organization of which the United States is a member and which he determines is qualified to administer such activities."

Mr. POAGE (presiding). We very much appreciate your experience. I would like to ask you some questions, too, but you will, of course, as the chairman said, realize that we will postpone the questions of all of the witnesses, and that is done simply to try to cover this long list of witnesses we have here today. We do not want you to feel that you have to stay here. We may question you later on, but if you are not here, we will understand.

Mr. TODD. May I make one point, then, Mr. Chairman?

That is, I feel the inclusion of a maternal and child health and family planning program is an appropriate part of this bill. Presently, the bill does provide for the use of these funds for common defense, for translation of foreign documents, for loans to American business and for other interests in the development of agriculture and the economic potential of these countries.

I think that the economic potential of these countries, the per capita income for the country—the economic well-being—will be as much determined by the rate of population growth as any other factor, and perhaps more so. Consequently, I would believe that it is appropriate that a part of the funds be used in the total program for maternal and child health and family planning.

Mr. POAGE. We thank you very much for an interesting discussion, Mr. Todd.

You understand that, if we get through with the whole group of witnesses, we will have what may be described as a kind of roundtable discussion. We do not want you to feel that it is necessary for you to simply wait here for the convenience of the committee, however.

Mr. TODD. Yes, sir; I understand.

I would ask unanimous consent that the statement of Congressman Morris K. Udall of Arizona be incorporated into the record at this point.

Mr. POAGE. Mr. Udall's statement, without objection, will be made a part of the record at this point.

(The prepared statement of Hon. Morris K. Udall is as follows:)

STATEMENT OF HON. MORRIS K. UDALL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ARIZONA

Mr. Chairman, I want to associate myself wholeheartedly with the remarks of my colleague from Michigan, Congressman Paul H. Todd, Jr. I believe his statistics are sound, his concern at the rate of population growth more than justified and his proposed amendment worthy of very serious consideration.

Since the distinguished members of this committee are hearing expert testimony on the world's population explosion and the relationship of that explosion to agricultural production and capability, I want only to express briefly my conviction that we cannot achieve either global peace or prosperity unless we do something to reverse the current population growth trends.

I don't believe the general public has yet grasped the significance of these hearings your committee is now conducting. I think we are near one of those "turning points" which historians mark. For years the subject of birth control was taboo. Then within the past 3 or 4 years, people everywhere began expressing alarm at the world's population growth and its attendant misery and other consequences. And now this committee has boldly asserted: there is a problem of fantastic dimensions facing this country; let's take a long hard look at it and see what needs to be done. Mr. Chairman, you and your colleagues on this committee are performing a tremendous public service and I hope the media of this country recognize it.

What you have been talking about during these hearings is, literally, the substance of life—food. Yours is an awesome task because you face not only the responsibility of insuring that the American people will have a sufficient granary but what you do will affect perhaps 2 billion people in other parts of the world who this morning are hungry or, more probably, starving. Your action this session may very well begin a revolution in American agriculture which can have enormous implications for the world.

In 1964 I sent a newsletter called, "A Time Bomb Called Population," to 18,000 of my constituents. If it would be helpful I would like to request that it be inserted in the record of the hearings following these remarks. In this newsletter I frankly discussed the alarming world population growth. Perhaps the most significant result was the overwhelming support I obtained from my district. I received only two letters chiding me for advocating birth control—the rest of the people who wrote urged me to do something about world population before it is too late.

Therefore, I believe this committee will have the overwhelming support of the American people if it draws up a program whereby our Food for Freedom program can be utilized to further, as Mr. Todd puts it, "the broad purposes of family planning, maternal and child health and child nutrition."

Mr. POAGE. The next witness on the list is our colleague Mr. Sisk. I do not see him present in the room at this point. He no doubt will come in later.

Next is Mr. C. Allen Tom, president of the National Association of Wheat Growers, accompanied by Ken Kendrick, executive vice president.

We will be delighted to hear from you now.

**STATEMENT OF C. ALLEN TOM, PRESIDENT, ACCOMPANIED BY
KEN KENDRICK, EXECUTIVE VICE PRESIDENT, NATIONAL AS-
SOCIATION OF WHEAT GROWERS**

Mr. TOM. Mr. Chairman and members of the Committee.

My name is C. Allen Tom, and I am president of the National Association of Wheat Growers. I am a wheat farmer and live in The Dalles, Oreg. The National Association of Wheat Growers appreciates this opportunity to offer testimony in support of expansion and revision of Public Law 480 and our Food for Freedom programs. We would like first to thank the Committee for supporting and passing the 4-year voluntary farm bill of 1965. Wheat farmers, especially, appreciate the 100 percent of parity and 4-year provisions, and express their appreciation to the members of the Agriculture Committee for the work you have done over the years in behalf of agriculture.

Public Law 480 has been in operation 11 years. It was passed by the Congress in 1954 with widespread bipartisan support, and has received this same type of support each time it has been extended. We believe it is useful to enumerate some of the benefits this legislation has provided over the years, both to recipient countries and to the United States.

What has Public Law 480 accomplished?

1. It has saved millions of men, women, and children from hunger, starvation, and disease in the developing nations.

2. It has become an important part of our foreign policy.

3. It has provided markets for billions of dollars of our surplus agricultural commodities over the years.

4. It has built schools and churches in many areas of the world where they were nonexistent.

5. Our commodities have been used as payment of wages to workers in foreign lands, to provide food for the hungry and promote economic development.

6. Under Public Law 420 our surplus foods have served as a powerful deterrent to the spread of communism.

7. It has been used to develop foreign markets. Many countries that first received our food aid under concessional sales are now good commercial customers. Notable examples are: Japan, Greece, and Spain.

8. It is providing hot lunches for millions of schoolchildren in foreign lands.

9. Under Public Law 480 we have used our abundance to fight for peace. More than 140 million tons of food have been sent to feed hungry people.

10. Over the years wheat has been the primary weapon in the world-wide war on hunger.

During this 11-year period about \$15 billion in food and fiber has been shipped to the developing free world nations to combat hunger, disease, and malnutrition. History has never before recorded a humanitarian action of this magnitude that has accomplished so much for so many, and the rewards have been great both to those who gave and those who received.

But the war on hunger has not been won. We are, in fact, losing ground in this battle. It is sure to worsen before it gets better. India is now experiencing her worst drought in this century.

Population is increasing at about twice the rate in the developing nations as in the developed nations. World population is increasing by more than 60 million people each year. By 1980 world population will have increased by 1 billion, and in just 34 years, estimates indicate that unless the population growth rate is arrested, our present 3.4 billion population will have doubled to almost 7 billion people.

Cliff Hope, a former member and chairman of the House Agriculture Committee, said in a recent address on the subject of "Can the World Feed It's People?" and I quote:

To me the problem transcends in importance every other problem confronting this world today including the cold war between the free world and the Communist world, and the possibility that the world will disappear in a series of nuclear explosions.

Again he said:

We are the only nation in a position to take the lead in the matter. If we fail to do so it is a certainty that hunger and famine and death will win. * * * I am sure that when all the facts are considered and understood the people of this country will accept the challenge and that their answer will be we should utilize all of our resources in the fields of government diplomacy, education, agricultural and industrial production, and transportation to meet it.

Mr. Chairman, the National Association of Wheat Growers commends you and the Agriculture Committee for the hearings you have been conducting the past 3 weeks on the world food problem. Thanks to this committee, the facts are being presented—all facets of the world food problem are being thoroughly explored. Experts in the fields of nutrition, land availability, increasing production, and population control have presented valuable background material. The American people are rapidly becoming aware of the facts concerning the race between food and people.

Experts on the subject of food aid and the exploding population problem all agree the United States and other developed nations cannot long provide adequate food aid for food-short countries. Estimates indicate that by 1980, even assuming that progress is made in arresting the birth rate and food-short countries have increased their production, the surplus-producing capacity of the United States and other developed nations simply will not be equal to the task. Authorities further agree assuming an all-out effort is made by developed nations in assisting food-short countries in increasing their production, a period of 5-20 years will be needed to make this increased production meaningful in terms of meeting the needs of developing nations. The developing nations will probably need food aid for at least 20 years and perhaps a generation.

The only long-range solution to the world hunger problem is for the developing nations to increase their agricultural and industrial output. To enable them to accomplish this, developed nations must provide short-term food assistance and long-term technical assistance.

Authorities all agree that our basic research program will have to be expanded if the objectives of our food-for-freedom program are to be accomplished. There is no doubt that acreage allotments in the United States will be increased to meet our food aid commitments in the developing countries. The National Association of Wheat Growers seriously questions the advisability of reducing our basic research programs for wheat and the curtailment or redirection of substantial funds for our land-grant colleges. We feel these recommended reductions are shortsighted and ill-advised. We should be increasing rather than decreasing our basic agricultural research programs.

We must continue to expand our shipments of food aid to meet the drought emergencies in many parts of the world. But, in the long run, we must export more than food and dollars—we must export our know-how—we must export people, technicians to teach and demonstrate to farmers in the developing nations how to increase their production, and most of this increased production must come from increased yields per acre. This means more fertilizer, more insecticides, seed development. It means more irrigation—in short, it means the developing nations of the world must pool their resources and know-how and encourage an all-out effort on the part of the developing nations to increase their production.

Food aid must be provided in a manner that will not disrupt the economy of recipient countries and cause economic hardship to their farmers. The Government and the farm people of recipient countries must provide the application, the will and determination to increase their production. We can provide our abundance to buy a few short years of time for developing nations. We can provide the technicians, the know-how, and many resources needed, but the determination and the dedicated effort to win this race of food and people must be provided by the people of the recipient countries. With it they cannot fail; without it, we have only postponed the inevitable for a few years.

The task is not easy. The challenge is for developing nations to substantially increase their production, to produce better quality and more nutritional products, and make it available to their people at reasonable prices. The goal is for the developing nations to accomplish in a short 10- to 20-year period what it took the United States 50 to 100 years to achieve. Mr. Chairman, this is the goal, and it will take some doing.

In June 1965, Senator McGovern introduced his Food and Nutrition Act in the Senate. Since that time many Senators and Congressmen have introduced similar bills. In his agricultural message to the Congress on February 10, the President said: "I propose that the United States lead the world in a war against hunger." The administration's Food for Freedom Act has been introduced by the chairman of this committee. All of the food-aid bills introduced have much in common.

The National Association of Wheat Growers lends its support to the following points contained in many of the Public Law 480 and food-for-peace bills introduced:

1. We believe the needs of hungry people can be more adequately served by eliminating the "surplus" concept in food aid.
2. We accept the principle: the only long-range solution to the problem is for recipient countries to increase their own production of food and fiber. Help them help themselves.
3. Our food aid should provide adequate nutrition for all ages.
4. Our food aid shipments should be increased.
5. More emphasis placed on developing foreign markets.
6. Foreign currency sales should be shifted to long-term credit sales as soon as possible.
7. All developed nations should join in this worldwide effort.

We believe the wheat farmers of America are uniquely equipped to make a major contribution to this worldwide problem. The commodity of wheat has been known throughout the history of mankind as the "staff of life." We have the know-how to produce more—we have the land—the ability to expand the production of wheat substantially. The Food and Agriculture Act of 1965 has sufficient flexibility to permit increased production of wheat any year it is needed and can be transported and distributed to hungry people.

The National Association of Wheat Growers believes that wheat acreage allotments should be increased enough to assure adequate reasonable reserves, meet our domestic, commercial, feed and seed requirements, and concessional sales to food-short countries. Acreage allotments should be increased year by year to provide the wheat needed for these combined markets. To produce more serves no useful purpose but will result in piling up unneeded stocks again and reduce net income to producers and endanger the successful operation of our voluntary wheat program.

Mr. Chairman, we thank the committee for this opportunity to express our views with regard to expanding our food-aid programs.

Mr. POAGE. Thank you very much, Mr. Tom. I hope it will be possible for you to remain with us to participate in the questions a little bit later.

Mr. TOM. Thank you.

Mr. POAGE. In the meantime, our colleague Mr. Sisk of California has come in, and we will be glad to hear from Mr. Sisk at this point.

Let us go off the record.

(Discussion was had outside the record.)

Mr. POAGE. You may proceed. We will be glad to hear from you. We appreciate your coming here.

STATEMENT OF HON. B. F. SISK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SISK. Thank you, Mr. Chairman. I am sorry that I am a little bit late.

I do appreciate, Mr. Chairman, this opportunity to appear before your committee, While you have under consideration Public Law 480.

I am appearing, Mr. Chairman, in reference to my bill, H.R. 1172, and in line with the recommendations of the chairman, Mr. Cooley,

upon his suggestion that this be considered as a possible amendment while you were considering the overall law, why, I would hope that the subject matter of this bill might be considered as a part of the amendments.

Mr. POAGE. We will be glad to consider that.

Mr. SISK. I am sure that some members of your committee will recall that I had a bill in on this matter and was accorded a hearing by your subcommittee, Mr. Poage, in May of 1963. I believe it was your subcommittee, Mr. Poage. It was my impression that the subcommittee members at that time looked with favor upon the proposal but thought that it did need some revision in accordance with the Department's recommendations. These revisions have now been accomplished in the current bill, and I am hopeful that we can pick up where the subcommittee left off. The Department has now reported favorably, I might say, on the bill.

The basic purpose of H.R. 1172 is to provide a means by which the U.S. Secretary of Agriculture, and through him, other relevant officers of agencies of the Federal Government may avail themselves of the counsel and practical knowledge of persons associated with our agricultural industries. The bill would amend section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, to provide for the use of counterpart funds for such purposes. As you know, counterpart funds are foreign currencies owned by the United States through its military and economic activities in other countries and may not be converted into U.S. currency. The act referred to contains a listing of the purposes for which the funds may be used. This legislation which I am referring to would clarify and emphasize the Department of Agriculture's authority. It would not expand this authority or grant the Department additional funds; it would only permit the Secretary of Agriculture to use agricultural representatives during the course of foreign discussions on trade policies relating either to individual commodities or to groups of commodities. It would thus provide the Secretary with experienced, knowledgeable consultants in commodity fields under discussion or negotiation. He would have the authority to give these farm groups a voice at the conference table where primary decisions vitally affecting them are to be made.

If I might depart from my statement to indicate that, of course, does not mean that these individuals would, let us say, become a part of an official delegation, but this is primarily concerning those who would be called as consultants, knowledgeable and expert in particular commodity fields dealing with agriculture.

This measure is of particular importance to specialty crop groups with highly technical problems, but it also has great importance in the basic crop fields which are of broader and more far-reaching importance in our farm economy. I sincerely hope you will give this legislation your early and favorable consideration.

Because of the fact, of course, that my own district and, particularly, California does have a raft of problems dealing with these specialty crops where we have to deal with foreign countries, in competition to us in many instances in the production of many of these commodities, we have found that these national conferences or international conferences and meetings overseas have been very helpful where we have been able

to hold them and have the farmers, the growers, the people knowledgeable in the trade sitting down together. We had a very specific instance of this just a few years ago which, actually, led to the introduction of this legislation, where we had a meeting of the world's fig-growers, because my district happens to grow all of the commercial figs that are grown in North America—so far as I know, they are grown in my district—and we were having some very serious problems over imports, and because of some meetings we had and some discussions we had, we were able, very frankly, to come to certain understandings which we find very helpful. At that time, our people were traveling. They were having to use American currency in Greece and in Turkey and these other areas, and they could not use counterpart funds, even though the Department of Agriculture was the sponsor of the conferences. And we simply feel that this is something that would be very helpful if they were permitted to use the counterpart funds by this amendment—that it would not only be helpful, of course, to the Department and to the farm groups affected but would certainly cut down on the drain of American dollars.

That concludes my statement, Mr. Chairman.

I appreciate, by the way, the opportunity to appear.

Mr. POAGE. We thank you so much, Mr. Sisk, for the presentation and your coming before the committee.

We appreciate your bringing this special problem to us. We will consider it.

Mr. SISK. Thank you.

Mr. POAGE. The next witness is Mr. Michael J. Norton, representing the National Milk Producers Federation. We are delighted to have you with us, Mr. Norton, and we will be glad to hear from you now.

STATEMENT OF MICHAEL J. NORTON, DIRECTOR, SPECIAL SERVICES DIVISION; ACCOMPANIED BY M. R. GARSTANG, GENERAL COUNSEL, NATIONAL MILK PRODUCERS FEDERATION

Mr. NORTON. Mr. Chairman and members of the committee. My name is Michael J. Norton, and I am with the National Milk Producers Federation, and I have with me Mr. M. R. Garstang, the general counsel of the federation.

I shall present my entire statement, rather than trying to brief it.

Mr. POAGE. That will be perfectly permissible.

Mr. NORTON. The National Milk Producers Federation appreciates this opportunity to express its views and support of the proposals that the United States lead the world in a war on hunger through expanded food aid abroad.

It has been conclusively demonstrated that there is an urgent need for effective programs to meet food and nutrition deficiencies in many developing areas of the world. The race between population growth and agricultural production is of worldwide concern and merits careful consideration.

It is generally recognized that the segment of the population penalized most severely by malnutrition in nearly all of the developing countries of the world is the age group from weaning to 5 years. In order for infants of this group, as well as all children, to achieve their maximum proficiency in building up their minds and bodies, the most essen-

tial requisite is sufficient quantities of protein, particularly animal protein, in their daily diets. Without this protein there can be no growth, no muscles, and no powers of mental concentration developed.

Unfortunately, the diets of many of the people of these developing countries suffer from an acute shortage of such protein. Regardless of any population control measures which may be undertaken in the future, the plain fact is that these undernourished children live among us now, and must be cared for if reasonable physical and mental growth is expected of them.

Since milk and dairy products are the best source of the high quality animal protein so essential to the diets of the malnourished of the world, the most effective way of remedying this acute shortage of protein is to include milk and dairy products in the diets of these people. Milk and dairy products are the most convenient food for meeting the nutritional requirements of infants, children, expectant and nursing mothers, the old, and the sick. Therefore, milk can and will play a vital role in the world war on hunger, and dairy farmers and their cooperatives are deeply concerned with the direction taken by such a program.

There is no doubt that food and fibre produced by American farmers are potent weapons in the ever-increasing struggle to maintain peace throughout the world. Over the past several years the United States, through Public Law 480 and the food-for-peace programs, has made substantial contributions in an effort to avert hunger, malnutrition, and famine by sharing our agricultural abundance. The Congress is to be highly commended for continuing and expanding Public Law 480.

Public Law 480 and an expanded food-for-freedom program can provide expanded outlets for dairy products, as well as other commodities, and can enable the U.S. dairy industry to gain a foothold in some foreign markets. Such markets could eventually grow into permanent markets for American dairy farmers and businessmen. This aspect that commercial markets can, eventually, develop from a food aid program has been repeatedly stressed during the hearings, and although this is a debatable point and reflects a good deal of optimism at the very least we can hope that some permanent markets will result from this foreign food aid.

At any rate, the Government should plan with the milk producing industry to carry on its activities in such a manner that markets once obtained through Public Law 480 can be retained. To this end, the payment-in-kind program can be a valuable aid and should be expanded to include all dairy products, thus making it possible to develop foreign markets, while food aid is being extended, and high quality American dairy products are introduced commercially to new potential consumers. Such a program would minimize the cost of the price support program, and would encourage the U.S. dairy industry to develop products more acceptable to foreign consumers.

In the past the food-for-peace program has been geared to the utilization of "surplus" agricultural commodities. Most of the recommendations being considered by your committee would eliminate this "surplus" concept and authorize the procurement, in the open market, as well as from Government stocks, of agricultural commodities needed in the war on hunger. It is undoubtedly true, such a change in the

direction of the food-for-peace program would allow for substantially better planning and administration of the foreign food distribution programs.

This type of planning should be carried over into the domestic food distribution programs as well.

Congress should not, however, relinquish control over such a program. The authority, extended to the Secretary of Agriculture, to determine which commodities are available for use in a food aid program should be determined by specific congressional guidelines.

It was for these same reasons that the National Milk Producers Federation, with the help of friends in Congress, developed similar procurement authority for milk and dairy products. This authority was provided the Secretary of Agriculture by the Congress in the Food and Agriculture Act of 1965. Section 709 of the 1965 act authorizes the Secretary to use Commodity Credit Corporation funds to purchase sufficient supplies of dairy products at market prices to meet the requirements of any domestic or foreign distribution program when stocks of dairy products in the hands of Commodity Credit Corporation are insufficient to meet the requirements of these programs. The federation sought this authority to allow for the same planning and administrative improvements in food distribution programs, both foreign and domestic, that is now being sought by the elimination of the "surplus" concept. These programs need minimum and specific quantities of food for use regardless of whether or not surpluses are accumulated under present Government programs. Furthermore, to the extent that agricultural commodities are required in food aid programs as a foreign aid tool, they should in no way be construed as "surpluses" nor should costs of their procurement be charged to the farm programs.

Unfortunately, as yet, the Secretary of Agriculture has not made use of this authority to purchase dairy products for either domestic or foreign programs. The Department of Agriculture has, however, called for bids for butter to be used in the domestic school lunch program. Nevertheless, section 709 of the Food and Agricultural Act of 1965 did give the Secretary of Agriculture the authority to plan ahead in his domestic and foreign distribution programs, at least as regards milk and dairy products.

It is appropriate to think back for a moment on the assumption that I made earlier, that milk and dairy products could play a role in a food-for-freedom program. Over the past few months milk production has decreased at an alarming rate, and it is expected and predicted that this downward trend in milk production will continue to the point where there will not be an adequate supply to meet domestic needs much less any foreign needs that may be determined in the future. This means that in the not too distant future the American consumer will be faced with having to pay inflationary prices for milk and dairy products. In order to halt this inflationary trend, the Secretary of Agriculture should take immediate action to raise the price support level on milk and dairy products, so that an adequate supply of milk can be assured to meet the domestic needs of the American consumer, irrespective of any future needs for foreign food aid programs.

As an increase in the price support level coupled with a regular use of section 709 of the 1965 Food and Agricultural Act would assure

an adequate supply of milk and dairy products at a reasonable price to the consumer, while at the same time dairy farmer income could be substantially improved. It is imperative that action be taken by the Secretary immediately.

It must be recognized that there are many administrative and practical difficulties involved in the implementation of a worldwide war on hunger. Many problems, such as transportation and distribution, packaging, and the relationship between the local commercial market and the U.S. and local government distribution efforts must be reckoned with and resolved before a full-scale war on hunger can be undertaken.

It is also extremely important that in our efforts to lead a war on hunger we do not overlook our domestic needs. There are many children in the United States from all income levels who suffer from inadequate diets and inadequate nutrition. Consequently, our organization as well as many educational and school officials, nutritionists, and the general public as well, have been extremely disappointed by the drastically reduced budget requests for special milk programs for children, and we are, very hopeful that Congress will restore the funds for this excellent nutrition program. We are very happy to see that many Members of Congress in both the House and the Senate have introduced legislation to restore the program funds and to make the special milk program for children a permanent program.

As further word of caution, a world war on hunger if led by the United States cannot be a one-way street. There are important domestic policy considerations that should not be overlooked. The Department of Agriculture must, insofar as the American farmer is concerned, operate on the basis of enlightened self-interest. In the administration of a food aid program based on a need basis rather than a surplus basis, the Department of Agriculture should project its requirements, both foreign and domestic, on a long-term contractual basis. The American farmer has in the past responded to the requests of the United States and the rest of the world to produce for expanded markets, only to find a short time later that these markets no longer exist.

It has been pointed out repeatedly in the testimony of nearly all of the preceding witnesses that food aid to developing countries is, at best, a temporary and inadequate measure and that a highly productive agriculture must be developed in each country. It has been said that this is the only permanent way to overcome the existing food and population gap. This means that a program utilizing American agricultural productivity while self-sustaining economies are being built in foreign countries must be administered so that the American farmer is not caught in a vise of producing at a maximum level in response to the call for a war on hunger only to be faced in a few years with surpluses of commodities which are no longer needed for any outlet, foreign or domestic.

In view of this aspect it is vitally important that these food aid programs act independently of or supplemental to, but in no event in place of, the price support program authorized by the Agricultural Act of 1949. Since foreign food aid programs have been characterized as, at best, temporary measures, it is essential that American farmers be protected from the drastically depressed prices that could result from large-scale increases in production for short-term needs.

By the same token, American consumers must have some assurance of stable prices of commodities used in these foreign distribution program. For this reason legislation should be passed to authorize payments to dairy product manufacturers, on a standby basis, as a means of stabilizing prices to American consumers for manufactured dairy products, such as butter. This could be used to stabilize prices to U.S. consumers, even though substantially higher farm prices may be necessary to stimulate sufficient production for an effective world-wide war on hunger. In other words, it would be a form of consumer subsidy.

In connection with the war on hunger it has been proposed that there be established and maintained a stockpile of reserve commodities to assure a continuous, adequate, and stable supply of these commodities to meet both domestic and foreign requirements. It is acknowledged that the ability of the American farmer to produce food and fiber is one of our greatest national assets. There is no other nation in the world with the ability to produce quantities of the necessities of life. Therefore, a committee should be created by Congress to evaluate and determine the optimum amounts of food commodities necessary to be kept on hand and the disposal policies for these commodities. If strategic reserves are established, it is essential that they be managed in such a way so that the domestic market as well as those few existing commercial foreign markets that have been developed, not be depressed by indiscriminate sales and disposal policies.

Unwise policies with regard to the disposal of reserve Commodities can only be detrimental to the American farmer since income received by farmers would be drastically depressed while prices paid by consumers were made artificially low. Price disposal levels of milk and dairy products should in no event be at levels which would depress domestic farm prices. In other words, if such strategic reserves are established, farmers must be assured that these reserve supplies will not be used to prevent or inhibit reasonable prices to farmers.

The storage facilities of cooperative dairy processors should be utilized to the maximum possible extent in storing Government-owned stocks of reserve commodities. It would undoubtedly be cheaper for the Government to enter into contracts with dairy farmer cooperatives to build and maintain storage facilities near the source of production rather than to finance commercial storage facilities at distant locations. Storage in faraway urban areas would entail unnecessary transportation costs and higher storage charges.

In summary, the merits of a world war on hunger to combat malnutrition among starving nations cannot be denied and we fully support the objectives of the food-for-freedom program. However, it is vitally important to the American agricultural community and to the national economy that Congress consider the interests of the American farmer in this war on hunger. Consequently, we must proceed with extreme caution to insure that the American farmer is not again subjected to economic hardship for producing to meet our needs and then subjected to the depressed prices that may result when these markets no longer exist.

Mr. POAGE. Thank you very much, Mr. Norton. We are very much obliged to you for your fine statement.

Our next witness is Mr. Robert L. Searles, together with Mr. William Brooks, general counsel, appearing jointly in behalf of the National Grain Trade Council. We will be glad to hear from you now, Mr. Searles.

STATEMENT OF ROBERT L. SEARLES, CHAIRMAN, NATIONAL GRAIN TRADE COUNCIL; ACCOMPANIED BY WILLIAM BROOKS, GENERAL COUNSEL

Mr. SEARLES. Mr. Chairman and members of the committee, I have a short statement that I would like to present. Associated with it is a longer, more complete statement giving the views and the position of the National Grain Trade Council, which is here for your reference. I will not go into it in detail now, because of the time element, but it is available to you. I refer to it in my statement.

The National Grain Trade Council appreciates the opportunity to appear before this committee to present council views on the proposals at hand, in particular those dealing with national commodity reserve policy.

I would like to request that the council's accompanying detailed review and statement on extension of Public Law 480 and CCC reserve authorizations, be entered in the record for reference and information.

Mr. POAGE. Without objection, it will be included in the record at the conclusion of your statement.

Mr. SEARLES. On February 11 the annual meeting of the council's board discussed grain reserve problems at length and adopted the following statement of policy:

The United States has reached the point in agriculture wherein the existing consumption of food and feed grains in domestic and export commerce and the estimated increase of both require a national agricultural policy designed to insure a sufficient annual carryover or reserve of each and every food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption. The National Grain Trade Council urges the immediate establishment of such goals and recommends that any supporting or enabling legislation recognizes private commercial inventories as being the most desirable and liquid source of said carryovers or reserves; that the legislation clearly stipulate the conditions under which any of the carryovers or reserves would be held by the Federal Government and that the acquisition and disposal of Government stocks would require fixed and completely predictable obligations on the Government and complete and immediate disclosure of their intentions and activities at all times.

H.R. 12784 apparently is the proposal of the USDA to establish a commodity reserve program. However, the powers it would place in the hands of the Secretary could be used in a variety of ways, none of them necessarily contributing to a workable reserve, all of them very broad in nature. H.R. 12784 could be called a blank check giving unprecedented commodity price and market control powers to the Secretary of Agriculture.

In this bill there is not one specific guideline to set the reserve goal for wheat, or corn, or soybeans, or vegetable oils, or any other commodity. There is no reference to any guarantee of sale of reserves to satisfy urgent consumer needs. Resale price limitations are virtually nil, referring only to existing law which has been so distorted in its application as to penalize farmers in the market with CCC sales

assaults. In this one respect alone this committee should be cautious about any new grant of uncontrolled power.

If the men of the 1930's or 1940's could have foreseen CCC use of grain stocks to shackle farm markets, would they have left so much to USDA judgment? I doubt it. And, today, if a blank check authorization is given to acquire, dispose of, and even process and package reserve commodities, what unforeseen use of these powers will show up in the future? The possibilities are limitless under a bill like H.R. 12784.

We think a good, fair, and reasonable law establishing reserve policy should state a reserve objective for each grain in terms of a percentage of total annual consumption. It should recognize commercial, free stocks as an important part of such a reserve and encourage the maximum in that category.

I might point to the fact, parenthetically, that reserves in commercial pipelines are not carried at a cost to the taxpayer. These are in a ready position to be used, and they have this merit.

Handling of the Government portion of reserve stocks should enhance the working of commercial marketing, not undercut it or replace it.

If the Government needs to acquire commodities for donation or relief purposes, such acquisition should be at least as predictable and dependable as the loan and purchase agreement program has been.

Rather than authorizing a new system of direct CCC purchase and resale of commodities, we feel that inclusion of nonsurplus commodities under existing Public Law 480 procedures, will retain the economies and the benefits of competitive marketing.

I refer your attention to the detailed review of the existing Public Law 480 program in the attached statement.

To protect all market interests, and particularly consumers when reserves are needed, CCC sales of grains should be absolutely predictable as to quantities and prices, with all marketing intentions and actions well publicized. No vague statement assuring consumers supplies at fair and reasonable prices can substitute for a binding requirement to sell stocks when needed.

The principle of the ever-normal-granary is fine only if a predictable loan program absorbs excess supplies in years of overproduction. The ever-normal-granary principle is fine only if it provides needed market supplies in deficit years on a predictable and reliable rising price scale with assured quantities sold at each level. But, meaningless market manipulation through unpredictable and vacillating sales programs defeats the whole ever-normal-granary idea.

It has been suggested that disposal decisions have coincided with preelection appeals to a particular voting segment of the public. Disposal decisions can be used to penalize farmers in the marketplace so they will follow an administration program rather than choose another course. Parenthetically, I might say that this economic pressure is available for use today in lieu of criminal penalties which Congress turned down a few years ago.

The point here is that a further broad grant of power opens a host of market-control doors. Who knows how the Department of Agriculture in the future may use this manipulative power on your State, your constituents, or any portion of the Nation's agriculture?

A law establishing reserve policy is needed. It should set reserve goals, commodity by commodity, stating each as a percentage of total annual consumption of that commodity. It should empower CCC to identify existing Government stocks as part of the reserve, where necessary. It should direct the USDA to include free stocks in totaling reserves. It should prescribe definite acquisition procedures and limitations for commodities not under price support programs. If processed or packaged commodities are needed in a reserve, the law should direct CCC not to expend any appropriations for processing or packaging plants, machinery, and so forth. And, finally, the law should state a definite price scale for disposition of reserves into market channels, stating clearly the quantities to be sold.

The reserve should be a final, ready reserve available to the consumer when needed on a known and guaranteed resale basis, not subject to uncertain and vacillating disposal policies.

The bill before you, H.R. 12784, fails in the most important aspects needed in a reserve law. It poses a serious threat to the consumer and has all the trappings of price and market control with no assurance that reserve needs will be met. We recommend it be tabled to allow for the formulation of a better proposal stating national reserve policies in more definite language.

Thank you, Mr. Chairman.

(The statement referred to follows:)

STATEMENT OF NATIONAL GRAIN TRADE COUNCIL

VIEWS ON H.R. 12152 AND H.R. 12785

The National Grain Trade Council favors an extension of the Agricultural Trade Development and Assistance Act, Public Law 480, 83d Congress.

To accomplish this a number of bills have been introduced. These include H.R. 12785 and S. 2933, endorsed by the Secretary of Agriculture; H.R. 12152, introduced by Congressman Cooley, and S. 2826, introduced by Senator Mondale.

Each bill envisions, and to a degree would require, recipient or purchasing countries to develop or improve their indigenous agricultural production, including the production of food. Each would extend to all agricultural commodities or agricultural products, rather than those in "surplus," eligibility for shipment to approved foreign claimants. Each in varying degree would grant to the Government authority to purchase these commodities or products for resale or exchange or grant to recipient or purchasing nations. All in varying degree are based on the hope that export trade in these commodities and products will work toward dollar exchange and that the delivery of these commodities for soft currencies or as gifts or grants will be reduced to a minimum.

The grain marketing industry has, since 1954, been able to operate effectively and efficiently within the provisions of Public Law 480 and the rules and regulations issued under that law, all to the end that foreign markets might be maintained, developed and increased for U.S.-produced grains and oilseeds. Regulations issued under Public Law 480 and other programs have from time to time been changed and amended to assure that the private channels of trade be used to the maximum to carry out the policy objectives of Public Law 480.

Individuals, firms, and organizations within the grain marketing system, who are directly concerned with selling grain in foreign commerce, recognized the probability that the United States would, on an increasing scale, be the source to which many grain importing countries would turn for their supplies of food and feed grains and oilseeds. To handle this increased volume these individuals and firms and organizations have made substantial investments in improving and increasing the grain handling and storage facilities at port locations.

In late 1947 and early 1948, in anticipation of the requirements of what became the Marshall plan and at the request of the Government, a group from the grain marketing industry estimated that the then existing port elevators could move into export in any one year working under optimum conditions, no more than

500 million bushels of all grains. Today, grain elevators and handling facilities at port locations, including the facilities at Great Lakes ports, are able to handle and move into export at least four times that amount.

If present estimates are correct, there will move through these facilities this year approximately 2 billion bushels of grains and oilseeds. The capacity of the port elevators to handle this volume of international trade will be limited only by the capacity of domestic modes of transportation, boxcars, barges and trucks, to deliver this volume of grain to appropriate ports as and when it is needed.

Of the wheat moving into export channels, it is estimated that at least 30 to 35 percent will be sold for dollars and that the balance will move on a concessional sale or grant basis. It is estimated that all soybeans moving into export will be sold for dollars. It is estimated that 80 to 85 percent of the feed grains moving into export will be sold for dollars with the balance delivered on a concessional sale or grant basis.

The grain marketing system generally favors the idea that export trade in these commodities should be preempted by dollar transactions. The National Grain Trade Council endorses those provisions in pending legislation which go in this direction.

To the extent that the commercial grain export trade has made sales under title I of Public Law 480, most of the wheat and feed grains that cover these sales have come from open market stocks. This has been accomplished by the Government's practice, after an agreement has been reached with a foreign government, of announcing that a given amount of money has been allocated to a foreign government for the purchase of wheat or corn or grain sorghums or some other commodity which, on the record, is regarded as being in surplus.

Tenders are thereafter made to the purchasing government or its purchasing agency of given amounts of that grain of the class and type specified in the purchase authorization. If a tender is accepted this is subject to an immediate price review at the Department of Agriculture. If the pricing arrangements are not disapproved a sales contract is made and the assembly and delivery of the grain becomes the sole responsibility of the U.S. exporting firm.

Under this procedure, all sections of the private grain trade can and do participate to some degree in export business.

This procedure we recommend be continued.

To continue this procedure will eliminate the necessity for the Government to purchase agricultural commodities or agricultural products, including high protein animal and vegetable foods for resale for use within foreign countries. Far better, it seems to us, to authorize the Executive to negotiate and carry out agreements to provide for the sale of agricultural commodities and agricultural products, including oilseeds, than to authorize the Government to buy these commodities for the purpose of resale.

In other words, we believe that the methods of operation under Public Law 480 have been successful; that they have encouraged grain firms, including export firms, to carry their own inventories bought from farmers; that all sectors of the grain marketing system participate in the export activities at little or no cost to the Government, and that as a result, farmers have obtained improved income from the marketplace. We therefore recommend against the enactment of those provisions of the pending legislation which would grant to the Government authority to purchase commodities or products for resale.

Two of the pending bills, H.R. 12152 and S. 2826, would strike out the word "surplus" wherever it appears in Public Law 480 and then, amending the bills in other respects, extend the period during which Public Law 480 will be effective.

This approach, it seems to us, has a great deal of merit. We have attempted to analyze the results were a bill to be enacted following this procedure, and find that while the proposals, for reasons of simplicity, contain substantial merit, the results obtained might lead to some confusion.

We do believe that techniques available now under Public Law 480 should be continued and expanded. As expanded we believe they should encourage the development and improvement of agricultural production in recipient countries. We believe these programs should, wherever possible and sooner than later, be placed on an exchange for dollar basis. We have pointed out, however, that our internal transportation system may not be able to handle grain and oilseed exports on the order of the volume estimated to be in the works this year. We assure you, however, that commercially operated grain export facilities are pre-

pared to handle whatever the volume of grain and export oilseeds requirements may be to the extent that our domestic transportation system can deliver those commodities to ports, and to the extent that ocean shipping, whether it be cargo ships or tankers, is available to move U.S. grains and oilseeds abroad.

VIEWS ON H.R. 12784 AND S. 2932

The National Grain Trade Council opposes the enactment of bills H.R. 12784 and S. 2932 to authorize Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers, and for other purposes.

Their enactment, in our opinion, is unnecessary; their enactment at this time would be inappropriate; their enactment now would severely limit and perhaps permanently cripple the country's low-cost, efficient grain-marketing system, all to the detriment of producers, consumers, and the Government.

The council's position on adequate carryovers or reserves of each and every food and feed grain was adopted at the annual meeting of the board of the council on February 11 of this year. The policy reads as follows:

"The United States has reached the point in agriculture wherein the existing consumption of food and feed grains in domestic and export commerce and the estimated income of both require a national agricultural policy designed to insure a sufficient annual carryover or reserve of each and every food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption. The National Grain Trade Council urges the immediate establishment of such goals and recommends that any supporting or enabling legislation recognizes private commercial inventories as being the most desirable and liquid source of said carryovers or reserves; that the legislation clearly stipulate the conditions under which any of the carryovers or reserves would be held by the Federal Government and that the acquisition and disposition of Government stocks would require fixed and completely predictable obligations on the Government and complete and immediate disclosures of their intentions and activities at all times."

The National Grain Trade Council's policy emphasizes grain carryovers and the fact that private commercial inventories are the most desirable and liquid source of carryovers or reserves. The pending legislation emphasizes Government stocks owned, carried, and administered by the Government. Their handling by way of disposition or acquisition would be at the complete discretion of the Secretary of Agriculture. To him, under the proposal, would be given authority without limit to place in reserves not only agricultural commodities, but the products thereof.

The pending legislative proposal in its entirety has been described as an extension or enlargement of the ever-normal-granary principle. A careful reading of the proposal indicates that under its terms the Department of Agriculture would be in a position to operate at least ever normal wholesale and perhaps retail grain, grocery, or food businesses. This, in our opinion, is too great a grant of authority for any Government department or agency to be in a position to exercise. Under the proposal, price control mechanisms on a grand scale would be available at levels completely within the discretion of the Executive.

Is the grant of authority necessary? Should any grant of authority relative to reserves be based on factors other than an adequate carryover of stocks?

On November 3, 1965, the President signed Public Law 89-231, the Food and Agricultural Act of 1965. This statute had been enacted after extensive hearings by the Senate and House Committees on Agriculture, after extensive debate in the House and the Senate, and after deliberate consideration by a conference committee. To us it is significant that its title reads: "To maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes"

The title, in our judgment, is not meaningless. One purpose of the bill was to assure adequate supplies of agricultural commodities. This, we believe, can be done under that proposal, all in accordance with the policy statement of the National Grain Trade Council set out above.

Last fall these views were shared by both the President and the Secretary of Agriculture.

On November 3, the President, in commenting on the Food and Agriculture Act of 1965, stated, in part, "the legislation * * * will insure our ability to produce food and fiber in the quantities we need, when we need them." In late

October, in anticipation of Presidential approval of the action of the House and Senate conference committee, a Department of Agriculture document stated that the act would "foster ample supplies to fill adequately consumer's needs and to meet our foreign obligations." On November 17, at a press conference, the Secretary of Agriculture, according to a United Press International ticket item No. 105, stated: "The new farm law was flexible enough to permit an increase in food production if needed. He said U.S. farm resources were adequate to meet any threat of shortage."

On the record, therefore, it would appear that as recently as 4 months ago the President and the Secretary of Agriculture were pleased with the congressional action in enacting the Food and Agriculture Act of 1965. In none of the documents issued in connection with its approval by Congress or its approval by the President, was mention made of the necessity to increase the Secretary's or the President's authority to establish reserves held and owned by the Commodity Credit Corporation or to obtain additional authority to buy or to sell or to process agricultural commodities.

A reading of the currently effective statutes justifies the conclusion that the administration then believed, and should believe now, that adequate authority exists to effect all the purposes which would come about with the enactment of S. 2932 and H.R. 12784 and that these purposes could be effected within the policy statement on carryovers, as distinct from reserve stocks, as contained in the National Grain Trade Council's policy statement.

Title 7, United States Code Annotated, section 1333, provides in part that if a national marketing quota for wheat is not proclaimed, the Secretary, in proclaiming a national acreage allotment for each crop of wheat, should set an acreage which will result in a production of wheat as would have been obtained had a national marketing quota for wheat been established.

As to the national marketing quota for wheat, 7 U.S. Code Annotated 1332(b) requires the Secretary to consider the volume of prospective exports in determining acreage allotments and requires the Secretary to provide for an adequate carryover of wheat. This statute appears to us to grant to the Secretary, in the case of wheat, adequate authority to provide for all domestic and export needs and at the same time to assure the country of an adequate carryover. We must conclude that the administration's satisfaction with the Agriculture Act of 1965, as applied to wheat, extended to all contingencies which might arise to require even part of the authority requested in the pending bills.

On feed grains the Food and Agriculture Act of 1965, section 302, provides, in amending section 16 of the Soil Conservation and Domestic Allotment Act, as amended, as follows:

"(1) For the 1966 through 1969 crops of feed grains, if the Secretary determines that the total supply of feed grains will, in the absence of an acreage diversion program, likely be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices of feed grains and to meet any national emergency, he may formulate and carry out an acreage diversion program for feed grains * * *."

The plain language of this statute recognizes the need and the authority of the Secretary to provide for an adequate carryover of feed grains. It is no wonder, therefore, that as to feed grains the President and the Secretary were satisfied that the Food and Agriculture Act of 1965 would afford to the country an adequate supply of feed grains which the Secretary in his judgment believed adequate to meet any of the contingencies for which the authorities contained in S. 2932 and H.R. 12784 would provide.

On January 25 of this year, in view, in all probability, of the supply-demand outlook for wheat, the Department withdrew for spring wheat producers the option to divert more than the minimum acreage for eligibility for price support loans. As to winter wheat producers whose crop had already been planted, the Department stated: "Winter wheat farmers will be urged to divert only the 15-percent minimum."

These actions indicate to us that even at this late date in the crop year, steps can be taken and have been taken to increase wheat production.

And acting under the 1965 act, the Department on the same day took steps to increase stocks of malting barley by authorizing producers of acceptable types of malting barley to plant up to 110 percent of their barley bases. This program, in accordance with the statute, is limited to producers who have a history of prior production of malting barley.

On the record, in our opinion, the Department already possesses authority to increase plantings to meet all requirements for wheat and feed grains. And these authorities have already been used and are being used to assure adequate supplies of wheat and malting barley.

Our conclusion is that the Secretary needs no additional discretionary authority to increase carryovers or supplies of wheat or feed grains.

It has been suggested that present law requires the Government to dispose of its grain stocks as rapidly as possible and there is need now to provide by law that the Government should not follow this course.

What have been the recent sales procedures of the Government?

Until October 1964, the Government appeared to be and was an aggressive seller of wheat. In that month, however, the Government's stocks of spring wheat were withdrawn from the market. In the spring of 1965, similar action was taken for winter wheat. Thereafter, until November and December 1965, the Government's stocks of wheat were not available for sale at any price for unrestricted use.

The Government's abrupt withdrawal from the market was hardly consistent with a statutory mandate to dispose of its stocks as rapidly as possible. Its equally abrupt return to the market as a seller was hardly consistent with its obligation to provide orderly markets for agricultural commodities.

On November 23 the Department announced that its stocks of high quality bread wheat would be available for sale to avoid higher prices for flour and bread because as of that date "high quality bread wheat was attracting abnormally high market premiums."

On December 15, the Department announced that all qualities of wheat owned by the Government would be for sale for unrestricted use at "market prices or 108 percent of the current support price, plus carrying charges, whichever is higher."

The Department's announcement on December 15 stated that this was done "to assure adequate market supplies"; to proceed in a manner "consistent with the ever-normal-granary principle of adding to stocks when production exceeded needs and using reserve supplies when demand is strong"; and to bring about that "price and income stability" which is "in the interest of producers and the Nation as a whole."

These two sales decisions, particularly the announcement of December 15, were taken for many of the reasons which H.R. 12784 and S. 2932 state requires their enactment. If in December the Department believed it then possessed statutory authority to make wheat sales for the reasons stated, why now does it need additional authority to establish and use Government-owned reserves as envisioned by the pending bills.

It is our judgment that, to the extent that the Government owns stocks as part of the overall carryover, Congress should establish guidelines spelling out price ranges at which Government stocks might be sold after Congress has determined desirable carryover levels. Congress has already established a desirable production level of wheat at 1 billion bushels. Cannot Congress spell out a desirable carryover level for each food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption?

Price support programs, operating through loan and purchase agreements, are announced prior to each crop year. The Government's acquisition of stocks through price support operations, is known, announced, and predictable and can vary only slightly upward during each crop year.

Its sales policies and procedures and its selling price levels should have the same characteristics. When to sell and when not to sell could be governed by available visible stocks or estimated carryover. The price levels at which Government stocks should, in our judgment, be sold, ought to be set at a minimum of 115 percent of the loan level plus carrying charges.

And it is essential that when the Government will enter the market as a seller and the initial prices at which its stocks will be sold should be announced in advance of each crop year. It is equally essential that the Government should not change, or vary from, these announced policies during the crop year. We recommend in essence that Government stocks be released into market channels under announced and known conditions at announced and known price levels for announced and known quantities.

The Department's current corn sales program was not announced prior to the crop year and has been changed from week to week, commencing in January of this year. The Department has sold a substantial volume of corn under its current program. If its present rate of sales continues through September, the end

of this crop year, this year's volume of Government corn sales will exceed last year's volume.

On December 17, 1965, the Department, in a press release, announced its "Feed grain sales policy for 1965-66 marketing year." Under this policy feed grain stocks were to be offered to assure an orderly movement of supplies. Again, as in the case of wheat sales, the procedure represented "a further application of the ever-normal-granary principle."

In announcing the 1965-66 feed grain sales policy, the Department stated:

"The Department reports that anticipated 1965-66 requirements can be met largely out of the 1965 crop, with only limited amounts expected to be made available from CCC-owned stocks."

The same announcement stated that feed grains would be relocated at terminal position to meet program requirements.

Loading orders were issued for roughly 20 percent country-warehouse stored corn. This was to be moved to terminal position if the storing country warehouseman did not choose to buy the corn on an instore basis.

The original intention was to sell at terminal markets only that corn which was regarded as out of condition or in danger of going out of condition. In addition, it was apparently determined that sales would probably be made, irrespective of condition, of corn grading No. 3 or lower.

At some point during the week of January 10 it was decided to expand Government sales activities. As a result corn grading not only No. 3 or below, but grading up to and including No. 1, was sold for unrestricted use at the formula price or the market, whichever was higher.

Neither this decision nor subsequent changes in the Government's corn sales program were subject of a Department press release.

During the latter part of January, corn sales were expanded. Offers were requested to purchase round lots of No. 2 corn, up to 50 carlots, with deliveries in 60 or 90 days. On these sales a fixed scale of discounts would apply.

Early in February this sales program was changed and expanded when the Department offered its corn in unlimited amounts from some States and locations. On these sales the 90-day delivery guarantee was removed. At the same time, storing country elevators were precluded from buying corn subject to additional loading orders. Simultaneously sales of bin site corn were stepped up.

These sales procedures could not have been anticipated or predicted by producers or handlers or users of corn, in view of the Department's December 17 announcement. That announcement indicated that sales would not be stepped up. In fact they have been stepped up.

For the period October 1, 1965, through February 18, 1966, the Government has sold 154,413,000 bushels of corn compared to 138,897,000 bushels sold in a comparable period a year ago.

These sales, particularly those recent heavy sales with no guaranteed delivery dates, will sooner or later confound and confuse an already developed crisis in boxcars. These procedures will hardly assure an orderly movement of corn into domestic and export use.

Our judgment is that if the procedures now available under the Food and Agriculture Act of 1965 are to be changed at this time, those changes should be in the direction of requiring that sales programs and policies be predictable, announced well in advance, and adhered to during a crop year.

In our judgment, no case has been made to approve H.R. 12784 or S. 2932 and thus amend by inference or implication the Food and Agriculture Act of 1965. In our judgment to do so now would be premature.

The President, on November 4, 1965, after he had approved the act of 1965, established a Committee on Food and Fiber and a Commission on Food and Fiber. To the Committee he appointed the Secretary of Agriculture, the Secretary of State, the Secretary of Commerce, and the Secretary of Labor. To the Commission he appointed a number of distinguished citizens.

The Committee was to appraise and develop programs after taking into account the recommendation of the Commission, whose final report is to be submitted no later than 18 months after its first meeting.

The Commission only recently held its first meeting. Additional meetings are contemplated. To facilitate its work, subcommittees of the Commission have been established. These include Subcommittees on Policies for Commercial Agriculture and on Agricultural Trade and Foreign Economic Development. There may now well be compelling reasons to extend and amend Public Law 480. There is, in our judgment, no compelling reason now to adopt the pending bills

until after Congress and the country has studied the recommendations of the President's Commission and Committee.

Just over a year ago the President submitted to Congress a special message setting forth recommendations for a farm program for the Nation. This message contained, among other recommendations and observations, the following:

"Our objective must be for the farmer to get improved income out of the marketplace, with less cost to the Government.

"To do this, I am asking the Secretary of Agriculture to so utilize the Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies."

Pending proposals to authorize the Commodity Credit Corporation to establish, maintain, and handle reserves, do violence, in our opinion, to the objectives stated in that farm message. The proposal, if enacted, would not encourage, and would discourage, the private segment of the economy to carry its own grain inventories bought from farmers. The pending proposals would permit, and perhaps encourage the private segment of our economy to depend on the Government as a source of supply rather than to rely on the marketplace as a source of supply. The pending proposals would permit the Government to perform many services which should be performed by the private sector and preclude farmers from obtaining improved income from the marketplace with less cost to the Government.

Mr. POAGE. Thank you very much, Mr. Searles.

We thank you for a very interesting discussion.

Did you want to say anything, Mr. Brooks?

Mr. BROOKS. Not at this time, Mr. Chairman.

Mr. POAGE. We are very much obliged to both of you, and we will probably want to ask you some questions in a few moments.

Our colleague, Mr. Mackie, has a constituent who is next to be heard, and we will be delighted to have you present him to the committee, Mr. Mackie.

Mr. MACKIE. I would like to call Mr. Feller to appear before us today, who is the president of Alliance & Fellmen Associates, Inc., of Michigan. Alliance & Fellmen Associates handles private-label food supplies and developmental problems for major regional food chains throughout the Middle West and East, whose combined retail volume is in excess of \$400,000. Fellmen Associates is a research, developmental, and consulting firm with considerable experience in dealing with retail and wholesale food distribution problems throughout Western Europe, Latin America, and Australia. It was in this connection that he had the opportunity to head up the program planning the first Office of Food Distribution Development within the Economic Development Administration of the Puerto Rican Government. In addition, their company has conducted food distribution development studies and development efforts for private clients, the Organization for Economic Cooperation and Development in Paris and the United States State Department, in various developing nations throughout the Western World.

Mr. Feller is a former member of the board of directors of the American Food for Peace Council and presently program chairman and a member of the board of directors of the Michigan Freedom From Hunger Council.

We will be pleased to hear from you now, Mr. Feller.

STATEMENT OF E. LEE FELLER, PRESIDENT, ALLIANCE & FELLMEN ASSOCIATES, INC., DETROIT, MICH.

Mr. FELLER. Thank you, Mr. Mackie.

Mr. Chairman and members of the committee, I am here before you this morning to express my personal concern with the general failure on the part of various AID agencies and food-aid programs to recognize that if we seriously want to develop the capacity of food-short countries to feed themselves, we must not only provide adequate technical and financial assistance to primary agricultural assistance but, also, we must provide adequate technical and financial assistance to the distribution sector of the food economy. Such aid is necessary to secure the revolutionary changes in distribution which are vital to the need to lower consumer food prices and to provide organized and large volume markets to primary agricultural producers. Without revolutionary changes in the distribution structure of most developing nations, attempts to radically increase primary agricultural production will be sharply curtailed by the bottleneck of vastly inefficient retail and wholesale channels that serve to hold consumer prices high and primary agricultural prices low regardless of the supply and demand relationships. Without major changes in the food distribution structure of most developing nations, farmers will not have the necessary financial incentives to sharply increase their production.

To demonstrate this, let me cite this example which is so often the case where major efforts are made to increase primary agricultural production without comparable efforts to change wholesale and retail distribution patterns. Presume that, through technical and financial assistance in a given developing area, a farmer is taught to grow two crates of lettuce where he formerly grew one. Presume further that the secondary trucker or other similarly unorganized and inefficient wholesaler was prevailed upon to attempt to mass distribute this 100-percent increase in productive efficiency. In a typical developing nation the average grocery store is about 10 by 12 feet in size and is one of unnumbered thousands serving the food needs of the urban area. The wholesaler goes into this small shop and tells the retailer his story that the production of lettuce has been doubled and that the wholesale price has been sharply reduced from 25 cents a head to 15 cents a head.

He asks of the retailer: "How many heads do you want?"

The retailer replies: "Give me six heads."

"How many did you sell last week?" the wholesaler asks.

"Six heads," replies the retailer.

"What price did you sell the lettuce for last week"? asks the wholesaler.

"Forty cents a head," replies the retailer.

"And how much are you going to sell lettuce for this week"? asks the wholesaler.

"Forty cents a head," replies the retailer.

"Why?" asks the wholesaler. "The wholesale cost has dropped sharply. Why not double your purchases of lettuce, drop your retail price, and really sell lettuce?"

"Why?" asks the retailer. "There are only six people in my neighborhood who eat lettuce and the net effect of my buying more lettuce and cutting my price would be that half of it would rot, and I would end up making less money. Thank you, no. Just give me six heads, but I do appreciate the lower price to me."

The sad part of the story is that, from a pragmatic and very personal point of view, the retailer is absolutely right. Because of the smallness of his shop, he cannot mass display and merchandise lettuce. Because he is not a member of a retailer cooperative or voluntary chain of retailers, he cannot advertise lower prices and thus increase his total volume. Because he is a subsistence operator himself, he cannot afford to gamble on modern theories. He had rather sell 6 heads of lettuce at 50 percent markup than risk the chance of selling 12 heads at 30 percent markup. Big volume, low markup marketing theory is not part of his thinking. He has learned the hard way to believe in the limited market concept and, besides, as many merchants in many developing nations will tell you, with a limited market anyway, it is ungentlemanly to cut a price.

I have told this long story to make the point that just as it is difficult but vital to teach farmers to use modern fertilizers and seeds, it is equally difficult but vital to provide the technical and financial assistance to the wholesale and retail food distribution sector of developing economies in order that mass agricultural producers will have the necessary financial incentives of a modern marketplace to market ever greater quantities of agricultural produce at ever lower prices to consumers and ever increasing income to the primary producer.

It is this failure in most food AID programs and in agency technical and financial aid programing and staffing that is my primary concern in this testimony.

While speaking as an individual, I think I am expressing the sentiments of the overwhelming majority of the members of the Michigan Freedom from Hunger Council when I say that I endorse the objectives of the bills before this committee, both of which are aimed at broadening our food AID efforts to more fully enlist the power of American agriculture in our political struggle to get at the root causes of communism and not just military containment.

I endorse not only the world political objectives of sharply expanded food-for-freedom and food-for-peace programs and the attendant economic advantages to American farmers, but I endorse the simple fact that it is a humanitarian necessity to come to the assistance of the millions who are starving in a world of potential abundance.

Our sense of political expediency as well as our sense of human values is out of balance when we can justify the expenditure of \$20 billion to put a man on the moon and leave a billion starving people on earth.

We must dry up the swamps that breed mosquitoes like Castro who is saying in Latin America, "I will rise to power in Latin America on empty bellies." We must redouble our efforts to put out the fire under the boiling pot of economic and social unrest in the world that stems in large measure from sheer hunger for an adequate diet. We cannot long hold the lid on this boiling pot with military containment alone. The fact that we are now spending over \$50 billion for military containment and only \$1½ billion for the food-for-peace program is a sad

commentary on our sense of political, economic and humanitarian judgment.

I commend the members of this committee on these hearings and the apparent desire to more fully enlist the power of American agriculture in the battle for freedom and against hunger in the world. Not only must the present food AID and developmental efforts be greatly expanded, but I think we should take note of the fact that, along with a larger program that will provide more and better weapons to fight hunger, we need a new sense of urgency and commitment among the administrators of such AID and development programs. Based on my own experience with various line personnel within our AID programs, I can say that, while we do have many highly dedicated and competent people staffing our AID efforts, the fact remains that there apparently is lacking among many, a sense of urgency and an "it can be done" attitude. The same dedication, sense of urgency, and "it can be done" attitude that is so strong within our space and military programs must be developed more fully within our economic and political aid programs which are not heavily supported by food-for-peace shipments and the counterpart foods thus generated.

Having strongly endorsed this committee's efforts to come up with a food-for-freedom bill capable of more fully meeting world humanitarian and political needs, I would like to go back briefly to my original statement that I hope this committee will spell out specifically the need not only for technical and financial assistance to help primary agricultural producers in developing nations to grow more food but also the need for technical and financial assistance to help modernize the distribution section of these same developing nations. Primary production is 50 percent of the problem. Inefficient distribution methods remain as the other 50 percent of the same coin.

During the administration of our late President Kennedy he sent this message to the Boston Conference on Distribution:

* * * In view of the efforts we are making through the "Alliance Para Progreso" and in our foreign-aid program to establish a long-term basis of economic development * * *. We must find more efficient ways to distribute the goods we produce * * * we can and must do better * * * and help the people in developing nations accomplish, through democratic means, their revolution of expectations.

Thirteen years earlier, before President Kennedy's statement, Teodoro Moscoso, then head of the Puerto Rican Economic Development Administration, attended an earlier Boston Conference on Distribution. Senor Moscoso attended this conference at the request of Gov. Muñoz-Marín who was concerned over Puerto Rico's antiquated food distribution system and its negative effects on the entire Operation Bootstrap program. Moscoso returned from this conference bringing to Gov. Muñoz-Marín these words of David Lilienthal:

U.S. progress, economically, can be told in considerable measure by the advance in the techniques in distribution. The unhappy condition of the Middle East, or Latin America, is attributable in substantial measure to a debilitating and static system of distribution. The terrible toll of the poor man's substance that their miserable distribution system exacts, is one of the saddest commentaries on the lives of a least half of the people of the world today.

In Puerto Rico, Moscoso had observed the tragedy of people being hungry in San Juan with farmers throughout the island with

unused productive capacity and a desire to grow and sell more food to the urban population. It became apparent to trained observers that, in large measure, high food prices and limited markets and low income to agricultural producers was in large measure the fault of an antiquated, inefficient, and high-cost distribution structure.

Studies were made and programs adopted providing for a task force of technical personnel coupled with adequate loan capital programs aimed at stimulating the private enterprise development of a balanced competitive situation among modern channels of food distribution.

There is no time here to go into detail regarding the specifics of the Puerto Rican aid efforts aimed at modernizing their food distribution system. It suffices to say that, for the first time in history, an antiquated distribution structure was assisted in going through a rapid free-enterprise revolution that resulted not only in a sharp reduction in food prices to consumers but sharply increased consumer purchasing power for food which was reflected in larger and more profitable markets for agricultural producers.

Puerto Rico's attack on a vastly inefficient retail and wholesale structure should be a model for aid efforts in the distribution sectors of developing nations throughout the world. The Puerto Rican effort was prompted by their concern with this problem, as stated by C. D. Jackson, publisher of *Life* magazine:

Slow productivity and insufficient equipment in the methods of distribution tend to neutralize in large part the reduction in prices brought about by increased industry and to maintain an excessive spread between the retail prices of certain agricultural items and those that are paid to the producer.

Puerto Rico's attack on their distribution problems was also motivated by these considerations as stated by J. G. Abbott, Chief of Marketing Branch of FAO, Rome:

The marketing of agricultural products is vitally important in any campaign to free the world from hunger for two main reasons. Most of those who go to bed hungry do so because the food they need costs more than they can afford. Since the large part of the price is often made up of marketing costs, it is clear that high marketing costs are an important reason why some people have not enough food. The more these costs can be reduced, therefore, the easier it will be for poor consumers to get the food they want * * *. The main reason for stressing the significance of marketing is its impact on production * * *. Effective marketing is critical for the success of development programs designed to uplift a population as a whole * * *. Any plan of economic development that aims at diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic wastes, has, therefore, to pay special attention to the development of efficient marketing for food and agricultural products.

No reasonable man aware of not only the vastly inefficient methods of primary agricultural production in most developing nations and familiar with urban marketing methods will seriously dispute the observations and conclusions referred to above. However, it is a sad commentary on our present aid programing and personnel staffing to find out that, for practical major effect and impact, we simply do not now have any major programs operative within our food-aid or foreign-aid programs which attempt seriously to come to grips with the problem of food distribution modernization in developing nations. We have many programs and many agronomists working on the problem of increasing primary agricultural production. Unfortunately,

we have practically no programs and little or no staff or trained urban distribution specialists in our aid programs and on our aid agencies staffs.

As a means of correcting this very unfortunate situation, I do hope this committee will make it a point to stress in the proposed new legislation that not only should major efforts be expanded to help farmers in developing nations grow more food, such efforts should be coupled with major efforts to aid the food merchants of developing lands to modernize their methods.

In conclusion, I wish to thank you, Mr. Chairman, and the committee for this opportunity to appear before you to express my opinions on this very important legislative matter. I would be very happy to provide this committee or any of its individual members with any further documentation that might be required relative to the importance of distribution productivity to overall economic development and any further materials bearing on the Puerto Rican food distribution development program that might be of interest.

Thank you.

Mr. POAGE. We are very much obliged to you, Mr. Feller. We appreciate this good statement.

I wonder now if we might not invite you, Mr. Feller, and all of those who have testified and are still with us to come up to the table and engage in somewhat of a roundtable discussion in which, I think we will simply ask the members of the committee to present any questions that they want to present, either to a specific member of the panel of witnesses or to ask it of you as a group.

Are there any questions that the members desire to ask?

Mr. GATHINGS?

Mr. GATHINGS. I would like to ask Mr. Feller if he would give us a little more detailed information with regard to this modernization of the distribution system he has spoken of. I thought that your statement as a whole was quite comprehensive. I just wondered how can procurement in the developing nations or countries benefit by modernized distribution methods that you speak of. Tell us specifically how this can be done, how can we get people better merchandising over the counter?

Mr. FELLER. It largely extends from the fragmentation of the distribution structure. There are thousands and tens of thousands of little tiny retailers and little tiny wholesalers who cannot achieve economies of scale, nor did they understand the modern technology of efficient distribution.

Mr. GATHINGS. Are you trying to tell us that you are comparing the modern type of mama-papa store with that of a large chain?

Mr. FELLER. I think that the mamma-and-papa stores that we are familiar with here as compared to the mamma-and-papa stores in the Dominican Republic, for example, or in Bogotá, Colombia, would there be supermarkets by comparison. I am saying that in Puerto Rica, we were able to organize the retailer cooperatives where small retailers were able to band together for self-help, to modernize their operation, to expand their volume, to advertise together, to provide channels through which loan moneys can be channeled to expand their stores and to help them sell more efficiently.

If a retailer can double his volume simply by knocking out a wall and expanding his little shop, he can afford to reduce his prices very substantially and still earn more money on a greater volume.

In Puerto Rico, for example, it is generally conceded in San Juan through the introduction of modern distribution technology that we were able to reduce the food prices in that city alone \$18 million a year. That was translated into more rice and beans, and into more things that people needed to eat better for less.

In turn, this was translated into bigger markets for the agricultural producer.

I say that efficiency in marketing is built upon the integration of the marketing function in chains' distribution, so that the products will flow from the producer to the consumer in a constant stream. Unfortunately, in developing nations, we have no such chain of distribution. We have complete fragmentation. The little retailer is at the mercy of the little wholesaler.

The small retailer may have to buy from as many as 60 different sources of supply to put the product on the shelf. In Bogotá, Colombia, a very small store selling \$300 a week would have to see as many as 20 or 30 salesmen a week, and 20 or 30 trucks would deliver maybe half a case of merchandise apiece. And 20 salesmen would have to make the call.

Even though wages are very low, this all adds up to a high cost of operation.

The average retailer in Bogotá, Colombia, has a gross margin of about 40 percent—a very low rate of gross margin of operation at retail, 40 percent; whereas, in this country with the extreme high wages, our total gross margin in the supermarket is 20 percent. In Bogotá, Colombia, the average wholesale gross margin is about 20 to 25 percent. Here in Washington the gross margin at wholesale would be 3 to 5 percent, and even with extremely high wages.

Mr. GATHINGS. I think that your inference to the instance or example of the small grocer was most apropos, when you said he bought only six heads of lettuce, because he only had six customers who bought lettuce.

It seems to me that if he could buy a dozen heads of lettuce, he would get them cheaper, why, there would be more profit for him. You said that?

Mr. FELLER. That is quite true, if he were in a position to mass distribute the lettuce, to advertise the bargain that he was offering, to bring more customers into his store; that is, if he would understand that mass merchandising and mass promotional techniques will sell more lettuce, but, remember, this man is aware of the poor consumers in his neighborhood who themselves are fighting to change their dietary patterns and are not buying anything that they have not had before, and if lettuce is not a part of their diet, it takes a massive educational program or sales push to solve that.

Mr. GATHINGS. In some many instances the food is available in these countries but it does not get to the poor hungry people.

Mr. FELLER. In Colombia, over 50 percent of the total produce produced in that country rots before it gets to the market. That is in Colombia, where over 50 percent of the total production rots before it gets to the marketplace or by the time that it is absorbed.

Outside Bogotá, there is the most beautiful topsoil you have ever seen. If we had this kind of growing soil in Michiga we would increase our production tremendously.

Mr. GATHINGS. What was that?

Mr. FELLER. They have 7 feet of the most beautiful topsoil for growing purposes outside of Bogotá. If a farmer wants to produce, he could on that soil.

In the city one of every two children dies before the age of 5, primarily due to nutritional deficiencies.

The food capacity to produce is there, but the distribution channels are so blocked, so fragmented, so inefficient that we cannot get the prices low enough to provide the consumers with the capacity to buy more food and to have greater markets for agricultural products.

Mr. GATHINGS. We could go a long way in that direction in some of these countries, to increase that. Many may prefer to buy from large chains such as we have in this country. The I.G.A. is now getting so that it can compete with the other chains.

Mr. FELLER. Very definitely.

Mr. GATHINGS. That is because of the fact that they can buy through an association, a group, where they can get, of course, lower prices.

Mr. FELLER. I think that it is possible to promote the joint ventures of corporate chains. I think it is possible to develop retailer cooperative chains, voluntary chains, like I.G.A. that you speak of, and the consumer cooperative chains.

To me, it is immaterial what form of structure it is. The important thing is that you have an integrated marketing chain, and that you also have competition between these chains. You create enough competition so that the efficiency is generated which will reflect in lower consumer prices and greater income for the primary producer.

Mr. GATHINGS. This committee, over the years, has been searching into the matter of food distribution and trying to work out some type of program in relation to marketing in the larger cities. There is a large congestion there. We have never gotten the job completed.

Do you want to touch on that phase as to whether or not the farmer can bring his produce to one given place and do it very efficiently and more economically?

Mr. FELLER. Certainly, we have wide opportunities of developing further our own distribution structure in this country, but by comparison our own is a miracle of efficiency compared to the developing nations. In most of the developing nations, for example in Colombia, Bogotá, Colombia—again I cite that, because I know the town better than I do some others—there are no wholesale producers or wholesale producer markets at all. The farmer brings his produce to the road, and a trucker comes by and picks it up from the farmer at the road. The trucker takes it into the marketplace and sells it off of the back of his truck to the women who, in turn, sell the food in little piles in the big central market. Seventy percent of the food that flows through these channels is without an organized wholesale produce market such as you refer to, even though they are inefficient in many areas of this part of the country.

Mr. GATHINGS. In what countries have you observed the distribution of foods?

Mr. FELLER. We have made surveys in Buenos Aires, Argentine, Bogotá, Santo Domingo in the Dominican Republic. I have worked on supermarket developments in Paris. We worked on the first supermarket in Paris. We have worked in Oslo, Madrid, Brussels, Melbourne, Australia, and a few others.

Mr. GATHINGS. That is all. Thank you.

Mr. POAGE. Thank you, Mr. Gathings.

Mr. QUIE?

Mr. QUIE. I will yield to Mrs. May at this point.

Mrs. MAY. I think that here we have a great opportunity in the private sector to make a great contribution to this program, on how to give the miracles of our supermarkets to these countries, to share this knowledge with them.

Mr. FELLER. I am sure that the industry will be most happy to cooperate.

Mrs. MAY. My question is to Mr. Tom.

I want, first of all, to voice my agreement with the statement that you made on page 4 of your statement concerning the National Association of Wheat Growers reservations on the practicality of reducing of basic research programs. This would certainly injure the Food for Freedom program since we are going to require so much more knowledge in the field of technical assistance. My question to you is: In your statement you have not commented, I noticed, on the companion bills to the food-for-peace program. I am speaking of H.R. 12784, the reserve program. There have been, during these days of testimony, some reservations expressed by the various groups as to what form this program might take. Mr. Searles did come up with the idea that in this normal reserve bill there should be a reserve objective for each grade of commodity in terms of percentage of availability on the market. There have been other suggestions made on how this particular program might spell out criteria for these reserves.

Would you have further comment that you could make on this?

Mr. TOM. We must remember that we have been thinking in the past on the concept that it has been a surplus. Our concept has changed now. We really at this time feel that adequate reserves, manageable reserves, must be maintained. The exact amount we do not know exactly. We do not have specific amounts in mind. But at this time we feel that it should be as low as possible in order not to have it put upon the market or to have an effect on the market. We are concerned as to how they are managed. We understand the policy that the Department has had is that they will take the surpluses off the market to maintain the price and then will put them back into marketplace during periods of shortages, but we are quite concerned that this period of shortage, of the reserve stocks being put back into the marketplace, that they might depress the price, and we are concerned as to the management of that.

Mrs. MAY. I would hope that as the committee works on this legislation, that your own organization might be consulted to give us your opinion on this, if you have developed anything as to how this agrees with your various members, so as to have those as guidelines for help to this committee.

Thank you very much.

Mr. POAGE. Thank you, Mrs. May.

Mr. Abernethy?

Mr. ABERNETHY. No questions.

Mr. POAGE. Mr. Quie?

Mr. QUIE. I would like to ask a question on the question of reserves that you referred to, regarding the possibilities of the reserves being fixed.

Do you feel that we need this reserve in butter, cheese, and powdered milk in this country—all manufactured products?

Mr. NORTON. Mr. Quie, my comments were directed to the proposals that reserves be established for those commodities used in a food-aid program. Whether or not such reserves are needed in the commodities used, is a relatively debatable question. I am of the opinion that there is a need for some level of reserves, but I am also of the opinion that these reserves should in no event be used to adversely affect prices to farmers by, as I tried to point out, unwise sales policies.

Mr. QUIE. You did a good job of pointing that out. I just wanted your opinions on this: If we had a program which we knew was going to exist for a period of time, the school lunch program, the Armed Forces and the veterans program, use in institutions, and the like, and we wrote in some longer term contracts for dairy products and Public Law 480 programs and other programs—where you would ask for the use of direct payments for the movement—if there was such an excessive supply, do you then feel that we would get along without any serious difficulty anywhere, recognizing that the private trade will keep more reserves on hand without Government storage programs than they would otherwise?

Mr. NORTON. I think for the programs that you have enumerated, the school lunch program, the special milk program for children, veterans, hospitals, and the foreign food aid programs, et cetera, it may be that there would be a need for reserve supplies of dairy products in the event that production during the year were not adequate to meet the needs of these programs. On the other hand, reserves would not be needed if the Government were to enter into long-term contractual arrangements with dairy farmers for these programs.

So far as payments to dairy processing plants, it is probably true that this may increase consumption, but it should be pointed out that the objective is to stabilize the price to the consumer through a subsidy rather than as a surplus removal technique because, if commodities are used in foreign aid programs to the maximum possible extent, obviously, prices at the local level are going to go up. So the American consumer needs some assurance that domestic prices would not be inflationary.

Mr. QUIE. You would need reserves to take care of the programs, you say? And by that do you mean reserves in the hands of the Federal Government, or do you think that the reserves necessary to take care of the program during the market year could be handled by private hands?

Mr. NORTON. I think that, if the Government undertakes a foreign food aid program, it ought to be responsible for maintaining the reserves and that the cost of maintaining the reserves should not be thrown back on the industry, whatever commodity is involved. Unless the Government enters into long-term requirements contracts with

dairy processors, I doubt very much that the private trade will be trusting enough to maintain reserves at their own expense.

Mr. QUIE. If we accumulated those, what kind of policy do you think we ought to have, so that it would not have a drastic effect on the prices?

Mr. NORTON. Well, that, of course, is down the road; but some sort of minimum resale price level above the current market level or possibly the price-support level may be an answer to this question. My recommendation is that the Congress establish a committee to study this problem and discuss possible solutions with dairy cooperative leaders and industry members. At this time, I do not know how the Department of Agriculture, or whoever would administer the food reserves, would handle it so as not to affect both the dairy farmers and the consumers. I think this is as yet an unanswered question.

Mr. QUIE. Thank you. I appreciate your statements.

I think that—in addition to the longer statement you have submitted—you have clearly laid out the problem that confronts us in H.R. 12874, and the problems we would have in pricing the commodities and in determining the authority that would be held by the Department of Agriculture.

I would just like to have this document placed in the record.

Mr. POAGE. That will be done, as has already been stated.

Mr. Matsunaga?

Mr. MATSUNAGA. Mr. Feller, I was very much encouraged by your testimony relative to placing greater emphasis on distribution. I think I can agree with you thoroughly that this is one of our real problems in India, for example. You have mentioned one area where 1 of 2 children died before the age of 5. Where was that?

Mr. FELLER. Bogota, Colombia.

Mr. MATSUNAGA. This striges sort of a paradoxical note. On the one hand, we are talking about the lack of food for the exploding population, and that we would provide the food, and then we help to double the population, and we are causing a need for more food. What do you think of the idea proposed by Congressman Todd of setting aside 15 percent of the funds for family planning?

Mr. FELLER. I not only concur 100 percent in this, but I think that your food stores are really one of your prime places to emphasize education in this area—the materials and educational materials on birth control can be disseminated most easily through the grocery outlets, because this is the one media that everyone visits—everyone goes to those places. The packaged food could carry this kind of documentation as an educational effort. I certainly would concur 100 percent with Congressman Todd's recommendation in this regard.

Mr. MATSUNAGA. In your studies, where have you found more people to be starving or to be suffering from hunger, in the cities or in the rural areas?

Mr. FELLER. My own area of experience is restricted pretty largely to the urban areas. I would not be able to pass judgment on that question.

Mr. MATSUNAGA. Would it be a fair statement to say that there are more people starving in the urban areas than in the rural areas?

Mr. FELLER. I think that would be a fair general statement.

Mr. MATSUNAGA. So that some thought, perhaps, ought to be given toward moving these people to the food, rather than trying to move the food to the people?

What I am saying is: Perhaps, some effort should be made in getting the people out to the areas such as you mentioned where there is 7 feet of top soil, where we can take some of the starving people from the cities, and by teaching them how to farm and by expending funds which would otherwise have to be spent to take food to these people in the cities, to take the people out to the soil, to help them raise their own food if needs be—do you suppose that we could carry on such a program in conjunction with feeding the starving in these cities?

Mr. FELLER. I do not doubt for a minute that projects of this type could be carried out, but I rather doubt that we could reverse the economic trends of history, however, in every area of the world where the gravitation of population is ever more and more to the urban centers. It would take a tremendous project development to make an impact on this rapid trend.

Mr. MATSUNAGA. Thank you.

Mr. POAGE. Mr. Findley?

Mr. FINDLEY. Does your council feel that the private merchandising system in the United States is not capable of meeting in its entirety the problem of handling grain commodities?

The reason I ask this question is: I assumed from your statement that your council has accepted the idea that the Government should maintain minimum stockpiles.

Mr. SEARLES. I am glad that you asked that question, because our assumption is that the proper handling of reserves, by stating the proper reserve policy, means that you actually can maximize the amount held in commercial channels, and minimize the amount held in Government hands. You must, however, have these known guidelines in order to encourage people to do this. What I am saying is that if the private trade owns certain inventories that will be threatened by unforeseen Government sales programs, they cannot afford to own them. This has been a matter of fact over the years with the on-again and off-again disposal policies by the Commodity Credit Corporation.

If this committee in its own wisdom saw fit to set guidelines, and if the Congress were to approve of this, limiting the Commodity Credit Corporation resalability, you would find inventories going up considerably in these pipelines, in commercial channels, which would relieve the Government of the necessity to appropriate money to do the same thing.

Now, to a certain extent there may be enough commitments in the area of concessional sales—the type of thing we are accepting soft currency for—where you are putting special credit terms on a sale which cannot be done by the commercial banking, but has to be done by a Government guarantee. To this extent you may expand the export of a particular commodity, let us say wheat, just for the sake of discussion, where the reserves might have partially to be carried by the Government, because the Government has induced such an export program that is not really commercial in nature. Do I make myself clear?

Mr. FINDLEY. I think you have.

Mr. SEARLES. This is a matter of degree.

Mr. FINDLEY. I think you will, also, agree that the Government has a rather extensive export program in manufactured items which it does not seek to stockpile?

Mr. SEARLES. Yes.

Mr. FINDLEY. Why should the Government own any stockpiles of these farm commodities?

Mr. SEARLES. I think that the point that you are making, sir, can only be demonstrated by setting the standards for such a policy. When we talk of a reserve policy for the country, we do not mean just to talk about what is under Government ownership. It is conceivable what you are saying could be the net effect, that the people in the business of competitively marketing grains—and this is my sphere, so I will stay with that—that the people in the business of competitively marketing grains could very well carry ample inventories that reflect the entire national needs. We would not know this until we adopt such a policy. You would never find out unless you were to withdraw the Government from this competitive sphere. The Government, actually, is guaranteeing under its policies the carrying of the reserves in their own hands.

Mr. FINDLEY. As Mr. Poage has pointed out on previous occasions, it is very difficult to separate from commercial channels Government stockpiles. We can put a sign on the Government bins which reads, "These are only for national emergencies," but they would still be a part of the reserves, and they would influence market prices. In aluminum and copper recently we have learned that Government ownership of strategic stockpiles is a threat to the private market, and these stockpiles are sometimes used purely to influence prices.

Mr. SEARLES. Yes.

Mr. FINDLEY. Thank you.

Mr. POAGE. Thank you, Mr. Findley.

Mr. O'Neal?

Mr. O'NEAL. No questions.

Mr. POAGE. Mr. Stalbaum?

Mr. STALBAUM. I have a question of Congressman Todd.

You propose to set aside 15 percent of the counterpart funds in a country for maternal welfare, child health, and family planning services.

I do not have a copy of H.R. 12785 before me, but as I recall, there is no provision in there—no incentive provision in the bill as originally placed before us, for these purposes; is that correct?

Mr. TODD. There is no incentive provision.

Mr. STALBAUM. That is right. That is, of any type?

Mr. TODD. No, I think that as it is written you might interpret it so that some funds could be used for this purpose, but I think it is very vague.

Mr. STALBAUM. The point that I wanted to ask you about is this: I am hesitant in my own mind to set aside a fixed percentage for policies of our country in dealing with other countries, because there may be other factors involved that come up. The whole proposal is intended to give our assistance and to encourage them in their own programs, particularly in agricultural development and food production. Might it be well, as a very minimum, to write into the bill that the countries

can meet this requirement by a satisfactory program in the areas that you have outlined?

Mr. TODD. Yes, I think that would be wise as a very minimum. I think that the 15-percent figure is a realistic figure, if you will look at the probable sales of these commodities under the food-for-freedom bill, and at the total cost of, let us say, of a comprehensive program in these areas. I think that it is important that we look at the total program in these areas, because, unless we do, as I mentioned earlier, I think we will run into something 10 or 20 years from now which will put us into a bind, and it may be too late to get out of the bind.

The cost of these family-planning programs is on the order of 10 to 20 cents per head of population per year. This would mean, in a country like India, it might add up to an expenditure of some \$80 million a year to provide this aspect of the total program. And if you doubled that to provide nutritional supplements to the children, and some sort of health education for the mothers, you might add up to a magnitude of \$150 million per year. Such a program, if it got underway, would conceivably mean that within 5 to 10 years the entire problem could be brought under control. If this information could be disseminated, children could be fed a nutritionally adequate diet and therefore grow up to become individuals who can realize their full potential. And I think that probably an allocation of funds would mean just that; and nothing could be wiser, from our own standpoint, because I think that here we do have an opportunity to make an investment which will be adequate to meet the needs of the problem. I think there is no opportunity of making an adequate capital investment in these areas. For example, some calculations I have made show that \$16 billion per year capital investment is required simply to provide present incomes for the people who are being born, and we cannot do that; but we can provide out of our sales of food \$150 million in soft currencies, which is another way of solving exactly the same problem. That is why I had the 15-percent figure there.

Mr. STALBAUM. I want to commend you for giving very pointed information on this population explosion, much more so than most of the other witnesses have. I raised the question, because I personally feel that nations that have embarked on the program to bring population explosion in line have to have assistance. I do feel that the act as presently written does not give this recognition to them, and I hope that we will consider an amendment to that end when we get into executive session of the committee.

Mr. POAGE. We will, Mr. Stalbaum.

Mr. Dole?

Mr. DOLE. With reference to a question by Mr. Findley, which I understand points to page 4 of your statement, you are indicating that we establish a reserve policy.

Mr. SEARLES. Yes.

Mr. DOLE. But not necessarily Government ownership of any reserves?

Mr. SEARLES. I think growing out of our policy, you would find that the natural forces of the marketplace would determine where the reserve would be carried. One policy tends to emphasize dollar commercial sales, and the inventory would have to be carried largely in commercial pipelines at no expense to the Government. To the ex-

tent that the programs are donations or relief type things, this would tend to emphasize Government ownership. The question of how much the private trade, the commercial channels, can carry is one that is left open today, because we are unable to reliably carry stocks because of the threat of not knowing what the Commodity Credit Corporation will do tomorrow or the next day. Each time a new policy is set, it is superseded by another one just a few weeks hence. Recently, current sales have been such that the Government hardly establishes a policy before another one comes out.

Mr. DOLE. Do you think it might be possible to establish a reserve policy by having some escalator type of resale formula?

Mr. SEARLES. I believe that this is a very reasonable way to do it.

Mr. DOLE. And the amount of the stocks?

Mr. SEARLES. You would just have a certain percentage of the Government stocks available at specific prices and specific quantities. Then, the market would know where these were available, and then you would find that there would be quite a volume of stocks carried by the people who do not carry them today.

Mr. DOLE. Do you have any specific recommendations at this time to make?

Mr. SEARLES. The thinking in the trade has been that for the price-supported commodities, take wheat and corn, for instance, it would be reasonable to have at least a 125-percent spread between the level at which the Government is willing to buy the particular commodity through the loan and the level at which they are willing to sell the same commodity after they have taken over under the loan program. Within that 15 percent, you would find a much larger carrying of stocks by the trade. And then starting at that, say, 115 percent of the loan, establish a scale for the resale program. The scale would, say, only be 2 percent for each 10 percent of the stocks held by the Government—maybe it is 5 percent for each 10 percent—I would not state right now, nor do I think the trade is in a position to stipulate exactly what the scale would be. The net effect of such a procedure would be to transfer the cost and the responsibility of carrying the stocks from the Government over to the private commercial trade. I think it would be a net advantage. It could conceivably be just what was suggested by Congressman Findley, that maybe all of the stocks could be carried by the private trade. This could happen. We would not know, though, until some guidelines are set which more or less direct the Department of Agriculture to carry out this policy. Today the direction is minimal, as you know.

Mr. DOLE. Thank you, Mr. Searles.

I have just one question of Mr. Tom.

On page 6 of your statement you indicate that perhaps we could increase the wheat acreage allotments, because of a number of things. Do you have any specific suggestions as to that?

You talk about that on page 6 of your statement.

Do you have any specific information on what you think they should be increased to?

Mr. TOM. We are recommending caution in increasing the stocks in order to put it back again in the position it was in before.

Mr. DOLE. What about acres?

Mr. TOM. Well, just to meet the increased demand. We are thinking in terms of the 55 million acres.

Mr. DOLE. Do you think that the 55-million figure is a responsible figure?

Mr. TOM. We assume that it would be a responsible figure.

Mr. DOLE. Have you given any thought, that is, by your association, as to those areas where it is customary to overseed?

Do you think it is advisable and necessary that perhaps we do not control the excess wheat plantings? Do you have any comment on that?

Mr. TOM. You could create an awful lot of assistance if we would allow people who have already overseeded as against those who are in strict compliance. You would have to make some compensation for those who are in strict compliance; otherwise, the other would gain an advantage.

Mr. DOLE. We are buying up the food, you understand that.

Mr. TOM. The problem is distribution at the present time, in India, for example. They are talking in terms of putting in 10 million tons into the country. I question very much whether they are going to be able to do it. I would prefer to see these stocks at a minimum, because I think if you keep them down, the prices will reflect a better income to the farmers.

Mr. DOLE. Thank you.

Mr. POAGE. Thank you, Mr. Dole.

Mr. Mackie?

Mr. MACKIE. Let me say, first, Congressman Todd, that I am in complete agreement with your concept of the world family planning program. If this subject matter of explosion control really should be considered—Should it be, by this committee?

Mr. TODD. Mr. Mackie, it seems to me that it is appropriate to include it. I do not have a copy of the bill before me, but I think that in section 304 you will find that the use of these funds is spelled out in certain ways. We are generating these soft currencies or soft loans, which this bill is intended to do, and it seems appropriate that these funds be allocated in this bill in a way which is consistent with our national and humanitarian interests, and since we are saying that we want to provide this food to relieve suffering, I think that it is fair to say that the funds generated in the countries where the food is sold could also be used to relieve human suffering. And, I think it is quite clear that one of the cheapest ways of relieving suffering is in maternal and child health programs.

And so it seems to me that it is very appropriate that this be a part of this bill, and it seems to me that Public Law 480 funds have been used for certain purposes which we felt were for the benefit of ourselves and others, and this would simply be a continuation of this policy.

Mr. MACKIE. Would you comment specifically on how you would aid marketing efficiency in some of the underdeveloped countries? Would this be in the form of the establishment of I.G.A. stores or Kroger stores like in this country? How would you go about it?

Mr. FELLER. Well, I think this has been a story of the farmers having to be shown and not told. It is our contention that we should take select demonstrations throughout the developing areas, demon-

strations in cities where the maximum technical and financial assistance to be provided to the local business people, and where possible in joint ventures with the United States or other nations who have technical and business organizations interested in worldwide ventures. The object in this case would be to promote a balanced, competitive situation among modern channels of food distribution.

In most of these areas, there are no modern channels of distribution, no chains of distribution. We do not have corporate chains. We do not have retailer cooperative chains. We do not have voluntary chains, and we do not have consumer cooperative chains.

These are the four technical instruments that produce marketing efficiency. The target in the demonstration city would be to put two or more of these chains of distribution, through financial and technical aid, and backing up these new chains that would be promoted there, there should be training programs to train store managers, store employees, administration training, and an educational program coupled with technical assistance and financial assistance to completely modernize the distribution structure of a demonstration city.

The CHAIRMAN. What about the transportation facilities? And they also would have to have roads and other transportation means.

Mr. FELLER. I certainly concur. An effort is being put forth in this direction in some areas.

I would like to point out that in a city like Bogotá, Colombia, of 1 million people who reside there, by some means food is flowing into the city, but it is being sold at astronomically high prices, due to the inefficiency of the distribution structure. Some means is being found to get the food in.

While I concur that roads and storage bins and all of the other elements of marketing back of the urban center are necessary and important—

The CHAIRMAN. You said that about 50 percent of the food deteriorates before it gets to the market or to the consumer?

Mr. FELLER. Yes, sir.

The CHAIRMAN. Is that due to a lack of transportation?

Mr. FELLER. It certainly is. Again, if we had strong chain distribution—if I had 150 retailers organized in a retailer cooperative in Bogotá, Colombia, you could directly contract with the farmers to grow the tomatoes and the lettuce and you could go out with your own trucks from the chain, like the early A. & P. stores did, and the I.G.A. does now—you could go out and build these channels and provide the marketing channels through which the goods would flow into the city. Presently, the truckers who are serving these rural areas are vastly inefficient, and they, too, are the victims of the structure in the cities. They may lose all of their load on a given day because there is no known organized chain of consumption; that is, a large volume consumption.

So, I say to select demonstration areas, and then the businessmen of other areas will find out that modern distribution technology not only will work but will make money for the private investor, and they will copy it as it was done in Puerto Rico.

We worked in San Juan and in other cities of the island, and they quickly adopted the techniques and the methods.

Mr. MACKIE. You made reference in your testimony to the farmers bringing their produce to the road to be picked up by the truckers. Do you have any comments—continuation of the Chairman's question, really, about the lesser developed countries where there may not be roads?

I am thinking primarily of the African countries.

Mr. FELLER. Making roads is the very vital part of our developmental programs. The point that I was making is that it is a question of emphasis here. There is a great deal that can be accomplished in the urban centers with the conditions as they now exist. Certainly, we should help farmers grow more. And certainly we should develop farmer-market roads and storage. And some projects are en route in this area.

My concern is that in the urban area there is practically a vacuum in terms of any attempt of any practical significance to cope with the urban distribution problem. I am not minimizing in any degree the problem of the marketing roads, but the fact is that millions of people are now eating through some means in the urban centers, and their method of buying food would be sharply improved, so that giving them purchasing power and again more incentive upon the part of the farmer, more incentive for the wholesaler to develop the channels back to the farmer—all of these would go together and help. Right now, the economic pressures are not great enough to build these channels back to the farmers, to get truckers who are organized to go out there and economically collect large quantities of foods and move them into the cities.

Mr. MACKIE. You have been talking about internally produced food. Would the same problems exist as to the imports of foods?

Mr. FELLER. Very definitely.

Mr. MACKIE. That is, food produced in this country—that is what I am talking about—that would be shipped to a particular country, let us say Bogotá, Colombia, how would that food be distributed? Would you have any recommendations there?

Mr. FELLER. In promoting joint ventures in developing nations, our American food producers, processors, in their attempts to establish joint venture developments in the processing of food in the recipient nations have failed in many cases because of problems of distribution where it was so complex that their costs were so high that they priced themselves out of the market, and these ventures failed. Certainly, we should make every effort to help people move more of their own domestically produced foods. Our own markets are dependent upon the marketing of our exports efficiently. For example, in wheat, bulgar is completely stymied in terms of a commercial market in cities like Bogotá, because you cannot market new items. The structure is not here to merchandise new items. They have maybe eight or nine items in the grocery store, and if you ask them to handle another one, the grocery store and the wholesaler are not geared to handle it. Our marketing of some products is stymied through a lack of efficient distribution structure.

Mr. MACKIE. So, in summation, what you are saying is that if we ship wheat or grain corn or beans, staples that are known in this country to a developing nation, this is part of the problem that has to be solved, and that is the most difficult part that they have?

MR. FELLER. Right. I am in favor of feeding children with the school lunch programs, but until we build a free enterprise system to market the food, we will not really solve our hunger problem. We must build the free enterprise institution capable of sustaining the production and the distribution, so that a country can begin to feed itself.

MR. MACKIE. Thank you.

MR. POAGE. Thank you very much, Mr. Mackie.

MR. REDLIN?

MR. REDLIN. I have one question of Mr. Tom. I am happy to see where you seem to indicate on behalf of your association that you do believe in orderly production increases and the protection of net incomes at the same time with supply management. Is this correct?

MR. TOM. That is correct.

MR. REDLIN. Thank you.

MR. SEARLES, I was very much interested in your comment regarding reserves. I note on page 5 of your statement that you say that finally the law should set a definite price scale for the disposition of the reserves in the market channels. I presume that you are referring here, as has been suggested by others, to a percentage relationship as to the acquisition costs, rather than a specific price figure.

MR. SEARLES. That is right. It would depend on the commodity involved and the price at which it was to be sold in the marketplace and the price at which it was price supported. When we speak of a definite price scale for the disposition of the reserves, this, obviously, refers to those portions of the reserves that should be in Government ownership. Hopefully, a larger percentage could be carried in commercial channels and there would be just the normal ebb and flow of market values which determine the distribution and the sale of those commodities. The one big unknown today in the carrying of commodities, the one that we normally think of when we think of commodity reserves, is Government ownership, and the method by which it is handled. This is really the one thing that would be the key factor in the reserve program, to determine the terms under which the Government would sell its portion. The market has a very happy way, as we have found over a period of several hundred years, I guess, in North America, of solving most of the problems that come along. The big problem is what we do about establishing guidelines for the Government.

MR. REDLIN. I presume that you are continuing to suggest that the 105 release price is too low and restrictive?

MR. SEARLES. Under existing circumstances.

MR. REDLIN. Then, you referred to the amounts, in other words, you anticipate the private segment will have varying amounts in reserves, and the Government will then have to carry that reserve which will build it to an agreed portion—whatever that might be?

MR. SEARLES. Here is what I think we should envision: That is, you would have a goal or an objective. Let us take, for the sake of argument, 600 million bushels of wheat as a reserve. If, for instance and in fact; 300 or 400 million bushels of wheat were being carried over in commercial channels, the requirement for the Government to own much would be minimal. The method by which they would achieve this reserve level of 600 million would not be to enter the market and to buy

200 million out of the private channels. This would not do anything. The policy would have to change on supply management, as has been referred to. This really is a reference to the price support program, the loan value, acreage requirement—all of these things are production control mechanisms which are presently in the hands of the Department of Agriculture, and those would require adjustments, and they would have to exercise the control anyway to move toward this goal.

I do not imagine that at any time your reserve would actually equal your objective or your goal. This is not the point. It is just that the national policy would be so set to move in that direction, much as it has been set in recent years to reduce the excessive supply of wheat from 1,400 million down to the levels they are today. Those were supply management decisions via the price support law which accomplished this move.

Conversely, if you needed more supplies in the United States, you would make the reverse decision which is being considered today on the wheat acreage.

Mr. REDLIN. Do you see some merit in the supply management approach? Am I correct in that?

Mr. SEARLES. With these appropriate guidelines—and this is really the problem today—it is that the price factor in this is largely Government—the Government prices its own stocks—it really has little or no guidelines to its policy—it does not seem to accomplish the purpose.

Mr. REDLIN. Does that lead me to believe then that there would come a point at which the Secretary, presumably in charge of this, would determine the reserves were getting too high, and you would suggest that he would then be obligated to sell?

Mr. SEARLES. I would say that he would be obligated to take action in terms of acreage. This would be the thing that would be necessary.

Mr. REDLIN. He would not be obligated to deal with that current figure?

Mr. SEARLES. I would say that the reserve figure as to the stocks that are built up in the Commodity Credit Corporation's hands would have to be set out on the basis of the need which would, really, be demonstrated by the fluctuation of the demand in the market, just as it has been in the last few years.

Mr. REDLIN. One more question: Under this kind of operation, is there not always a day of announcement on the part of the Commodity Credit Corporation?

Mr. SEARLES. There certainly is. And a good example of this is the way the day of announcement arrives for the acreage and price support under the commodity programs themselves. This is announced well in advance. The marketing quotas, the acreage allotments, the price support is announced by law well in advance. All of the people interested, principally the farmers know this, and they can depend upon it, and it is reliable.

When it comes to the other side, those rules are all off, as we know.

Mr. REDLIN. This is not to be a matter of law; this is to be something that you would direct the Secretary to do in the operation of the law, as to the quantities to be sold?

Mr. SEARLES. That is right. He would have to have some freedom in this to determine the percentages. Possibly, this could be stated as a percentage thing, saying that 10 percent of the reserves shall be sold or made available at 115 percent of the price support or 10 percent of Government ownership. This is different from 10 percent of the reserves, because the total ownership at the end of the year could be, as we have pointed out, any proportion of Government to a proportion of commercial, depending upon the national policy set.

Mr. REDLIN. What you are saying are two things: There should be a wider resale provision, and there should be a greater notice to the trade of what is going on?

Mr. SEARLES. Exactly, as a matter of fact, this predictability is probably one of the most important things in getting greater stocks of reserves in commercial channels.

Mr. REDLIN. Thank you.

Mr. POAGE. Thank you, Mr. Redlin.

Mr. CALLAN?

Mr. CALLAN. Do you believe that it is in the best interest of the country, the consumer, the producer, to have price stability?

Mr. SEARLES. I think reasonable stability. I do not believe in the OPA-type of price control. What is reasonable stability under the circumstances?

My answer as to this lies in this 115 percent thing and a rising scale.

Mr. CALLAN. You would think that if you had a price someplace between 105 and 115 percent of the loan value, that this would be enough movement so that we could have stability and still let the trade operate?

Mr. SEARLES. I think if the Government were not to enter the market for that certain percentage point of the price of wheat, for instance, or corn, this would be a reasonable stability in the marketplace which would protect the consumers and it would also protect the producers and other people who are in the business of growing or selling.

Mr. CALLAN. You are saying that the Government has to own some stocks if they are going to maintain stability?

Mr. SEARLES. Not necessarily. I think the reserve objective should be stated as a national goal. We may very well find that the farmers themselves, being included in the category of the commercial channels in this, would carry the entire national need. This is conceivable.

Mr. CALLAN. How can you have price stability under these conditions?

Mr. SEARLES. I guess you are going to have price stability by the very fact that you are reducing the supplies that are needed in the domestic and export channels. This is a constant function of the market—it is an efficiently done thing, and you are protected by the competitive nature of the market. This is really the protection.

Mr. CALLAN. I do not want to take a lot of time on this.

Would you outline how we should have price stability to both the consumer and the producer without having the Government own some stocks?

Mr. SEARLES. That is a good question. I suppose that I would have to relate this to other things that the producers and the consumers use, like automobiles. Are there controls for that?

Mr. CALLAN. That is altogether a different setup, really.

Mr. SEARLES. It is a hard one to answer.

Mr. CALLAN. All I would ask is that you could outline someway whereby you could have price stability in this country for agricultural products and not having the Government owning some stocks? We would like to see that.

Mr. SEARLES. I believe this happens with a great many agricultural commodities. I will point to all of those that the Government does not own today.

Mr. CALLAN. Would you just furnish that for the record?

Mr. SEARLES. I am just a consumer in these respects now.

Mr. CALLAN. Could you furnish that for us?

Mr. SEARLES. I would say that the competitive marketing of every commodity, that the competitive trade would do this.

Mr. CALLAN. What I am asking you to do is if you could just outline a program, such as you have done here, as to how this might be accomplished and submit it to me or to the committee for the record.

Mr. SEARLES. I believe that the competitive nature of the market is the ultimate protection to the consumers and the producers. This is the only final answer. And I would point to all agriculture commodities including, let us say, string beans—does everybody here eat string beans? I do. And I have never felt threatened by the shortage or overage of supply of string beans, and they always seem to be there and at a reasonable price, but the Government does not own any.

Mr. CALLAN. We are going to have to go into this, and there will have to be a policy set up here, I suppose, on whether or not we have strategic reserves, and this committee will have to arrive at a decision. If your people could give us an idea of how this could be accomplished without the Government owning these commodities, it would be of help to us, and I would think if you had a suggestion, what we could do—if you could submit this to us, we would appreciate having it.

Question to Mr. Fuller: We had testimony yesterday on distribution which indicated that 38 million Americans are on a substandard diet. I wondered if your people were doing any work along that line?

Mr. FELLER. I think that the food distribution industry is very anxious to find any means to increase its productivity. Our greatest research and hope at the present time is for increased material handling changes which will be substantially going to reduce our operating costs, and we are now embarking upon some new attempts at large discount-type supermarket operations, which have been able to reduce their gross margins by 2 or 3 percentage points, but it seems like every element of increased efficiency that we are able to produce in this structure is more than absorbed by increased wages every year. So, we are having a run to keep pace with the present growth margins, because, primarily, of the rapidly rising wage scales of this country, and we are competing for labor like any other industry.

Mr. REDLIN. I want to ask one more question, Mr. Searles. Do I understand that your group does support the idea of loans to farmers on their crops and farm storage?

Mr. SEARLES. I think that we probably think this is a basic assumption under which the agricultural industry in the United States is operating so far as basic crops are concerned, that is, wheat, corn, and the other commodities that are so-called basics. Given that assumption, we then try to solve the problem in front of us as far as the reserve

policy is concerned and the working of the markets to the advantage of the whole country. I am afraid I could not speak for the grain trade on whether they approve of price-support programs or not. There would be some who say "Yes" and some who would say "No." It would be much divided.

Mr. REDLIN. Do you think that could be answered the same way—as to the storage, as well?

Mr. SEARLES. I suppose that there would be varied opinions. A person who was in the business of storing grain in the country elevator objects to the Commodity Credit Corporation competition—bin sites.

Mr. REDLIN. I am speaking about on-the-farm storage.

Mr. SEARLES. On the basis of farm storage, to the extent that they are subsidized by the Government program, I suppose there are some in the storage business nearby who feel that they have been short changed.

Mr. REDLIN. Thank you.

Mr. GATHINGS (presiding). Are there any more questions?

We do thank you, gentlemen, for your fine statements.

We will now stand adjourned until 10 o'clock in the morning.

(Whereupon, at 12:30 p.m., a recess was taken until 10 a.m. in executive session, Thursday, March 3, 1966.)

WORLD WAR ON HUNGER

WEDNESDAY, MARCH 9, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable W. R. Poage presiding.

Present: Representatives Poage (presiding), Gathings, McMillan, Abernethy, Jones of Missouri, Stubblefield, Purcell, Olson, O'Neal, Foley, Stalbaum, de la Garza, Redlin, Griegg, Callan, Belcher, Teague of California, Mrs. May, Harvey of Indiana, Dole, Burton of Utah, and Hansen of Idaho.

Also present: Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; Francis M. LeMay, consultant; and Fowler C. West, staff.

Mr. POAGE (presiding). The committee will please come to order.

We are distinctly honored this morning to have with us our friend and longtime colleague, an outstanding chairman of this committee for many years, and one of the best versed on, and one of the best friends of, agriculture in the United States. We have with us Clifford Hope of Garden City, Kans. Mr. Hope has an imposing delegation accompanying him. I understand that he will introduce and possibly call on some of them for statements.

Is that right?

Mr. HOPE. That is correct, Mr. Chairman. All of these gentlemen would like to present a statement, and I think, possibly, two of them might want to take a minute or two to make an oral statement, if that is agreeable with the Chair.

Mr. POAGE. We will be delighted to have them make statements as they see fit, and we will be glad to have you call on them as you see fit, and for you to make any statement that you care to make, and in whatever order you care to make it.

Of course, we do want you to understand that we are delighted to have you back here. The committee has, through all of the years, felt that it suffered a loss, and we still have affection for you here, and anytime that you come back here, we are always delighted to have you.

We will be glad to have you proceed now.

STATEMENT OF HON. CLIFFORD R. HOPE, GARDEN CITY, KANS.

Mr. HOPE. Thank you very much, Mr. Chairman. I am sure that the Chair knows, and the older members of this committee know, of the affection that I have for this committee and the many fond recollections that I have of my membership on the committee for a great many years. It is with a great deal of pleasure that I am back here this morning to appear before the committee on a matter which, I think, is of considerable importance to the particular group which is with me today, which is composed of cooperators in the market development program with the Foreign Agriculture Service which was set up under Public Law 480.

I appreciate the opportunity which you have afforded me and my associates to appear before the committee at this time. We are interested in all aspects of the bills H.R. 12152, H.R. 12785 and other bills having the same objectives, but our purpose in coming here today is to discuss with you those parts of the proposed legislation which relate to the development and expansion of export markets for agricultural commodities.

If agreeable to the committee, I will make a general statement on the subject and will be followed by some of my associates who will deal with specific commodities on which market development programs have been in operation for the past several years.

At this moment, I will not introduce these gentlemen. As soon as I have concluded my statement, I will present them, and they will want to submit a statement and, as I say, possibly some of them may want to make a very brief oral statement.

Mr. Chairman, the great problem which has confronted American farmers in recent years is finding markets for the products which they produce in such great abundance. We have made some progress in marketing both in the domestic and export fields—but there is still much to be done. One of the programs under which real progress has been made is the cooperative foreign market development program which has been set up by Foreign Agriculture Service under the provisions of Public Law 480 and its various extensions.

This committee is so familiar with that program that I will not go into any detail concerning it except to call attention to the fact that, at the present time, there are 45 nonprofit market development organizations cooperating with the Foreign Agricultural Service and carrying out operations in 71 different countries. These cooperating organizations deal with every important agricultural product which enters into foreign commerce.

Mr. Chairman, the increase in agricultural exports since the passage of Public Law 480 in July 1954, has been nothing less than amazing. Consider these figures. For the fiscal year ending June 30, 1954, our total agricultural exports were \$2,936 million. Of this amount, \$2,331 million represented sales for dollars. Compare this with the figures for the fiscal year ending June 30, 1964, just 10 years later. For that year total agricultural exports were \$6,076 million, of which \$4,514 million were commercial sales for dollars. For the fiscal year ending June 30, 1965, the figures both for total sales and sales for dollars were practically the same as for the previous year. Thus, in 10

years, total exports increased over 100 percent and commercial sales practically as much.

Exports during 1965 would have been greater except for the fact that the seamen's strike, covering several weeks in the late part of the year, held up exports to a considerable extent. I am sure that there would have been a larger gain over 1964 if it had not been for that fact. Since I came to Washington, I have been advised that the Administrator of Foreign Agricultural Service, in appearing before the Senate Subcommittee on Agriculture Appropriations, stated that at the present time exports of agriculture commodities are at the rate of \$6,500 million per year.

During this period our total exports increased also, but not nearly as fast as those in the agricultural field. In 1953, agricultural exports comprised 18 percent of our total exports. Now, they are 25 percent.

Today the United States is by far the world's leading exporter of agricultural products. It completely dominates trade in temperate zone commodities. Our agricultural exports are approximately as much as those of Canada, Australia, and Argentina combined. The production of 1 crop acre out of every 4 in this country is exported. There is scarcely a commercial farmer in the Nation who does not produce something for the export market.

No doubt several factors have contributed to this fabulous expansion in agricultural exports. I know of no method of analysis by which it is possible to determine what proportion of these gains may be credited to the market development program or to any other one factor. The very fact, however, that this increase began with the initiation of the program and has continued with little interruption during its life, is strong evidence of the contribution which it has made. Furthermore, the increase is the logical result of the program which has been in effect.

The cooperation of Government and private industry which has taken place in the market development program has proved to be an effective means for strengthening foreign markets for agricultural products. The Government, through Foreign Agricultural Service, has made funds available and has contributed the work and talents of its worldwide organization. The cooperators in turn have contributed funds and personnel who are experienced and knowledgeable in the field of foreign trade. I know of no other foreign program of the Government to which there is a greater proportional contribution by industry.

Under both Public Law 480 and the bills under consideration, the Government's contribution in money is derived from foreign currency received from commodity sales, although the appropriation is made in dollars. The amount is surprisingly small, averaging about \$14 million annually in recent years. This is less than a fourth of 1 percent of our agricultural exports of over \$6 billion annually. Where else has the Government gotten so much for the foreign currencies derived from Public Law 480 sales?

And who has a greater interest in increased dollar exports than the Government? An adverse balance of payments in recent years has been one of our greater problems. During the 12 years from fiscal 1954 to 1965, exports of farm commodities for dollars has totaled \$37,339 million. If they had continued at the 1954 rate, they would

have been \$27,972 million. That increase of almost 10 billion on the right side of the ledger has been mighty helpful.

There may be some who think that because of new demands created by population increases throughout the world, dollar market development in the future may not be so important. Nothing could be further from the truth. The objective of the new program is to gradually get away from concessional sales in favor of dollar transactions. If food deficit countries are going to have to use hard currency anyway, they may well switch to our hustling competitors. The fact is, the nature of the new program makes market development even more important than it has been.

Make no mistake, competition in international trade is not decreasing. Any exporter, any cooperator in this program, or any official of FAS will tell you the trend is to the contrary. The competition comes not only from the traditionally large agricultural exporters like Canada, Argentina, and Australia who depend on such exports to maintain favorable trade balances, but from other and newer sources. The developing countries in Asia and Africa are tough competitors in commodities like cotton and tobacco. The countries in Western Europe are expanding grain production, and France has recently become an important wheat exporter. While most of the members of the Communist bloc are temporarily short of agricultural exports, they are making strenuous efforts to increase production and may be exporters again in good crop years.

World trade in agricultural commodities is a constantly changing picture. The unexpected often happens. Not too long ago, we were anticipating large increases in grain shipments to the countries comprising the European Economic Community. We thought they would remove or at least reduce existing trade impediments. Instead they are raising the barriers on practically all competitive products. While final decisions are yet to be reached in some of these matters, we know we will be in a less favorable position than we had anticipated.

Russia was an exporter of wheat for several years prior to 1963. Since then, she has been a large importer as has mainland China. Communist bloc countries in Eastern Europe have also imported substantial quantities of grain in late years. Our participation in exports to Eastern European countries, including Russia, has not been heavy. However, at present we are probably getting some dollar business from other countries which might have gone to Canada except for the fact that so much of the Canadian crop is tied up in deals with Russia and China.

Another important change occurring over the past few years is the introduction of new crops to our list of important dollar exports. Among these are rice, feed grains, poultry, and, greatest of all soybeans. Practically all soybeans in world trade now come from this country. At the rate they are now expanding, exports of soybeans and products thereof will reach an annual figure of a billion dollars before many years have passed.

Exports of feed grains, especially corn and grain sorghums practically all for dollars, have increased rapidly. One-half of all the corn and four-fifths of the sorghums in world trade come from this country.

All in all, over \$2,700 million worth of our 1965 exports consisted of commodities which were nonexistent or inconsequential prior to World War II. Thus, the market development program has kept step with changing times and conditions. But markets for our longtime and traditional exports must also be maintained and strengthened if we are to have a healthy agricultural economy.

The very existence of this cooperative program has been an important incentive and stimulus to market expansion. The fact that the Government itself has a positive and permanent export policy and that agricultural producers and handlers are cooperating in it, is assurance to exporters that they are justified in expanding their operations and personnel, and making provision for additional facilities which will be needed if, and as, world trade increases.

One of the major objectives of Public Law 480, other than facilitating the sale of agricultural products for foreign currencies, is the development and expansion of markets for American agricultural products. The Congress in originally enacting Public Law 480, and in subsequent amendments, has emphasized this objective in both the language of the statute and in the committee reports.

In order to make certain that proper emphasis would be given to this activity, the Congress made provision for the setting aside of minimum amounts to be earmarked for this purpose, and for the mandatory conversion of sufficient amounts of foreign currencies to make available the kind of currencies which might be needed in the countries where market development programs are to be carried out. This legislative policy has been supported by the appropriation committees in appropriation bills and committee reports.

We urge that in any new legislation—and this is the most important part of my statement—the provisions in existing law affecting market development be preserved and that this committee continue to emphasize cooperative market development activities as they have been carried out under Public Law 480 as amended.

Mr. Chairman, we appreciate this opportunity to present our views on the market development phases of the legislation which is before you.

Mr. POAGE. We are delighted to have you here, and delighted to have had your views, and if you feel like calling some of your associates now, you may do so.

Mr. HOPE. Yes. If that is the pleasure of the committee, I will do that, but before that, however, I would like to offer for the record three documents from cooperators in this program who were not able to have representatives here today.

One of these organizations is the American Hereford Association, which has submitted a letter signed by its assistant secretary, Mr. B. C. Snidow; another is from the Dried Fruit Association of California, which is signed by Mr. A. E. Thorpe, its executive vice president, and the third is a letter from the Cling Peach Advisory Board of San Francisco, Calif., signed by Mr. W. R. Hoard, manager, advertising and promotion. All of these letters are in accord with the statement which I have just made to the committee.

Mr. POAGE. Without objection, they will be included in the record.

(The letters referred to are as follows:)

CLING PEACH ADVISORY BOARD,
San Francisco, Calif., February 25, 1966.

CALIFORNIA CLING PEACH ADVISORY BOARD,
*Cooperator with Fruit and Vegetable Division of Foreign Agricultural Service,
USDA, for Market Development and Expansion for Canned Cling Peaches
and Canned Fruit Cocktail in 10 Western European Countries:*

Continuation of section 104(a) of Public Law 480 as written, and of course, continuation of European market expansion programs is of vital interest to California's cling peach growers and canners. Processed value of California canned cling peach products approaches \$250 million annually, and of this total, the export valuation is \$50 million.

Maintenance and expansion of the export market, primarily into the United Kingdom and Western Europe, is of great importance—as an outlet for a large portion of this major U.S. canned fruit pack, because forcing any portion of the exported cases of fruit on the domestic market would be demoralizing, and because of expanding production in this and other canning fruits. There is much evidence that domestic consumption is at or near a peak level, having gained slightly on a per capita basis for some years.

The Cling Peach Advisory Board, operating through a California marketing order under auspices of the California State Director of Agriculture, has conducted strong domestic advertising and promotion programs for 19 years and recently has launched export promotion activity in various European countries.

This promotion work is now underway in 10 countries, with concentrated, fullscale advertising, merchandising, and public relations work in West Germany, United Kingdom, Denmark, Sweden, Netherlands, and Belgium.

California cling peachgrowers are supporting the export promotion and advertising program with annual allocations of \$275,000. The program needs assistance as a cooperator with the Foreign Agricultural Service to help assure attainment of the goals of increased per capita consumption in Western Europe and annual increased importations by these countries in the face of continuing and growing competition from other producing areas around the world.

Careful and detailed trade and market surveys and consumer use, knowledge, and opinion studies give strong assurance that attainment of these goals is possible if commodity promotion programs are continued.

W. R. HOARD,
*Manager, Advertising and Promotion,
Cling Peach Advisory Board.*

DRIED FRUIT ASSOCIATION OF CALIFORNIA,
Santa Clara, Calif., February 28, 1966.

Hon. HAROLD D. COOLEY,
*Chairman, House Agriculture Committee,
House Office Building,
Washington, D.C.*

DEAR MR. COOLEY: The Dried Fruit Association of California has a very modest program under section 104(a) of Public Law 480. Under this program the Dried Fruit Association pays the salary and part of the travel expenses for a European representative for the dried fruit and tree nut industry. The U.S. Department of Agriculture, Foreign Agricultural Service, under the terms and conditions of section 104(a) of Public Law 480, supplements this program by furnishing office space and certain travel expenses. This program has worked out very well indeed.

Georg Schneider is our representative, and makes his headquarters in Rotterdam, the Netherlands. He has had vast experience in the field of dried fruits and tree nuts, having served for many years as managing director of the Gebroeders Catz Co. in Rotterdam. Perhaps no one man has a better fundamental knowledge of the dried fruit and tree nut problems in Europe, and Mr. Schneider's representation has assisted us immeasurably.

He keeps us posted on events taking place within the European Economic Community. For example, we attach a copy of a recent article he wrote on the subject for our members. Through Mr. Schneider the industry is well-informed on trade conditions in dried fruits and tree nuts. One of the most useful functions he performs is in the field of foreign food laws, many of which can be inimical to the interests of the California industry.

In other instances, he has been able to amicably settle disputes which arise between buyers and sellers of California dried fruits and tree nuts. During this past year Mr. Schneider has arranged and given several illustrated lectures on California dried fruits and tree nuts which have been very helpful and informative. In addition to all of these established functions, he acts as our representative in the day-to-day problems which arise out of trading.

We wish to go on record here and now that we are very much pleased and impressed with the businesslike method these programs are administered by Foreign Agricultural Service, and we are especially indebted to the assistance and help we have received from the Fruit and Vegetable Division of FAS.

Individual segments of our industry, including the raisin industry, the prune industry, and the walnut industry, have extensive programs with FAS on advertising and trade promotion overseas, and while we cannot speak for these people, we have heard nothing but compliments on the valuable assistance that these programs have rendered these particular commodities.

We are indeed hopeful that Congress will continue with this very valuable program.

Very truly yours,

A. E. THORPE,
Executive Vice President.

AMERICAN HEREFORD ASSOCIATION,
Kansas City, Mo., February 24, 1966.

MR. HUBERT E. DYKE,
*Chairman, Cooperators' Washington Committee,
U.S. Feed Grains Council, Washington, D.C.*

DEAR MR. DYKE: It is our understanding that Public Law 480 will be discussed soon before the House and Senate Agriculture Committees and it is, therefore, our wish that the committees be advised that this association urgently suggests continuance of Public Law 480 and particularly section 104(a) as written.

While this association has not engaged in extensive market development in foreign countries to the extent of some other phases of industry and agriculture, we consider that which we are currently pursuing to be very important to the American breeders of Hereford cattle. We anticipate a considerable expansion of the export market for breeding stock to foreign countries and developing this market would not be possible were it not for the cooperation of the USDA which has been made possible through Public Law 480.

Sincerely yours,

B. C. SNIDOW.

(The following statement was also submitted to the committee:)

STATEMENT OF HON. ROBERT F. ELLSWORTH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF KANSAS

Mr. Chairman, I believe this committee may have embarked on the most important congressional discussion of the 1960's. Today, 10,000 people around the world will die of starvation. Last year, world production of food increased by only 1 percent, while world population increased by 2 percent. This is a collision course which could explode into the most devastating famine in the history of the world. The Honorable Clifford Hope, who served with distinction on the House Agriculture Committee, and is founder and former president of Great Plains Wheat, has spent his life dealing with the complex problems of agriculture. Agriculture already owes Mr. Hope a tremendous debt. The committee is fortunate to have his testimony, and it is obvious that from his vast reservoir of knowledge a great contribution will be made toward the solution of the most fearsome and haunting problem facing the world today—the problem of mass starvation.

Mr. HOPE. At this time, I will go down my list here. I am not sure that everyone on the list is here, but I assume that they are.

First, I will call on Mr. Robert L. Minor, of the Tobacco Associates, Inc.

Mr. POAGE. Is Mr. Minor here?

STATEMENT OF ROBERT L. MINOR, TOBACCO ASSOCIATES, INC.

Mr. MINOR. We concur with the statements presented by Mr. Hope.

Mr. POAGE. All right, we will make a note of that.

Mr. HOPE. Next is Mr. Sam Sabin, U.S. Feed Grains Council.

STATEMENT OF SAMUEL H. SABIN, U.S. FEED GRAINS COUNCIL

Mr. SABIN. The council supports Mr. Hope's statement.

We would like to file a very brief statement of our own for the record.

Mr. POAGE. Without objection, it will be included in the record.

(The prepared statement submitted by Mr. Sabin follows:)

STATEMENT OF SAMUEL H. SABIN ON BEHALF OF U.S. FEED GRAINS COUNCIL

Mr. Chairman, members of the committee, my name is Samuel H. Sabin and I am appearing today on behalf of the U.S. Feed Grains Council. I am a director of the council and also vice president of Continental Grain Co.

The council is interested in continued availability of funds under the authority of section 104(a) of Public Law 480. In the event new legislation is enacted we urge the retention of the provision section 104(a). The U.S. Feed Grains Council is a nonprofit organization interested in promoting and expanding export markets for corn, grain sorghums, barley, oats, and alfalfa. Our membership is varied and includes producers, grain dealers, seed corn producers, processors, and more recently chemical and transportation firms.

This broad membership base gives the council an exceptional opportunity for export market promotion work in cooperation with the Foreign Agricultural Service. During the 1959-60 crop year market promotion work was started by the council. At that time exports of U.S. feed grains produced about \$525 million. This crop year the returns will be more than \$1 billion. U.S. exporters today sell more feed grains in foreign markets than the rest of the world combined. As illustrative of the quantities involved, the respective exports of corn and grain sorghums are:

[In million bushels]

	1959-60	1965-66
Corn.....	230	675
Grain sorghums.....	98	200

Increasing feed-grain export sales seem possible with continued sales efforts. Most of the feed grains are consumed by livestock and the world's need for meat, poultry, and dairy products is constantly increasing. The council concentrates its promotion efforts in the areas most likely to produce dollar purchases but are always ready to assist in other areas.

Council projects are going forward in approximately 20 foreign countries under contracts with the Foreign Agricultural Service. Particular attention is being given to new emerging dollar purchasers of feed grains. Japan and Spain are the prime examples, and their feed grain industry is most appreciative of the council's efforts and eager to learn new techniques. Feeding demonstrations predominate the council's projects but advice is available in the retail distribution and handling fields. The council participates in foreign agricultural fairs and is sponsoring this month an agricultural trade exhibit and seminar in Tokyo. Some 18 U.S. firms have arranged for exhibits and the seminar will include lectures on a variety of subjects relating particularly to the production and marketing of poultry and poultry products.

The council also is in touch with foreign governments on various problems relating to the importation and use of feed grains. Visiting teams of feed specialists add to the interchange of knowledge and views which result in more trade. The export promotion work for feed grains has been underway for about 6 years. A momentum has been achieved which should not be lost either through an interruption in market promotion activity or for other reasons, such as any

disruption in supply. The latter would cause the United States an incalculable loss in prestige and future business. The suspension of grain shipments to Japan in 1965 by reason of the maritime strike resulted in higher prices and the liquidation of small firms. The continuity of sales effort on the basis of continued supply at reasonable prices was interrupted.

The continued export of agricultural commodities should be encouraged by continuance or reenactment of the provisions of section 104(a) of Public Law 480 as amended.

Mr. HOPE. Next will be Mr. L. C. Carter, president of the Rice Council for Market Development.

Mr. L. O. TIEDT (general manager, Rice Council for Market Development). Mr. Chairman, Mr. Carter is, unfortunately, unable to be here. My name is L. O. Tiedt, and I am general manager of the Rice Council for Market Development. I would also like to submit a statement for the record on behalf of our organization.

Mr. POAGE. Without objection, it will be included in the record.

(The prepared statement of L. C. Carter, president, Rice Council for Market Development, follows:)

STATEMENT OF L. C. CARTER, PRESIDENT OF THE RICE COUNCIL FOR MARKET DEVELOPMENT

Mr. Chairman: my name is L. C. Carter. I am president of the Rice Council for Market Development.

The Rice Council is a market development organization which is voluntarily supported by and represents over 18,000 rice producers, 38 rice millers and other segments of the industry in Arkansas, California, Louisiana, Mississippi, and Texas. Our industry signed a contract with the USDA on August 3, 1956, which authorized the use of funds developed under section 104(a) of Public Law 480. However, only limited activity was carried out before 1961.

At this time, the council is carrying out rice market development in South Africa, Denmark, Finland, Sweden, Switzerland, the Netherlands, West Germany, Belgium, and the United Kingdom, with limited activity in other countries.

In fiscal year 1961, 21,500,000 hundredweight of milled rice were exported from the United States to over 90 countries in the world. In fiscal year 1965, 28,500,000 hundredweight were exported. Exports for dollars have climbed steadily from 7,200,000 to 16 million hundredweight whereas the amount exported under Government programs has decreased to 12,500,000 hundredweight. Of this amount 11,200,000 hundredweight were sold for foreign currency.

This simply means that the rice we now export is more of a dollar earner for the United States. Percentage-wise, since 1961, dollar sales to foreign countries have increased 122 percent.

This increased activity by the rice trade is largely due to the fact that the Rice Council, supported by both Government and industry funds, has effectively coordinated the efforts of the entire rice trade within a country in a cooperative program of market expansion for our quality product. This type of cooperation is unique.

Our industry has had the benefit of a program which has permitted us to apply commercial knowledge and U.S. Government funds to significantly increase rice sales for dollars. We must not, however, allow these early successes to generate complacency on our part for we have learned from past experiences that we are in a critical period in several foreign markets. Total rice sales have increased and our share of the market in various countries has steadily improved. We strongly feel that discontinuing or even reducing the cooperator program at this time would seriously affect our dollar exports to several important countries.

Further, it is not enough to rest on our laurels in nine countries of the world. We must expand our program activity to still other countries capable of purchasing our product. The rice industry stands ready to participate in an expanded program which would continue to acquaint the foreign user with U.S. rice.

We as an industry have the knowledge and opportunity to cooperate with trades people in foreign countries. The U.S. Government does not have this advantage. However, a joint industry-Government market development program will benefit the United States by creating a dollar return resulting from increased rice sales.

Mr. Chairman, I hope that I have been able to adequately explain the feeling of the American rice industry toward the market development program. We are a small industry, but have managed to work effectively with the U.S. Department of Agriculture over the past few years to create dollar sales for U.S. rice. We hope that the Congress of the United States will continue to make funds available to the rice industry so that present markets may be expanded and new markets developed.

On behalf of all segments of the U.S. rice industry, I wish to express our appreciation for your time and especially for the consideration that you have always given to market development for U.S. agricultural commodities.

Mr. HOPE. Next is Mr. Seeley G. Lodwick, representing the American Soybean Association and the Soybean Council of America.

STATEMENT OF SEELEY G. LODWICK, WEVER, IOWA, REPRESENTING AMERICAN SOYBEAN ASSOCIATION AND THE SOYBEAN COUNCIL OF AMERICA

Mr. LODWICK. I would like to have two statements filed, one on behalf of the American Soybean Association and another one on behalf of the Soybean Council of America.

I would appreciate having the opportunity of summarizing those statements with an oral statement.

Mr. POAGE. Without objection the statements will be included in the record, and we will be glad to hear from you at this time.

(The prepared statements submitted by Mr. Lodwick are as follows:)

STATEMENT OF SEELEY G. LODWICK ON BEHALF OF THE AMERICAN SOYBEAN ASSOCIATION

Mr. Chairman and gentlemen of the committee, my name is Seeley Lodwick and my home is at Wever, Iowa. I am a member of the board of directors of the American Soybean Association, which is the nationwide organization of soybean growers. I am a member of the market development committee of the association, and in the absence of the president and the chairman of my committee I have been delegated to present this statement. Let me make it clear that I am a soybean producer—a farmer—and speak from the farmer's viewpoint. However, I am today also speaking in behalf of the Soybean Council of America, which is the industrywide promotional organization of our industry formed by growers and processors of the soybean crop.

Among all agricultural crops grown in the United States soybeans are the No. 1 dollar earner in export trade. More dollar exchange was generated for the United States from the sale of soybeans, soybean oil and soybean meal in the markets of the world than from any other commodity. This has now been true for 3 consecutive years.

Soybeans are the No. 3 crop in dollar value in the United States, being exceeded only by cotton and corn. Soybeans are not in surplus, have never been in surplus. All sales of soybeans and soybean meal are strictly for dollars through the private trade.

During the 1964 crop year which ended on September 30 we exported 212 million bushels of soybeans—out of a 700 million bushel crop—with a cash value to farmers of nearly \$600 million. We also exported 2¼ million tons of soybean meal—all for dollars—with a cash value of \$175 million. In addition, we exported into the markets of the world 1.35 billion pounds of soybean oil worth \$151,420,000, of which 60.7 percent was sold for dollars and 39.3 percent under Public Law 480 financing.

I would be remiss if I did not point out to you that all of these soybeans and soybean products have gone into new markets—markets which did not exist 15 years ago. Previous to World War II we were the world's largest net importers of fats and oils. Today, because of our soybean production, we are the world's largest net exporters of these commodities. During the period since the end of the war the soybean crop has absorbed nearly 25 million acres from other crops

which were in surplus, including corn, wheat, cotton, rice, and others. Where would American agriculture be today had we not been able to turn to soybean production?

Because soybeans and soybean meal have never been in surplus they have never been sold under Public Law 480. A portion of the soybean oil has been sold under title I of this program. It has been the privilege of our industry to use some of the foreign currency funds accrued through the sale of this soybean oil, and from other commodities, to promote our products in world markets, as a result of our working contracts with Foreign Agricultural Service.

The growth from no exports of soybeans and products to a situation wherein 46 percent of the total 1964 soybean crop was marketed outside the United States did not just happen. During a period when we increased our production by four times! The world did not come to us and demand our soybeans and products—10 years of hard diligent work have gone into creating today's overseas markets. This has been hard diligent work on the part of literally hundreds of men in our industry, plus the use of section 104(a) funds available to us on a contractual basis from Foreign Agricultural Service. Our industry has put as much as \$280,000 per year into overseas promotion. Applied capital plus manpower have done the job of creating overseas markets which did not previously exist—they were created by hard work.

Last year our industry brought back to the United States over \$1 billion in dollar exchange. Market development funds from Public Law 480 contributed materially to this income. I would like to cite for you a few examples of soybean market promotion and how it has benefited the U.S. farmer. These are only a few of many examples—but I hope they will help justify our appropriation of funds to Foreign Agricultural Service for market development work by cooperating commodity organizations.

The soybean crop is a relative newcomer to the United States—it came to us from the Orient. Japan has been a heavy user of soybeans for hundreds or perhaps thousands of years. Japan is a small country—nine-tenths the area of the State of California. A large part of that area is mountainous. Japan has nearly 100 million people to feed—and she cannot possibly produce enough food within her borders. She must import foodstuffs. Her people cannot yet afford nor obtain animal products in the quantities and types accepted as commonplace here in the United States or in northern Europe. She must use vegetable protein—soybeans. She uses them in Miso, Tofu, Shoyu, Natto, Kinako, and a long list of oriental-type products. But Japan cannot hope to produce the quantity of soybeans her people need, especially as they progress into the use of animal products as they are now starting. Japanese soybean production is declining steadily because she can buy them from the United States cheaper than she can produce them, due to our use of laborsaving equipment.

In 1955, prior to the start of our market development project in Japan, the Japanese purchased less than 20 million bushels of soybeans from the United States. Last year she purchased 52 million bushels of U.S. soybeans—all for cash. While soybean production is declining our exports to them continue to climb upward each year because they can use their limited land area to greater advantage in producing other crops.

Since April 1, 1956, we have maintained in conjunction with Foreign Agricultural Service an office and a staff of people in Japan promoting the sale and usage of U.S. soybeans through a program of education, promotion, demonstrations, symposiums, and similar events. We have worked with each of the major soybean food groups in promoting their products. For 4 years we have operated, through the food manufacturers association, a small fleet of demonstration buses which go into the villages to demonstrate the use of soybean foods. We are now also working with livestock research people, feed manufacturers and others in promoting the use of soybean meal in poultry and swine feeding. We have recently completed a very comprehensive survey on the factors affecting the purchases and consumption of soybean oil in Japan, done for us by a recognized professional public relations firm.

Not all of the gain in usage of U.S. soybeans can be attributed to the market development program we have been conducting, but certainly a good portion of it can be attributed to this work. And we are far from having completed our assignment in Japan, too!

Even today, after 10 years of promotion, the per capita usage of edible oil in Japan is only about 15 pounds—one-half of the figure Japanese nutritionists say their people should be consuming. It is only one-third the level of consumption in the United States. We are cooperating closely with the Japanese

margarine manufacturer in their conversion to the use of vegetable oils—and soybean oil—to replace the marine oils they have been using. A team of technical men from the Japanese margarine plants was brought to the United States in 1965 under our sponsorship for a 2-week intensive short course which we planned and staged for them in the handling, refining and use of soybean oil in producing high quality margarine.

Many programs and many devices have been used in promoting soybean products to the Japanese consumer. The American Soybean Association has spent large sums of money and has provided much manpower for this program. We have used Public Law 480 funds consistently for expenses within Japan.

The separate brief being filed with your committee in behalf of the Soybean Council of America summarizes the activities of that organization, for which I am speaking today. Soybean Council operations have been largely in the European and Middle Eastern markets, and in those countries where oil or meal was needed, along with soybeans.

Our program of promotion has been one in which we have cooperated not only with Foreign Agricultural Service but with other trade groups within the United States who are working in Japan. For instance, for 2 years we employed jointly with the U.S. Feed Grains Council a feed technician—a highly trained and skilled man whose job it was to work with the feed manufacturers, both cooperative and privately owned, in the use of increasing quantities of soybean meal and of U.S. feed grains—corn and grain sorghums particularly. We have worked with the wheat groups, and with the Renderers Association on the use of U.S. tallow and greases in feed formulation. Wherever possible we have joined hands with other U.S. groups in promoting greater total markets for U.S. agricultural commodities.

American agriculture is today a dynamic industry with a production capacity far in excess of our domestic markets. We cannot hope to survive financially as farmers unless we build continually expanding markets outside the United States. The use of section 104(a) funds for market development work on soybeans and soybean products, along with the other products of American agriculture, has contributed materially to our present status as compared with the shrunken overseas markets of the 1953–55 era. But we have only begun to do the selling job which can and should be done. Continuing approval of appropriations of section 104(a) funds for market development work by your committee is essential to continued progress in building overseas markets for the products of American agriculture. Almost half our total soybean crop now goes into exports. There are still far greater markets than we have developed. Agriculture has no means of financing this promotional work except through the use of Public Law 480 funds, matched by funds from agricultural trade groups, to do the total job. We hope your committee will see fit to appropriate the funds requested by Foreign Agricultural Service for this work in the coming year.

This opportunity to present our support for proper funds for market development work, to be appropriated to Foreign Agricultural Service, is greatly appreciated.

STATEMENT OF SEELEY G. LODWICK ON BEHALF OF THE AMERICAN SOYBEAN ASSOCIATION AND THE SOYBEAN COUNCIL OF AMERICA, INC.

Mr. Chairman and members of the committee, I am Seeley G. Lodwick, of Wever, Iowa, a farmer. My family has been growing soybeans ever since 1922, and I am here today representing the American Soybean Association of which I am a director, and also the Soybean Council of America, Inc. The association is the national organization of soybean growers with headquarters in Hudson, Iowa. The headquarters of the council is in Arlington, Va. The council is also a national organization which is industrywide, including processors and other industry people as well as producers. The members of these organizations have worked in harmony through the years because they have a common purpose. That is to build markets for soybeans and products.

The results of their joint efforts in overseas work with the Foreign Agricultural Service—and the effort of many others here in the Congress and elsewhere—are well known. Soybeans continue to be the No. 1 dollar earner of this country among all our exports of farm products. This has not just happened. It is the result in large measure of market development, of aggressive and unremitting work to produce, promote, and sell a good and ever-improving product at a reasonable price.

We therefore urge you to continue market development by retaining section 104(a) of Public Law 480 as it is now written. Let me turn to the record.

Soybeans were grown in the Orient as long as 5,000 years ago. But they did not become a major crop anywhere in the world until our pioneering plant breeders brought them to this country, and until research in the United States during this century established the high value of their protein content. Today, in the United States, more than 65 percent of all protein used in balancing livestock and poultry feed rations comes from soybean meal.

As you are well aware, the severest of all shortages around this hungry world is in protein. In addition to their use in feeds for livestock and poultry, soybean products are being used in human foods to fortify poor diets, especially the diets of young children numbering in the millions around the globe. In the present world war against hunger and malnutrition, soybeans are a powerful weapon.

Soybeans are being used to upgrade the nutritional value of cassava, a starchy food that is a principal but poor part of the diet of young children in many needy nations. Just the other day the USDA reported that the Commodity Credit Corporation is buying defatted soy beverage powder for donation overseas under the market development program. This nutritious protein-rich product will be introduced for the first time into the diets of youngsters at hospitals in orphanages, and schools of Brazil, Taiwan, Korea, Hong Kong, and elsewhere.

Soybeans are grown today in 30 of our States with the heavy concentration of production in the Midwest and Southeast. Acreages in recent years have been exploding. Soybean plantings over the country in 1965 increased by 3.8 million acres over 1964. Last year's harvest of almost 844 million bushels was a record—a full 20 percent above the previous high.

Plantings in 1964 were almost 5 million acres more than the annual average of the previous 5 years. Production in 1964 was a record as had been 1963 before it. And now in this year of 1966, following that record-shattering crop of 1965, we are seeking to increase plantings once again by 2 to 3 million acres and to produce still more beans than ever before.

We believe that domestic and world demand will require another increase of that dimension. The demand by 1975, we estimate will require that we grow twice as many soybeans as we have been producing. Since the end of World War II soybeans have spread over most of the country to cover more than 20 million acres that were formerly in cotton, wheat, corn, and other crops with which we have had surplus problems.

It isn't any wonder that soybeans are called the miracle crop.

Not only is the story one of rising acreages and increasing production, but soybeans also have the distinction of never having been in surplus, and we see no reason that they ever should be. All sales of soybeans and of soybean meal, at home and overseas, have been for dollars. Neither beans nor meal has been sold for foreign currencies or given away. Neither has cost the taxpayer one red cent; on the contrary, all citizens have benefited. Billions of dollars have been generated throughout agriculture, industry, and the entire economy of the country by the mounting production of this remarkable commodity, and the development of its many uses.

To produce enough soybean meal to meet the growing demand of dollar markets at home and abroad, the U.S. crushing industry produces more soybean oil than the commercial market can take. Soybean oil therefore has been in surplus, but almost half of it is today moving through commercial channels with the balance being programed for shipment under the 480 program. Congress granted the CCC the authority some time ago to buy soybean oil on the open market for the people of this Nation and other nations whose need for it has exceeded their ability to pay. Vegetable oil was the only commodity which CCC had the authority to buy on the open market until milk was included by action of the Congress last year.

Prior to World War II, the United States was the world's largest net importer of fats and oils. That situation is today reversed. This country is now the world's largest net exporter of fats and oils, mainly soybeans and soybean products.

Almost half of our total soybean crop is being exported, as soybeans, oil, and meal, entering a world market that is free, open, and unrestricted, where the buyer can contract for certain delivery at stable and reasonable prices. These principles that are so basic to our enterprise system are working today and working very well in the world market for soybeans, and probably in the soybean market alone. There is no other major farm commodity that I know about which is flowing

so freely in international trade, without artificial barriers between buyer and seller.

The phenomenal growth in our export market has occurred since the mid-1950's when the market development program started and the soybean council was organized. Figures from the USDA show that during the past 10 years the dollar value of U.S. exports of soybeans has increased fivefold.

Soybeans and their products are expected by the USDA to continue returning more dollar exchange in the current marketing year ending next September 1 than last year when new records were established in all categories.

Exports of soybeans benefit the Government and our whole economy because they bring back a large, steady flow of dollars which help to improve the country's balance of payments. Expanding foreign markets also mean fewer controls over agriculture which reduces the costs of operating Government farm programs.

Export markets not only mean increased sales for the farmer, but they strengthen his markets at home. As an aside, I might add that the CCC has made money on the soybeans that it has acquired and marketed through the years.

Industries such as crushers, equipment manufacturers, refiners, food companies, and many others have found in the soybean a product that has accounted for the profitable investment of billions of dollars. At the same time that our land grant colleges were experimenting with the use of soybean meal as a supplement for feeds, industry was beginning to invest new uses for our miracle crop. I would like, as a producer, to pay my sincere respects to industry and what it has done for us.

During the 1920's, for example, Henry Ford was an outstanding promoter of soybeans. He carried out research on a thousand acre experimental farm in near Dearborn, Mich. At the Chicago world's fair in 1933 he demonstrated a working model of a solvent processing operation. He employed soybeans on his cars for knobs, steering wheels, and dashboards.

Soybeans in the twenties were used mostly for hay and green manure. Since then, however, the search for new uses has become a runaway proposition. I am informed that there are now being manufactured in the United States several hundred products which include soybeans or soybean products such as oil and meal.

Industry, farmers, colleges, and the Government are allied today in a global campaign of market development. Technicians skilled in crushing and processing the soybeans are working in foreign lands; food chemists are instructing our friends overseas in the uses of soy oil as well as how to test it. Experiments in human nutrition as well as in livestock and poultry feeding are being carried out all over the world.

An accepted ingredient of a good poultry feed is soybean meal. Joint demonstrations by the poultry industry and our organizations have greatly increased the sales of meal. Spain is a case in point. An initial shipment of 4,000 tons of meal to that country in 1959 for experimental use is bringing us annual sales today of more than 200,000 tons—paid for in hard dollars. Meal is widely used in animal feeds as well as for poultry. Even Spain's famous fighting bulls now get soybean meal in their rations.

Our experience in Spain with soybean oil is a Cinderella story.

The first sale of U.S. soy oil to Spain was made in 1956 under the 480 law—for their own currency, not for dollars. We were almost laughed out of the country because of Spanish people's traditional use of olive oil.

We were about ready to give up.

Many people in this country felt that it was a hopeless cause, a waste of time and money, but our industry persisted in thinking Spain offered a good potential dollar market. We responded to early failure by sending technicians to Spain to work with their industry people in the handling, storage, and sale of soybean oil. The soybean council has continued to work with the oil trade and government in Spain ever since.

And how did it all turn out?

In the 1962-63 crop year we sold Spain about 224,000 tons of soybean meal, all of it for dollars. Average annual exports to Spain have remained at a high level with payments in dollars continuing. In addition we are also selling whole soybeans to Spain, again for dollars. Several crushing plants have now been built by U.S. companies with Spanish partners.

The market development program is constantly being changed to meet changing world conditions. Nutritional needs, consumer purchasing power and habits, population gains, livestock expansion—and also competitive situations—have

called for rapid alterations in marketing programs. Flexibility in handling a complex of activity is of great importance to maintain present markets, to expand them, and to find new ones.

Many U.S. firms have invested in recent years in soybean and mixed feed processing operations overseas, thereby extending markets. Japan, as you probably know, is our major market. Last marketing year the Japanese took more than 48 million bushels of our soybeans, considerably more than twice our annual sale to them back in 1955 just before our market development program started.

Our large volume of sales in Japan is due directly to the cooperative work of the American Soybean Association, industry groups in Japan, and USDA's Foreign Agricultural Service. This market expansion of 240 percent in the past few years has been achieved at a cost of only seven-tenths of a cent per bushel or a shade more than a third of a cent on each increased dollar of sales.

Sales records in countries other than Japan and Spain are maybe less dramatic but the gains made are of similar proportion. I can assure you, Mr. Chairman and members of the committee—market development does pay off, and very handsomely too.

In Germany, another good market for us, the Soybean Council is working closely with the German Oil Millers Association in promotion and quality checking of U.S. soybean shipments. The council is also keeping individual mills informed with market reports, statistics, and technical information.

Eight years of promotion of soybean meal in Europe have brought great success. Shipments to Europe of soybean meal during the last marketing year added up to 1½ million tons. Ten years ago our exports of meal to Europe went not one-tenth of that amount.

Europe has used more and more soybean meal in feed because we made it plain that its use would result in increased returns for livestock and poultry production. This is promotion that benefits everybody concerned.

Our promotion is backed up by sound technical advice to insure that consumers get quality products. Technical help is provided in handling, storing, in refining and processing. Education is provided through publication of the results of studies and surveys, by films, pamphlets, and other materials. The program also includes special events such as agricultural and food fairs, seminars in the use of our product, and feeding demonstrations. Mobile units such as buses containing exhibits and demonstration models are used to take our story out across the countryside.

We have problems, of course, and we are working on them all the time. In Japan, for instance, check sampling is being continued at the rate of 5-to-10 percent of our exports to that country, in order to be sure that the same quality of soybeans purchased are in fact shipped. When this is not the case U.S. exporters are so informed. The American Soybean Association, through the Japan Oil-stuff Inspectors Corporation, identifies any shipments of low quality. This is how we put teeth into the requests we make of exporters to maintain grade standards.

The market for fats and oils in Japan is being studied by the American Soybean Association to help the soybean crushing, the processing, and refining industries in that country to increase consumer demand. An effort is underway to promote vegetable oils at the retail level in order to raise Japan's low consumption of fats and oils above the present figure of about 15 pounds per person.

Increased crushings of United States soybeans in Japan is the objective.

As a junior officer in the Marines, I had many dirty jobs, but there were a few pleasant encounters. One of these was with an Australian dairyman. When he visited on our farm in Iowa a while ago, he said he wondered whether the Yanks really understood international trade. He said everything was fine with us as long as we had surpluses, but would we, as the British had done through the years, go short a bit at home to fulfill our foreign trade commitments?

It looks as though the testing time has come for us.

We can either increase our production and maintain reserves for unforeseen emergencies or we can "go short a bit at home" as my friend put it. Our Association and the Soybean Council believe we should think big and base our plans upon the rising expectations of the peoples of this world whether they live in the "have" or "have not" countries. Many are in need and all are potential paying customers, if they are not already in that category. With our present customers we should take every reasonable step to insure satisfaction. It is much easier to lose a customer than to gain one. A single cargo of soybeans containing weed

seed, dirt, and other foreign matter can turn a customer away to go to a competitor. A single shipment of improperly toasted and prepared meal or a delivery of substandard oil can do it.

It seems to us therefore that there are several things that we must do or continue to do, in order to maintain and increase the large markets that have been built up, mostly during the past decade.

We must know not only what the customer thinks he wants to buy because of price, or for other reasons, but we must also study his operations. Based upon our own longer experience and knowledge of the product and its uses, we should guide the customer toward improvements and fulfillment of his genuine needs. This is the way to make him a customer for life rather than a temporary or in-and-out purchaser of our product. "Fair weather" salesmen don't get very far.

Does our customer's operation call for high oil content or low? Is he prejudiced as to the color of soybeans? Are sizes important to him? Is he a crusher or isn't he concerned about cracked beans? Is his product for consumption by human being or livestock and poultry?

It is necessary to seek the answers in each individual case, if we do not already have them, and then to be frank and open in our dealings with the customer.

Delivery of the product the customer wants and needs should be made promptly, and it must arrive in good condition as represented. We must not allow our reserves to run out and be caught with our shelves bare and our customer unsatisfied. He should be kept advised at all times on available supply as well as informed of the results of research and education which apply to his particular case.

Allow me to digress for a moment at this point, Mr. Chairman, to make a point about the handling of our reserves here at home. We want adequate reserves as much as anybody, but it would be foolhardy to maintain them at levels that will cause them to be released by the Commodity Credit Corporation at such times and in a manner so as to interfere with the free play of the market. Soybeans are a crop where we have never yet experienced the distortions and inequities that inevitably accompany such interference. There hasn't been any need for it; there isn't now. It is a mechanism that should be used to correct mistakes—not to make them.

Let us keep sensible reserves of soybeans to meet any foreseeable emergency, and not build up excess supplies that will pile up in CCC inventories and freeze markets needlessly. Our reserves beyond those that prudence requires should be kept in the land.

To return to market development, Mr. Chairman, I would like to emphasize that our organizations do not tolerate either shoddy merchandise or shoddy business practices. Strict supervision and inspection of our shipments is imperative to maintain and expand sales. There are many areas of the world where soybeans could be grown, in addition to some places where they are already growing. Competition with other countries is inevitable.

Competition is a good thing; we believe in it. We must not, however, through our own complacency or neglect, encourage the production of soybeans where it may be uneconomic to do so or in countries that are better able to produce other crops.

Mr. Chairman, we have all sorts of competition. Our great success to date did not just happen as I have said before. As you may know, there is a synthetic feed called urea and sometimes referred to as the "rayon feed" which is offering our soy meal stiff competition. We judge that the equivalent of 40 to 50 million bushels of soybeans are being replaced today by urea. Some animal nutritionists have predicted that the use of urea in beef cattle rations will double or even triple during the next 20 years.

We are in constant competition with other fats and oils such as peanuts or ground nut oil, palm oil, coconut oil, tallow, lard, and cottonseed, and with protein from still other sources including fish and synthetic materials. In some cases the development of truly competitive products will be expensive, perhaps prohibitively expensive when compared with the low cost and availability in this country of soybeans and our highly developed and sophisticated soy products.

But it is necessary for us to work every minute to compete successfully, as we fully intend to do. We must continue to grow enough beans to satisfy demand and human needs at home and abroad. If we do this, I believe our markets will grow even more rapidly than they have in the recent past—providing we also keep on with market development, strengthening at every opportunity our efforts to improve our product and its merchandising throughout the world.

In conclusion, Mr. Chairman, I would like to thank you and the members of your committee for the opportunity to make this statement—and through you to thank the farmers, the industry and college people, dealers, exporters, our government friends, and all the others who participate with us in this vast production and marketing enterprise. We have created a marketing or organization jointly with the Foreign Agricultural Service of the USDA that has taken us a long way.

To continue down this road, we sincerely urge that there be included in the legislation before you the market development section which is presently a part of Public Law 480, Section 104(a). We also strongly recommend that this work continue under the USDA.

Mr. LODWICK. Mr. Chairman and members of the committee, if there are any questions from any members, I will be happy to try to answer them as we go along, or at the end of my statement.

My name is Seeley G. Lodwick, and I am a farmer from Wever, Iowa. I am here today representing two national organizations—the American Soybean Association of which I have the privilege to be a director, and the Soybean Council of America. The former is headquartered in Hudson, Iowa, and the central office of the latter organization is close by in Arlington, Va.

The Soybean Association is a producer group, representing growers over the country; the Soybean Council's members include processors and other industry people as well as producers.

These two organizations are most emphatically in favor of continuing the market development section presently in Public Law 480, Section 104(a), as written. The great success of our soybean industry is due in large measure to our market development work carried out jointly with the USDA's Foreign Agricultural Service. We strongly recommend that this work continue under the USDA regardless of the legislation that is passed.

The record of soybeans which have been rightly called "the miracle crop" is one of sharply rising acreage and production, of sharply rising consumption and demand, and of high promise for more of the same in the future.

If I could digress for just a moment, I would point out here that in the last 10 years in which we have had Public Law 480 we have had an increase in soybean exports from approximately these many beans now—this is only illustratively—to approximately this many beans [illustrating] and, also, exports of soybean meal have increased from this in my left hand to eight times this amount, in my right hand.

Mr. POAGE. Will you state for the record approximately what that difference in percentage will be, so the record will reflect that?

Mr. LODWICK. I will be very happy to do that. The dates on that—and incidentally sir, there are additional samples available here, and I will be glad to leave them with you.

The specific figures on that are: in 1954 to 1955, there were 53 million bushels of soybeans exported. Also, in that same period of time—and I use that period of time, because this is prior to the enactment and effect of Public Law 480—there were 273,000 tons of soybean meal exported.

Approximately 11 years later, in 1964–65, there were 212 million bushels of soybeans exported, and 2,036,000 tons of soybean meal exported. I would hasten to add that it is due not solely to the market development provisions of Public Law 480 that this great increase took place, but we do feel that the market development provisions of Public

Law 480 did provide a substantial and very effective technique under which we were able to increase the exports.

In other words, Mr. Chairman, the situation is very bullish, but I want to emphasize and reemphasize that these good things haven't just happened—and they won't just happen in the future if we let down on market development work.

Mr. Chairman, after two successive record crops of soybeans in 1963 and 1964, we had another record harvest last year—and what a record. Soybean acreage went up almost 4 million acres and actual production was 20 percent greater than ever before.

We know that you know the story, Mr. Chairman. Your State provides a good example of how acreage and production have been exploding.

Despite the almost unbelievable production record, soybeans and soybean meal have never been in surplus. They have all been sold for hard dollars, both overseas and, of course, here at home. We have had surpluses of oil because of the great and growing demand for meal, but almost half of the oil being exported today is going into the commercial market. The rest is going under the 480 program to those whose need for it exceeds their ability to pay.

Today almost one-half of our total soybean crop is being exported as beans, oil, and meal.

During the past 10 years—since the market development program started and the industry got organized to carry on promotion overseas with the USDA-FAS—the dollar value of our soybean exports has increased by five times.

Soybeans and products are today the No. 1 dollar earner of this country among all our exports of farm products. Official projections indicate that soybeans and products will continue returning more dollar exchange in the current marketing year than last year. And last year new records were established in all categories.

Exports of soybeans are bringing back to us a mounting flow of dollars and thereby substantially improving this country's balance-of-payments position. Exports are helping the Government to ease controls over farm production and to reduce the costs of operating farm programs. Soybean exports are not only increasing sales for the farmer, but they are strengthening his markets at home.

CCC has made money on the soybeans it has acquired over the years. I might add, Mr. Chairman, that we see no reason to pile up excess supplies of soybeans here at home that would cause them to be released by CCC at such times and in a manner so as to interfere with the free play of the market. There is no need for that and never has been in the case of soybeans. Government marketing mechanisms should be used to correct mistakes, certainly not to make them.

We do want reserves for emergencies and to meet any foreseeable situation. We are in fact recommending an increase in acreage this year of 2 to 3 million acres—on top of last year's record output. This should certainly increase our program.

We are thinking big, and we should.

We are basing our plans on the rising expectations of people everywhere and their needs for nutritious, protein rich human food and

animal feed—whether they live in the so-called have or have not countries.

As I have said, however, we know that our record in soybeans did not just happen. To measure up to what is expected of us, we must continue and strengthen our market development program.

We have lots of competition. Competition is a good thing; we believe.

Through our own complacency or neglect, however, we should not open the way for production of soybeans or other similar crops where it is uneconomic to grow them, or in countries that are better able to produce other crops. We are in constant competition with other fats and oils—peanuts or ground nut oil, palm oil, coconut oil, tallow, lard, cottonseed, and you name it. In some cases the development of products truly competitive with ours would be expensive and wasteful, compared with the low cost and availability in this country of a wide variety of soybeans and our hundreds of highly developed and sophisticated soy products.

It is necessary in any case for us to work every minute to compete successfully, and we intend to keep on working every minute. If we do, I believe our markets will grow even faster than they have in recent years—always providing we continue and strengthen market development work. This is crucial, Mr. Chairman.

Let me urge again that there be included in the legislation before you the market development section which is presently a part of Public Law 480, section 104(a). We strongly recommend that this section be retained as it is now written, and that the work continue to be carried on through the USDA.

Thank you very much for this opportunity to appear here before you and members of your committee.

Again, Mr. Chairman, thank you very much.

And we, certainly, concur most heartily with the remarks of Mr. Hope.

Mr. POAGE. Thank you, Mr. Lodwick, we are delighted to have had you here.

Mr. PURCELL. I have one question. You have been speaking of competition in soybean oil that you have been experiencing. Do you see anything in the way of different competition from any other oils, like guar, safflower—anything like that of some significance?

Mr. LODWICK. Mr. Chairman, with your permission, I would like to file some details in answer to that question. However, in general, I would say that the amount of oil presently being produced in these two classes is not significantly affecting the soybean oil.

Mr. PURCELL. And are you familiar with the efforts being made to develop more uses?

Mr. LODWICK. Yes.

Mr. PURCELL. You do not see anything in the immediate future that would put them in significant competition with soybean oil?

Mr. LODWICK. In general, again, I would say that these various oils do have characteristics, and each has a distinct characteristic. Some are more suitable for one purpose and some are more suitable for another purpose.

Mr. GATHINGS. Mr. Lodwick, I appreciate your very fine presentation this morning and congratulate you on it. I just wondered what

is the viewpoint of the American Soybean Association with reference to the loan level on soybeans. Do you take it that the level is too low and should be increased or that it should remain where it is?

Mr. LODWICK. Mr. Chairman, the American Soybean Association has annual meetings, and at these annual meetings we solicit the membership. We have open meetings. Eventually, there is a series of resolutions developed. One of the resolutions that was developed this year was the recommendation that the support on soybeans be increased 10 cents a bushel, from \$2.25 to \$2.35.

Mr. GATHINGS. What was the reason in back of the approval of that resolution?

Mr. LODWICK. We thought that the figure of \$2.35 was a more realistic figure, with the price of soybeans selling where it is today currently, that the \$2.35 might encourage a little more production, and, also, it would be a little more realistic as a figure.

Mr. GATHINGS. And you want about 2 million more acres in 1966, as I see from your testimony?

Mr. LODWICK. Yes, sir; about 2 million more acres.

Mr. GATHINGS. Would you think that the 2 million additional acres would be available at the present price support level?

Mr. LODWICK. We question very much, sir, whether it would be. This question comes as a result of a survey that was made by the American Soybean Association, among its various correspondents all over the United States. Of course, this is primarily in the upper soybean belt and the lower soybean. If you wish, sir, I would be glad to give, in summary or in any way, the results of this survey.

Mr. GATHINGS. The reason that I ask these questions is that a year ago the association did not favor an increase in the price support level at all. Two years ago, you did not favor an increase in that price-support level. Now you do.

Mr. LODWICK. Yes, sir.

Mr. GATHINGS. Do you not think that the increase in acreage which has been gradually going up throughout the years will continue in 1966 without any change whatsoever in the price-support level?

Mr. LODWICK. We question very much, sir, whether it will.

In certain areas of the United States—and this is particularly true in the South and the Southeast, we anticipate increased soybean acreages; however, in the so-called northern soybean belt, we do not, and the reason for this, sir, is the competition with corn; and we do get much greater yields in terms of corn than we do in soybeans. This is gross dollars and also net dollars.

Mr. GATHINGS. I understand from the chairman that we are going to go into this problem in great detail next week. I do appreciate that fact, though, that you attach a great deal of significance, under Public Law 480 to market development. That is most significant.

Mr. LODWICK. Yes, sir.

Mr. GATHINGS. The amount of money generated by title I which is available for market development purposes has aided greatly in bringing in dollars from soybean exports. Soybeans lead all agricultural commodities in the production of dollars, which has been about \$1 billion annually.

Mr. LODWICK. Thank you.

Mr. ABERNETHY. What is the going price on the market now for soybeans?

Mr. LODWICK. I am not familiar with the prices right around here, but I do know that locally it is \$2.68 to \$2.70—along there.

Mr. ABERNETHY. What is the support price?

Mr. LODWICK. Currently, it is \$2.25.

Mr. ABERNETHY. Do you think that a 10-cent increase in the support price would have any effect at all on production?

Mr. LODWICK. Yes, we do. The reason for this is that actually, sir, we anticipate, because of this, an increase of about 250,000. However, the increase in acres is one thing; but the increase in production is another thing, because I think, as we all well know, the increase in production comes as the result not only of the acres but also in the yields per acre.

Mr. ABERNETHY. Are you familiar with the fact that due to two things: (1) the law enacted last year, and (2) the departmental regulations—that due to those two things that there are hundreds of farmers down in my area, in the Deep South, who are standing by, ready, able, willing, and crying for an opportunity to help meet this increase that you speak of, that they cannot get into it, they not letting them plant. You are familiar with that?

Mr. LODWICK. I am familiar with the fact that soybeans are not permitted on diverted acres. I am familiar with the fact that they are permitted on feed grain acres in lieu of feed grains.

Mr. ABERNETHY. Are you interested in seeing that the soybean increase is produced on certain acres or just that it be an increase?

Mr. LODWICK. Our interest, sir, in having an overall production increase in soybeans, in the soybean production.

Mr. ABERNETHY. Do you think that it should be more or less spread around over the country?

Mr. LODWICK. We believe that soybeans should be grown wherever it is economically sound to do so. Certainly, the folks in the South, as we witnessed at Memphis last year, are doing a fine job.

Mr. ABERNETHY. That answers my question.

Thank you, Mr. Chairman.

Mr. POAGE. Mr. Greigg.

Mr. GREIGG. Do you intend personally to testify next week in relation to the pending legislation on soybeans on diverted acres?

Mr. LODWICK. Mr. Chairman, in response to the question, it was my opportunity to pick up a schedule here and to note that on March 15 your committee is holding hearings. This is the first knowledge I have had of it, Mr. Greigg.

Mr. GREIGG. Would you be available to testify?

Mr. LODWICK. Upon request, sir, most certainly so.

Mr. GREIGG. Thank you.

Mr. ABERNETHY. Would not your association be interested in testifying?

Mr. LODWICK. I would think very much so, Mr. Abernethy. However, I, today, have no authority whatever to testify on behalf of the association.

Mr. ABERNETHY. Pardon me for interrupting.

Mr. GREIGG. That is all right.

I would certainly like to extend an invitation for you to appear before our committee next week; if that would be in order, Mr. Chairman.

Mr. POAGE. Yes, sir.

If there are no further questions—we do have a long list of witnesses to hear from. We are very much obliged to you, Mr. Lodwick. And to you, Mr. Hope.

Mr. HOPE. I would like to present Mr. E. Hervey Evans, Jr., president of the Cotton Council International.

STATEMENT OF E. HERVEY EVANS, JR., PRESIDENT, COTTON COUNCIL INTERNATIONAL

Mr. EVANS. Mr. Chairman, our organization supports Mr. Hope's remarks on market development. We have a prepared statement which we will be happy to file if the chairman will permit us to do so.

Mr. POAGE. Without objection, it will be made a part of the record. (The statement submitted by Mr. Evans is as follows:)

STATEMENT OF HERVEY EVANS, PRESIDENT, COTTON COUNCIL INTERNATIONAL

My name is E. Hervey Evans, Jr. I am a cotton producer, cotton seed breeder, and cotton ginner at Laurinburg, N.C., and I am currently president of Cotton Council International, an industry organization for the purpose of increasing cotton consumption abroad and stimulating the demand for U.S. cotton exports.

Cotton is engaged in a fierce battle with substitutes around the world. In the principal export markets of Western Europe and Japan, cotton's share of the textile market has slipped from over 60 to under 40 percent.

If cotton had been able to hold the same share of the total textile market it held in 1950, cotton consumption over the course of the last decade and a half would have been about 40 million bales higher than it was. There would be no surpluses, and the world would have needed 30 million bales more than were produced.

If cotton can just stop the declining trend and hold its present position in the market, the natural growth would raise requirements by 1975 by 25 million bales. The increase in all the intervening years would aggregate about 135 million bales.

Last season, the new and additional man-made fibers in the foreign markets were equivalent to about 3 million bales of cotton. The increase in foreign cotton exports for several years has been on the order of 300,000 bales annually.

The Cotton Council International has had a small foreign market development program under Public Law 480 for a number of years. The program has shown us the way to hold and expand cotton markets. We have learned how to do it with research and promotion. We have learned how to build the markets for cotton. The problem is that the funds have been entirely too small to do the job cotton needs on a world basis.

Up until now, Cotton Council International, with the help of the USDA under Public Law 480, has been fighting this battle singlehanded. Recently, countries accounting for about half the world's cotton production and about half the world's exports agreed to work together to stimulate cotton consumption in the principal export markets of the world. They will pay half the cost. At last, other countries are coming in to double our money and double the effort. We hope still more countries soon will participate to expand the effort still further.

The United States will continue to spend just about the same amount as it is currently spending for cotton market development abroad and for the same kind of research and promotion projects. The United States will continue to finance its share in foreign currency under Public Law 480 or the continuing legislation.

To maintain and expand exports, U.S. cotton must, of course, be competitive in price and quality. Under the new legislation we think our cotton will be competitive. Now, the volume of U.S. cotton exports in the future will be dependent upon creating a larger consumer demand for cotton.

The market development program to stimulate demand is very important to this end.

We urge the market development provisions of the present law be continued as recommended by Mr. Hope.

Mr. HOPE. Next, I will call on a gentleman whose name is very familiar to the older members of this committee, the former able counsel of the committee, Mr. Joseph O. Parker, who is chairman of the International Trade Development Board and counsel for the Institute of American Poultry Industries.

Mr. POAGE. We will be delighted to hear from you.

Before you testify, I would like to state to the members of the committee that we have the former chairman of this committee with us, and Mr. Parker, a former counsel of the committee, and we also have Mr. George Reid here, a former chief clerk of this committee; so, we have a number of those who have served with such old men as Mr. Gathings and myself.

Mr. GATHINGS. And with distinction, I may add.

Mr. BELCHER. I would like to say particularly that it is a great pleasure to me to have my old-time colleague here, who is a neighbor of mine out in the Midwest. When I came up here first in 1941 as administrative assistant to Congressman Rizley, he helped us to get our office established, and George Reid nursed me along for some time. Ten years later, when I was elected to Congress myself, and then Mr. Hope and Mr. Reid helped me to get my office established. I think this is old home week, and, therefore, I want to say to you, Cliff, that you look as well today as you did when that picture was painted.

Mr. HOPE. Thank you, sir; you are very gracious.

Mr. POAGE. We will now hear from Mr. Parker.

STATEMENT OF JOSEPH O. PARKER, CHAIRMAN, INTERNATIONAL TRADE DEVELOPMENT BOARD; AND COUNSEL, INSTITUTE OF AMERICAN POULTRY INDUSTRIES

Mr. PARKER. Mr. Chairman, the organization that I am appearing for here this morning also endorses the statement made by Mr. Hope. We have a short statement which we would appreciate the opportunity to file for the record.

Mr. POAGE. Without objection, it will be included in the record.

(The prepared statement submitted by Mr. Parker is as follows:)

STATEMENT OF JOSEPH O. PARKER, INTERNATIONAL TRADE DEVELOPMENT BOARD, INSTITUTE OF AMERICAN POULTRY INDUSTRIES

Mr. Chairman, my name is Joseph O. Parker, chairman of the International Trade Development Board and counsel for the Institute of American Poultry Industries.

On behalf of the members of the Institute of American Poultry Industries and of the poultry and egg industry's International Trade Development Board, I want to express appreciation for the opportunity to present our views to this distinguished committee.

The development of a market for U.S. poultry products under Public Law 480 is an outstanding example of success in building export markets in spite of a wide variety of handicaps.

Prior to 1956 the United States exported very little poultry meat commercially, except for moderate amounts to Canada and Latin America. Broad range market development programs were instituted under partnership agreements between USDA and industry. A plan of action was developed to open markets and make trade possible. At every step of the way we have had to face up to trade barriers and problems of every kind—exchange and license controls, trade

barriers in the guise of health regulations, prejudice against frozen products, a supply of poultry available from Iron Curtain countries at very low prices, methods of procuring that involved long-range commitments to purchase elsewhere inordinately high freight rates, protectionism, the EEC nontariff barriers, a timelag between the date of purchase and time of delivery (competing poultry was available on almost a 24-hour basis) and the resultant risk of changing market levels.

Once product is introduced into a country, we have supervised and directed an active program utilizing techniques similar to those that have been successfully employed here in the States to promote and expand consumption of poultry products.

As international traders, poultry and egg men were newcomers. But market development programs gave the poultry industry a new dimension. The industry put forth great efforts in the development of programs and activities to overcome trade barriers, to build a favorable image abroad for U.S. frozen poultry and into promotion to build total consumption and enlarge the total market. As a result of these promotion efforts, the trade began sending representatives abroad. They established new and good working relationships with the trade overseas. Importers also were encouraged to visit the U.S. poultry industry.

Thus promotion made possible through Public Law 480 has served to generate and bring into play substantial resources of the industry. These, together with foreign currencies made available under Public Law 480 for market development, have established a new and growing market for U.S. poultry products.

The result? U.S. poultry exports grew from 41 million pounds in 1956 to a peak of 271 million pounds in 1962. The market in Germany alone moved from nothing to about \$50 million in 1962 and was growing rapidly. In spite of the unfair unilateral protective action by the EEC countries in 1962, strong promotional activity has kept us in that market in a substantial way and our total exports last year amounted to over 200 million pounds. Twenty-seven countries imported over a million pounds each and just 8 years earlier only five countries bought over a million pounds. Eighty-four countries are now buying U.S. poultry products.

For the past 6 years West Germany has been our best customer. Other key markets built through the assistance of market development programs are Switzerland, the Netherlands, Greece, Hong Kong, Japan, and Italy.

The Netherlands is a net exporting country, but moved to second place as an importer of U.S. poultry in 1962-64. Italy moved from 53d to 14th over the 9-year period. Japan advanced from 82d in 1960, to 5th in 1964.

The bulk of all poultry sales have been for dollars.

The importance of poultry and eggs and their products to the U.S. economy is self-evident. Poultry and eggs are the third largest producer of cash farm income. American poultry products are produced under the full impact of the law of supply and demand. The production of these products is not subject to Government control programs and they do not receive price support. They are produced and marketed freely and competitively. U.S. poultry products are demonstrating daily their ability to compete in foreign markets if given the opportunity to do so.

Although U.S. poultry products are relatively new in the export market, foreign sales have a great impact on the entire industry. A study by Ohio State University points out that, if we had had no exports, domestic prices of broilers would have declined a cent per pound, eggs more than a cent per dozen, and turkeys more than one-half cent a pound. Not only would poultry producers have lost income from exports, but the decrease in domestic values would have resulted in additional losses to producers, totaling almost \$100 million. Exports, therefore, are important to the poultry industry and we need to maintain and expand them through market development programs—the kind of programs envisioned by this committee when it reported the Agricultural Assistance and Development Act of 1954. We urge you to maintain this important tool for American agriculture and we heartily support the recommendations outlined by Mr. Hope.

Mr. McMILLAN. I would like to state that it is a great pleasure for me to hear and see Mr. Hope this morning. We appreciate having our distinguished former chairman honor us with his presence this morning. Mr. Hope was of great assistance to me during the time he was serving as chairman of the Agriculture Committee.

Mr. HOPE. Thank you very much.

Mr. BELCHER. I did not want to let go by the opportunity to say that he was the chairman when I first came to this committee.

Mr. GATHINGS. I just want to say that during the course of the hearings on this legislation that we are now discussing that mention has been made a time or two to a little language that was put into this legislation by which these funds generated by title I may be used for the purpose of student exchange in the international program. That amendment was sent over to me by Senator Fulbright when the bill came to the floor. That must have been 1954, and the gentleman who is now in the witness chair was the chairman of the Committee on Agriculture at that time. I walked over to his side, and I asked him if he would support this language going into Public Law 480, and he told me that we would, and he did support it, along with Mr. Cooley who was ranking Democrat then. We were successful and I am grateful to Mr. Hope and Mr. Cooley.

Mr. POAGE. Thank you.

Mr. DOLE. I would like to ask a question of Mr. Parker.

Mr. POAGE. Yes, you may.

Mr. DOLE. First, I want to say that while it is not "Old Home Week" for some of us, Mr. Hope is one man who writes his Congressman. I am proud to be Mr. Hope's Congressman, and always pleased to hear from him and to have his views.

I want to ask Mr. Parker as to the last sentence on page 5 of your statement where you state that you urge that we maintain this important tool for American agriculture. Does that mean retaining Public Law 480, perhaps with some extension and some expansion?

Mr. PARKER. Yes, Mr. Dole. We are urging that we keep section 104(a)—that is in the existing law—substantially as it is in the existing law. This committee, I should have said at the outset, is really responsible for what we believe are the important provisions in section 104(a) which has made marked development possible, both the language that was contained in the bill when it was originally enacted, and, too, subsequent amendments which gave a certain priority for market development and made certain that there would be a certain minimum of funds available for this work.

Mr. DOLE. There has been some discussion about extending Public Law 480, and some feeling that we should write an entire new law. Some feel that we should stick with what we have, and others think that perhaps we should rewrite the entire act. Do you have any comment on that at this time?

Mr. PARKER. I am appearing for these organizations here this morning on a rather narrow issue, primarily section 104(a), so that I am not really authorized to comment on any barter question, and if you will permit me not to answer that question specifically, I will appreciate it, because I am not authorized to do so.

Mr. DOLE. There has been criticism offered, at least a report was made by the Government Operations Committee with reference to section 104(a). I understand all of the problems may have been resolved to the satisfaction of those here this morning and the U.S. Department of Agriculture. That is my understanding of it.

Mr. PARKER. The report has been issued by the Government Operations Committee. So far as I know, those questions have been resolved to the satisfaction of that committee and the Department.

Mr. DOLE. Thank you.

Mr. POAGE. Thank you.

Mr. HOPE. Next, I want to call on Mr. John I. Sutherland, of the American Feed Trade Association.

Mr. POAGE. Is Mr. Sutherland here?

(No response.)

Mr. HOPE. Evidently, he is not here.

Next, I will call on Mrs. Dorothy L. McCann, representing the Dairy Society International.

STATEMENT OF MRS. DOROTHY L. McCANN, DAIRY SOCIETY INTERNATIONAL, WASHINGTON, D.C.

Mrs. McCANN. Mr. Chairman, I represent the Dairy Society International. We endorse Mr. Clifford Hope's statement, and we would like to present a statement for the record for the Dairy Society International.

Mr. POAGE. We will insert your statement in the record at this point. (The prepared statement submitted by Mrs. McCann follows:)

STATEMENT OF DAIRY SOCIETY INTERNATIONAL, WASHINGTON, D.C.

A DECADE OF FOREIGN MARKET DEVELOPMENT

It is 10 years since Dairy Society International and the Foreign Agricultural Service of the U.S. Department of Agriculture began their cooperative market development work. The decade has seen growth in commercial export markets for dairy products from an insignificant level to a figure approaching \$200 million annually. In fact, during the past 5 years, there has been an uninterrupted rise, with the present volume more than double that of 1960.

While the trend changed in 1965, due to increased world milk production, it is internationally recognized that even immediate market potentials far exceed what has been developed thus far. It is obvious also that to realize these potentials, market development work must not only be continued but expanded. Continuation of Public Law 480 activities under section 104(a) is essential to the development of world markets for U.S dairy products.

COOPERATION IS A FINANCIAL PARTNERSHIP ALSO

Cooperation with Government involves not only a working partnership, but also a financial one. In this decade, Dairy Society International has made a contribution in manpower, in services, in dollars, which has topped the million-dollar mark, while just under \$1 million in foreign currencies has been approved for these programs.

DAIRY PRODUCTS AND WORLD HEALTH

One hears very little about the health and food needs of people of economic means. Yet nutrition education is lacking in countries where there are great market potentials, and consequently the importance of dairy products to health is not known. While the percentage of the population may not be large, the potential market for dairy products among these people is significant. Therefore, to obtain dollar markets abroad for dairy products, nutrition education is essential to market development. This has been proved in countries which are not traditionally milk-consuming as well as those which are, including our own United States. Milk products should be in the daily diet of people of all ages and nations and climes.

MARKET DEVELOPMENT PROGRAMS

The basic aim is to widen the use of milk products in the target countries, with the expectation that a fair share of the commercial demand created will go to U.S. suppliers. Emphasis is upon: (1) Developing stable commercial markets; (2) Improving the handling and distribution of milk supplies, and (3) Consumer nutrition-education programs, etc. Local processors of dairy products usually serve as third party cooperators, contributing substantially, often equally, to project financing. Several types of projects are undertaken:

1. Surveys are employed initially to determine the potentials for products and grade. To date, comprehensive surveys have been completed in these areas:

Latin America:

Argentina
Bolivia
Brazil
British West Indies
Chile
Colombia
Dutch West Indies
Ecuador
Peru
Venezuela

Middle East:

Ceylon
Egypt
India
Iran
Iraq
Lebanon
Pakistan
Turkey
Syria

Asia:

Burma
Hong Kong
Indonesia
Japan
Malaya
Philippines
Thailand
Vietnam

Europe:

Greece
Netherlands
Spain

Africa:

Egypt
Nigeria
Saudi Arabia

LONG RANGE EDUCATIONAL PROGRAMS

These programs have varied in duration from 3 to 6 years, conducted by a DSI resident director. Basically slanted to consumer education, they have centered in schools, commercial industry, Government agencies, clinics, hospitals, and so forth. However, their influence has been far reaching, involving co-operation with local dairy product manufacturers, hotels, restaurants, and so forth. As an unexpected dividend in one country, a market in excess of a million dollars was developed for U.S. equipment for everything from a soda straw, on through all equipment for milk bars, soda fountains, restaurants, and snack bars, and including refrigerators, freezers, and refrigerated trucks. Such programs have been undertaken in Colombia, Chile, and Thailand. In some of these countries the growth took place simultaneously with the development through AID of improved power supplies and communication facilities such as highways. This points up again, the cooperative nature of such activities.

TRADE AND EDUCATIONAL FAIRS

Often such fairs are the means of introducing the local populace to U.S. dairy products, and in some cases they have served as the kickoff of consumer educational programs. Dairy Society International has participated in 45 such fairs, supplying manpower, equipment and other supplies and products. Products such as recombined milk and ice cream, instant nonfat dry milk, chocolate drink, milk-based veal starters, etc. have been featured. For roughly three-fourths of these fairs, DSI borrowed, shipped, and assembled complete milk processing plants. In many cases the plant remained in the country to increase avail-

ability of adequately processed milk products, either recombined or from local supplies. DSI has participated in fairs in these countries:

Latin America:

Brazil
Chile
Colombia
Dominican Republic
Peru
Venezuela

Middle East:

India (5)
Syria
Turkey

Africa:

Egypt
Ghana
Nigeria

Europe:

England (4)
France
Greece
Italy (3)
Luxembourg
Spain (4)
West Germany (6)
Yugoslavia (2)

Asia:

Indonesia
Japan (3)
Thailand

Research into dairy products utilization seeks to find ways of adapting traditional foods or customs to the use of dairy products. For example, in Brazil, the Better Breakfast Foundation and DSI/FAS collaborated to research the importance of improving the traditionally scanty Brazilian breakfast. Later a consumer education program was based on this research. In India, studies were conducted to develop inexpensive food products which do not require refrigeration. These combined nonfat dry milk with locally grown cereals, etc. Other traditional foods were adapted to include nonfat dry milk, greatly enhancing the food value.

Regional offices have been established—one in Beirut, Lebanon, to coordinate activities in the Middle East, Asia, and Africa—and one in Santiago, Chile, to similarly coordinate activities in Latin America. The directors of these offices are well known in their areas, and are themselves knowledgeable and technically proficient. Special supervisory agreements with FAS, have been authorized in order to develop preliminary programs, in certain countries in these areas.

Special projects are so much a part of DSI year-round activities that they are special only in the sense that they are not part of planned long-term goals. Exchanges of dairy teams are arranged and coordinated. They have included a World Food Congress team; dairy team exchange with the U.S.S.R.; a study team in connection with the International Dairy Congress; and assistance to various official agricultural study teams. DSI cosponsored with the American Dairy Association, U.S. Foreign Agricultural Service, and the National Milk Association of Japan a milk bar at the Tokyo Olympic Village. It assisted in the planning of travel and contacts for an 11-man World Dairy Trade team, largely self-financed, in early 1965. From the beginning DSI has assisted Project Hope in procuring, supplying, and staffing the medical mission's milk recombining plant. Distribution of educational films such as "Technique for Life," "Milk for the Millions," and "Small World," is a continuing activity.

Technical and trade assistance is given to visitors from both developed and developing countries. DSI is known world wide as the organization supported by the U.S. dairy industry for the purpose of assisting potential and present customers for and importers of U.S. dairy products. Governments who request such specialized assistance as comes within province of DSI are also helped.

This also has proved to be a two-way street in market development abroad. In 1965, under the sponsorship of DSI/FAS, the outstanding technologist on ghee manufacture in India came to the United States and worked with the dairy technologists in the USDA Eastern Utilization Laboratories in Beltsville, Md. The problem is to achieve by U.S. commercial plant methods, a ghee of the flavor, color, texture, consistency made by batch methods in Middle East countries. Problems were worked out regarding the development of traditional flavors, etc., and it is hoped that a bulletin will be published and made available to those in the United States who are interested in producing ghee for marketing overseas.

Continuity of cooperative effort is essential to the achievement of growing dollar markets for U.S. dairy products. Market development under Public Law 480, section 104(a), uses foreign currencies to develop dollar markets, with the help of U.S. industry cooperator funds, and foreign Third Party Cooperator funds. It is a combination that has accomplished much in 10 years, and one which has vastly greater potentials.

Mr. HOPE. Next, I call on Mr. William G. Lodwick, who is representing the Millers' National Federation, who, I understand, is the father of Seeley Lodwick, from whom you have already heard.

STATEMENT OF WILLIAM G. LODWICK, MILLERS' NATIONAL FEDERATION

Mr. LODWICK. I represent the Millers' National Federation, and we endorse the statements made by Congressman Hope. We would desire to file a separate statement and ask permission to enter it into the record at the appropriate time.

Mr. POAGE. Without objection, that may be done.

(The statement referred to follows:)

STATEMENT OF C. L. MAST, JR., PRESIDENT, MILLERS' NATIONAL FEDERATION

My name is C. L. Mast, Jr. I am president of the Millers' National Federation. The membership of the federation includes some 85 to 90 percent of the flour milling capacity of the United States and almost 100 percent of flour exports. We appreciate very much this opportunity of expressing our views on this important proposed legislation.

The federation has followed and actively supported Public Law 480 since its passage in 1954. It was also one of the first cooperators with the Department of Agriculture Foreign Agricultural Service in the market development program authorized under section 104(a) and has continued as one of the co-operators since that time. It has associated itself with the special statement on market development presented today before your committee by the Honorable Clifford Hope of Kansas.

It believes that the achievements of Public Law 480 over the past decade are something to be proud of and have been beneficial not only for the United States but for a large part of the world. By means of the Public Law 480 provision for voluntary agencies' participation, it has been possible to introduce food products effectively into many areas of the world. The result is a growing acceptance of such products in the commercial market and we believe this type of program should be continued.

The federation also supports the general objectives of the Food for Freedom program now before the Congress. On many specific points, such as dropping the word "surplus," encourage self-help, shift emphasis to dollar credit sales, etc., there would seem to be widespread agreement. The alternative legislative approaches being proposed for dealing with this program, however, raise questions about several points that we believe should be clarified. Whichever legislating procedure the Congress decides to approve, i.e. (1) extending and amending Public Law 480 to take into account the general objectives and new emphasis of the Food for Freedom Act or (2) enacting new basic legislation and including in it many existing provisions of Public Law 480, we believe it most important that certain provisions and language that are now in Public Law 480, as amended, be included in the 1966 legislation. Accordingly, we wish to direct your attention to the following points:

1. *Public Law 480 section 104(a).*—The language of section 104(a) of Public Law 480 should be continued in whatever bill is enacted. This language has been developed over the years and is based on much practical operational experience by industry cooperators working on market development programs. The moneys acquired under the 2-percent conversion should be earmarked for the purposes of 104(a). In addition, the 2 percent should be based on each transaction.

We also believe that it could be further improved at this time by additional language or congressional request that foreign currencies arising from the 5-percent set-aside shall be cumulative and retained for market development purposes and that amounts not convertible under the 2-percent provision may be used when and as necessary for helping to promote commercial market sales efforts in such countries. Many U.S. commercial sales under the global marketing requirements have been lost due to the lack of some special assistance needed at the time of sales that could have been provided from the use of local currency funds.

2. *U.S. usual market "dollar" sales.*—The protection and encouragement of U.S. dollar sales as part of the global marketing requirements in sales agreements for foreign currency needs more attention and clarification in whatever bill is approved. At the outset of Public Law 480, administration, usual or normal marketing was interpreted as marketings of the United States, but in 1958 an amendment was made to Public Law 480 to the effect that marketings by any "friendly country" were sufficient to satisfy the requirement. The result of this action has lost us many dollar sales.

There are numerous examples of Public Law 480 title I agreements in which the United States received largely or only foreign currency for its commodity sales while "friendly" countries took over most or all of the commercial or dollar trade requirement. This has been done by special subsidies, bilateral agreements, and other devices to gain a competitive advantage over the United States for the dollar trade business in such countries. There are many ways the United States could meet this type of unfair competition in negotiating sales agreements, and we urge the Congress to give special attention to this point.

3. *Public Law 480, Section 104(e).*—We recommend that the language of section 104(e), commonly called "Cooley loans" be retained in full in whatever bill is enacted. This provision has been very helpful in encouraging U.S. private industry to participate in the economic development of many countries. With the proposed emphasis on self-help under the Food for Freedom program and the great need for more local plant and distribution facilities, especially for handling the expanding food needs in most countries in the years ahead, we believe that this provision can be most helpful. Administrative procedures are in effect under the present act and continuity of operation would seem to be most desirable.

4. *Self-help and encouragement of consumer food distribution facilities.*—An important feature of the Food for Freedom program is the emphasis on self-help. So much needs to be done in most developing countries, that even the encouragement of self-help will require guidelines and priorities. Increased food production and especially yields per acre is a very important factor, but, of course, it may require many years to show much effect.

Another factor that we believe to be very important and likely to show more immediate results is the development and improvement of local distribution and consumer food processing industries. Current losses and waste of existing food supplies occur in most developing countries due to lack of storage, handling, and distribution facilities and inadequate food processing plants, particularly for low-cost basic food products such as bread or pasta. Imported supplies frequently cannot be used to meet urgent needs because adequate local facilities are not available.

Private enterprise, both in the developing country and the United States, can do much to help meet this gap if the investment climate is favorable and if some special emphasis or priority is given to these types of activities under the Food for Freedom, Public Law 480, and AID programs. To date only limited progress has been made in this important area of activity, and we believe that it should receive more attention under this legislation.

5. *Reserve stocks.*—The U.S. flour milling industry recognizes the need for the maintenance of adequate stocks of all agricultural commodities to meet domestic and export requirements. The Secretary of Agriculture has available to him the information required to make sound determinations as to what these various supply levels should be, taking into consideration the factors set forth in the bill, although specific congressional guidelines as to the size of the carryover of each commodity would be helpful.

In the case of wheat and other major crops, it would seem to be unnecessary and undesirable for the Commodity Credit Corporation to acquire commodities other than through its normal price support operations. The reserve of any commodity should consist of the total available supply in all positions, regardless of ownership. A wheat reserve should be large enough to eliminate the possibility of shortages, in total or by classes of wheat, taking into consideration projected demand, weather conditions, and other factors.

Stocks of wheat held by the Commodity Credit Corporation have declined substantially in recent years. Most persons would agree that this has been desirable, in that the former huge volume of Government held stocks have increased Federal costs, depressed prices, and added uncertainty to the operation of the wheat market. We feel strongly that it would be undesirable to require the CCC to build or maintain under its control a set-aside or stockpile of wheat of any particular volume. In addition to the problems we have faced for many years, we

add the possibility that actual shortages of wheat could be created in the market in an effort to build up a CCC reserve or to accomplish some other objective.

H.R. 12784 would permit the Secretary to purchase, process, exchange, or package any agricultural commodity or product thereof. These products, including flour, could also be stored and sold at such times, for such uses, and at such prices as the Secretary determines to be in the national interest.

We are unable to understand why the Secretary of Agriculture needs any additional authority to maintain adequate supplies of most food products, particularly wheat flour. So long as the Secretary exercises reasonable judgment in assuring adequate wheat supplies, the milling industry can convert it to flour to meet any possible demand. Furthermore, the authority to stockpile any food or fiber product could easily be used for purposes other than meeting consumer needs. The key to an adequate supply of flour is an adequate free supply of wheat.

We also find it difficult to understand why the Secretary should be granted authority to disregard the adequate guidelines on price support, acreage allotments, and so forth, laid down by Congress through the years in agricultural legislation, except under emergency conditions which have been specified by Congress.

With respect to those wheat stocks now held by CCC or which may be acquired under existing authority, it is essential that the Department establish and announce the conditions under which this wheat will or will not be released on the market.

Mr. POAGE. You may proceed.

Mr. HOPE. Next, I call upon Mr. Philip Devaney, representing the National Dry Bean Council.

Mr. POAGE. Is Mr. Devaney here?

(No response.)

Mr. POAGE. I do not believe he is.

Mr. HOPE. Next, I would like to call on Mr. Howard W. Hardy, president of the Great Plains Wheat, Inc.

STATEMENT OF HOWARD W. HARDY, PRESIDENT, GREAT PLAINS WHEAT, INC.

Mr. HARDY. I would like to submit a statement for the record which is endorsed by our sister organization, The Western Wheat Associates. We heartily concur in the statement of Mr. Hope's and do not feel that the importance of the market development work can be overamplified. It has been an extremely useful tool to the wheat producers, not only in foreign market development, but also in being able to resolve so many of the problems that we have here in the United States.

Mr. POAGE. You may put your statement in the record.

(The prepared statement submitted by Mr. Hardy follows:)

STATEMENT BY HOWARD W. HARDY, PRESIDENT, GREAT PLAINS WHEAT, INC.

Mr. Chairman, members of the committee.

Let me introduce myself. I am Howard W. Hardy, president of Great Plains Wheat, Inc., a regional market development association cooperating with the Foreign Agricultural Service of the U.S. Department of Agriculture in market development work under the Agricultural Trade Development and Assistance Act of 1954.

The association is supported by wheat producers in Colorado, Kansas, North Dakota, Oklahoma and South Dakota through their State wheat commission or related organization.

I am also speaking today in behalf of the wheat producers of Washington, Oregon, and Idaho who support the market development work of our sister organization, Western Wheat Associates. With me today, in addition to Andrew Brakke, Great Plains Wheat Board Chairman, are Gene Moos, vice president and Winn Tuttle, program coordinator, of Western Wheat Associates.

To carry on its work of market development, Great Plains Wheat maintains offices on Rotterdam, The Netherlands, with responsibilities for Europe and Africa; Rio de Janeiro, Brazil, with jurisdiction for Brazil, Uruguay, and Paraguay; Caracas, Venezuela, with responsibility for Venezuela, Colombia, Ecuador, and Central America, and Lima, Peru, with jurisdiction in Peru, Chile, and Bolivia.

Market development activities in Asia are carried on through the joint cooperation of Western Wheat Associates and Great Plains Wheat. The program is administered by Western Wheat under the name of Wheat Associates, USA, and maintains offices in Tokyo, Japan; Manila, The Philippines, and New Delhi, India.

At this time I would like to express the appreciation of Western Wheat Associates, Great Plains Wheat and myself for affording us an opportunity to appear at this hearing. We are grateful also for the consideration which this committee has given us in the past. Your action in previous years has substantially strengthened the foreign market development program and has contributed to the remarkable expansion of agricultural exports which has taken place in recent years.

Public Law 480 has now experienced 11 years of success with wheat one of the most successful commodities. Since it went into effect in July, 1954, agricultural exports have grown steadily until today they have become a major contributor towards decreasing our balance of payments deficit.

Wheat exports have grown steadily. We are confident that our efforts and the efforts of Western Wheat have played a part in that growth. But our efforts would not have been nearly as effective were it not for the market development sections of Public Law 480 and the Foreign Agricultural Service. (See attachment.)

Market development activities of Western Wheat Associates and Great Plains Wheat are truly worldwide in character. The two organizations have offices on every continent except Australia. And the work takes on many varied forms depending upon the nature of the area. These activities change as the area and national situation changes.

Japan is a good example. Early activities were in the field of education and demonstration for the purpose of expanding the demand for wheat as a human food. Demonstration busses manned by well-trained nutritionists traveled the countryside. The nutritionists explained and demonstrated methods of preparing wheat foods, emphasizing their value from a health and nutritional standpoint.

In Latin America, our activities are varied. Some countries like Venezuela are cash customers. Others are divided between sales for dollars and concessional sales under Public Law 480. In all of Latin America, with the exception of Argentina, Chile, and Uruguay, per capita consumption of wheat is relatively small. Corn and roots, like mandioca, are extensively used as dietary staples. Such a situation calls for the wide use of nutrition programs and other educational activity. Great Plains Wheat has done much work along these lines through publications, radio and television. Our representatives have cooperated in school lunch programs. Technical services have been supplied to millers and bakers, and bakers schools have been set up for the purpose of developing a more acceptable product.

In Africa, conditions vary widely. Our activities there have not been extension so far, but a large potential market exists and can be developed through the use of educational and demonstration programs and providing technical services.

In both South America and Africa, efforts are being made to expand the use of wheat in the form of bulgur which lends itself to situations where bread is not available due to the absence of commercial bakeries and home facilities for bread baking.

A different situation prevails in Europe where wheat has been a principal article of food for centuries. Here operations mostly of a service and promotional character are needed. Our Rotterdam office staff maintains close contacts with the grain trade as well as with millers and bakers in most of the western European countries. They are also in touch with government agencies which directly and indirectly exercise considerable influence over the importation of wheat, even in those countries where the grain trade is in private hands. They furnish the trade with information as to the kind and quality of wheat available in this country, a continuing task in our efforts to keep ahead of the competition.

One of the most successful activities we have undertaken is sponsoring trade teams to observe and become familiar with the U.S. wheat industry from production to export.

We feel that much of the wheat moving in the export market today is directly related to the trade mission visitors to the United States. The tour offers the visitors the opportunity to witness firsthand the many assets the United States has as a supplier of wheat for the world. (See attachment.)

They witness the ability of the United States to provide them with virtually any class or quality of wheat they may desire—a distinction shared with no other country. They watch the marketing system in action and acquire an insight into some of the advantages that system has to offer. They view the vast transportation system in the United States, and therefore, gain confidence in the United States as a supplier of merit.

Through contacts established with the visitors, our representatives act as liaison between the buyer and seller. With this initial indication of foreign market needs, they alert U.S. exporters to the developments, and are able to encourage a more aggressive government and industry policy toward U.S. exports.

A related type of activity is the trade mission from the United States to foreign countries. These can take on the form of cereal chemist teams, merchandising teams, or those closely related in the final sale—export representatives and Government officials. As a result of the personal contacts that representatives of trade missions from the United States have with foreign buyers, our traders are able to better understand their needs and problems.

Another type of program used by our organization has been promotion campaigns with a foreign cooperator. These cooperators are usually an association of bakers, millers, or both combined.

One such campaign by Great Plains Wheat has been the Amerikaans bread project with COOP Nederlands. The association, composed of Dutch millers and bakers, buys U.S. wheat and makes American-type bread which has become a standard of quality for the Dutch homemaker.

We recognize that a considerable part of our wheat exports have been under these special programs which include long-term credit sales under title IV. We consider programs of this type to be of great importance, especially as a bridge from concessional to dollar sales.

I think it should be pointed out also that some of our dollar markets of today were concessional markets just a few years ago. This has happened in Greece, Italy and, of course, Japan, to cite a few. All started out as wheat purchasers under Public Law 480 or some type of aid program and are now dollar markets in whole or in part.

Japan, in particular, has not only become our largest dollar market for wheat, but our greatest dollar market for total agriculture exports. By 1963, the United States became the largest supplier of wheat to that Asian country.

Although the wheat surplus problem is just a memory, the need for market development activities has not ceased. Our experience with market development and Public Law 480 has proven that the United States can not only compete in the world market, but, in fact, has emerged as one of its major wheat exporters.

Many more Nations are declaring their independence and each of these Nations have the potential of becoming future cash customers for U.S. wheat and other agricultural and nonagricultural products.

Once the market need has been established and the people educated to the proper use of wheat and wheat products, we must continue to service that market to insure they receive the utmost advantage and satisfaction from our product.

In addition to relieving the burdensome surplus problem, Public Law 480 has helped relieve the serious balance of payment deficit by providing funds for foreign economic loans and U.S. expenses abroad.

The cost of our market development activities in the foreign field has been borne by Public Law 480 funds. For the most part, the cooperators have also made a major contribution in dollars to finance market development. Since Great Plains Wheat and Western Wheat Associates were established, they have made dollar contributions totaling \$3,604,717.41 and \$1,656,079.87, respectively.

Public Law 480 marked an important turning point in American agricultural history. First it recognized that the United States could use its agricultural abundance to raise the world's living standard. Second it offered a unique opportunity for commodity groups to share in a cooperator effort to build permanent dollar markets for our farm products. It is this cooperation between

Government and producer that is now carrying out the intentions of Congress as expressed in Public Law 480.

There is still a tremendous need in this evergrowing world for the products of U.S. agriculture and the related work of market development. Therefore, a continued, if not intensified, campaign of market development will be needed to capture and assure the United States a larger share of the international market.

Increase in value of wheat exports

[Market value of agriculture products sold under title I, Public Law 480 from 1954 to Dec. 31, 1964, total \$9,500,000,000. Wheat accounted for \$5,400,000,000 or about 75 percent]

Fiscal year	Bushels	Value	Percent increase over 1954
1954.....	274, 400, 000	\$441, 304, 000	-----
1959.....	443, 000, 000	774, 964, 000	75
1965.....	719, 149, 000	1, 240, 265, 000	181
1966.....	435, 759, 000	(1)	218
July-December 1965.....	-----	-----	(2)

¹ Unavailable.

² Projected.

Public Law 480 and commercial exports, percent of total

Fiscal year	Total exports	Public Law 480	Percent of total	Commercial	Percent of total
1959.....	442, 106, 000	302, 116, 000	68	139, 990, 000	32
1960.....	506, 644, 000	372, 970, 000	74	133, 674, 000	26
1964.....	848, 274, 000	513, 629, 000	61	334, 645, 000	39
1965.....	718, 770, 000	559, 972, 000	78	158, 798, 000	22
1966.....	435, 759, 000	281, 043, 000	64	154, 716, 000	36
July-December 1965.....	-----	-----	-----	-----	-----

Mr. REDLIN. As a rookie Congressman on this committee, I am proud that the distinguished president of the Great Plains Wheat lives and farms in my district. I should like to state that Mr. Hardy is known in North Dakota as a good operator. I wonder if you would allow me to ask him a couple of questions, please?

Mr. POAGE. Certainly.

Mr. REDLIN. In the recent regulations wherein the Department tightened up the grading standards, is it your opinion that this has been helpful in market development overseas?

I know that you are making surveys of countries around the world. I would like your opinion on this.

Mr. HARDY. Yes, indeed, there has been a marked improvement in the general problem. Our offices reporting in Latin America and in Europe give strong indications of a greater degree of satisfaction on the part of the buyer than was evidenced a year or two ago. This is, in part, due, of course, not only to the change in grading standards, but also I think due to the updating of the commodity stocks, and a little better merchandising program than existed prior.

Mr. REDLIN. One more brief question: Mr. Hardy, as North Dakota farmers bordering Canada we know of the quality of the market wheat in Canada where they make a particular point of having rigorous grading standards. As to that, do you believe that our quality is up to theirs?

Mr. HARDY. No, we have a little further to go.

Mr. REDLIN. You do believe that we do have some greater distance to go along the quality line.

Mr. HARDY. Yes.

Mr. REDLIN. Thank you.

Mr. HEIMBURGER. Might I ask Mr. Hope a question?

Mr. POAGE. Yes.

Mr. HEIMBURGER. Mr. Hope, I notice that you recommend that the market development provisions of the law be retained substantially as they are. Under the present law, it is required that 5 percent of title I sales be reserved for market development and that 2 percent of title I sales should be convertible.

In the administration's bill, they have dropped the 5-percent requirement, but have retained the 2-percent requirement that 2 percent of all foreign currency sales shall be convertible for market development purposes.

The Assistant Secretary of Agriculture who appeared here stated in executive session a day or two ago that he felt that the provisions in the proposed bill are adequate, that they do not require the 5-percent reservation for market development and that they have continued the 2-percent convertibility provision in their proposed bill.

Do I understand your testimony to be that you believe that a continuation of the 5-percent reservation and the exact language of the present Public Law 480 is necessary for adequate market development?

Mr. HOPE. In answering your question, I will only be speaking for myself, although I believe that this is the general feeling of the group you have heard from today. I do not think the fact that you retain the 2 percent means that there is no further reason for the 5 percent provision or for some provision—maybe not the full 5 percent. But there is still a need, notwithstanding the fact that we have the conversion provision as to the 2 percent—there is still a need, I think, for foreign currency which can be used in the country where it originates, like in India and Pakistan, or Egypt and in some other countries—well, like the Philippines, where they are on a kind of margin, so far as dollars are concerned. We still think that there is a need for what I am calling the 5 percent provision, whether it is 3 percent or 5 percent or whatever percent it is, and that the language should be retained in the bill as to that. As we see it, when the new legislation is passed, if it contains the provisions for shifting from soft currency to hard currency on long-term credit, there will, really, be three sources from which currency might be derived which we think might well be required for this program. One would be the use of foreign currency in the countries where it originates, the second would be the foreign country which converts it under the conversion provision in the contract, and another one would be some provision that a percentage of the amounts received from the sales for dollars on long-term credit should go into the market development fund. In other words, under this program, if it is carried out as it appears to be intended, we will gradually be getting far away from foreign currency and going into dollars, and in that case there would be less funds from the sales to be used in market development. So, we would like to have the language continued as it is in the law, and then we think there should be some study given by the committee—to a provision which would also include sales for dollars on long-term transactions.

Mr. HEIMBURGER. On that latter point, my understanding is that the administration's bill does include a provision that even after the shift from foreign currency sales to dollar sales, foreign currency sales may be maintained to meet the U.S. needs, which would include market development.

Mr. HOPE. That may be. I am not sure that I have been able to locate that particular provision. It is something that the committee should keep in mind. If you feel that it is taken care of, that is what we are asking for. I want to bring the point up, because I believe it is important. In other words, we are afraid that if we go into a new piece of legislation here, a new bill, that it will have to be reinterpreted by the Bureau of the Budget and by other governmental agencies. If that is what has to be done, we may have some problems such as we had in the case of Public Law 480 when it was first enacted. The older members of the committee, and you, Mr. Heimburger, will remember changes had to be made before the market development program could function. Certainly—and this may answer Mr. Dole's question—I think that there is some advantage to retaining the old legislation, as far as it is applicable. I am speaking particularly, of course, on this phase of it. After legislation has been in effect for a while, you have had rulings on it by the Government agencies and you know just what it means, and how they interpret it. When you start out with new legislation, you may not go all through the process again.

Mr. HEIMBURGER. Thank you very much, Mr. Hope. I just wanted to clarify your exact position on this.

Mr. POAGE. Thank you very much, Mr. Hope.

I think you have one more.

Mr. HOPE. Yes. I want to present now Mr. Winn Tuttle, who is the director of the Washington office of the Western Wheat Associates.

Mr. POAGE. Is Mr. Tuttle present?

(No response.)

Mr. POAGE. Apparently, Mr. Tuttle is not present.

Mr. HOPE. Mr. Hardy's statement was on behalf of both the Western Wheat Associates and the Great Plains Wheat, so that organization is represented in that statement.

That concludes the list.

Mr. POAGE. Thank you very much, Mr. Hope. We are delighted to have had you with us and delighted to have this presentation of the supporting witnesses.

We will now return to our witness list.

Mr. TEAGUE of California. Welcome back, Mr. Hope.

Mr. HOPE. Thank you.

Mr. TEAGUE of California. I am a little unhappy with one thing—Bill Hill, and Mr. Hoeven and Paul Dague, and Cliff McIntire, and Otto Kruger, and perhaps others, have insisted on retiring voluntarily, and if it were not for that fact, I would not find myself in this position, on this side of the table.

I do have one comment, though it is on a related subject not having to do directly with Public Law 480, on the subject of exports for dollars. Had not Secretary of Labor Wirtz taken a position which I feel was unnecessarily rigid and was, in fact, unreasonable in not authorizing the importation of supplemental farm labor when we were struggling along with Public Law 78, we would have had many,

many millions of dollars more of citrus exports from California for dollars. The crops were not fully harvested, because we simply did not have the labor to gather them. This is a factor which I think the record ought to show.

Mr. POAGE. Thank you.

Mrs. MAY. I did not have the pleasure of serving on this committee when you were here, when you were one of the architects of Public Law 480. I would like to express my gratitude for your statement concerning how you feel that this program should be written by this committee. What you feel some of the practical obstacles we face in coming up with a brand new program, rather than to use the present program, a well known structure like Public Law 480, to accomplish the same objectives of a brandnew program. I think that this is a crucial question.

Mr. HOPE. May I say that I have so much confidence in this committee, that I am sure it is going to come up with a fine workable bill in the end, no matter which course it takes, but I would like to see same of the tried and true parts of the program contained in the old bill retained.

Mrs. MAY. I think you understand, too, the realities of the political situation when we come in with an entirely new program. This is one of our problems.

Mr. HOPE. Yes, I know that fact enters into it.

Mr. POAGE. Mr. Greigg.

Mr. GREIGG. Mr. Hope, in the discussion of market development overseas, what is your attitude in the selling of feed grains or wheat for dollars or dollar credits to the Soviet Union or Communist nations?

Mr. HOPE. Well, I can only give you my personal attitude on that matter. I have always believed—my position is well known, that sales for dollars to the Soviet Union or to any of the Eastern Europe Soviet bloc was a desirable thing. I favor it.

Mr. GREIGG. Thank you, sir.

Mr. POAGE. We are very much obliged to you and glad to have had you with us. We hope that you will stay with us and come up and join us here. We would be delighted to have you come up and sit with us now.

Mr. HOPE. I have enjoyed this opportunity to be here more than I can tell you, and I thank you very much. I may accept your invitation.

Mr. POAGE. Come right on up.

Mr. HOPE. Thank you.

Mr. POAGE. It has been the policy of this committee, which has been followed for some time, and I think that I am going to follow it this morning. Our colleague, Mr. Langen, is in the room. He was scheduled to be the last witness. He, no doubt, would like to get away to do good at other places as well as here.

We will be glad to hear from you, Mr. Langen, at this time.

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. LANGEN. Thank you, Mr. Chairman for being so considerate of me. May I say that I do have a prepared statement that I believe all of the members have which I would like to submit for the record.

Mr. POAGE. Without objection, it will be included in the record.
(The prepared statement submitted by Mr. Langen follows:)

STATEMENT OF HON. ODIN LANGEN A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MINNESOTA

Mr. Chairman, I wish to compliment you and members of the committee for conducting these hearings concerning the world war on hunger. I have had the privilege of reading and being in attendance for some of the testimony presented thus far, and I am most impressed with the comprehensive scope of these hearings. Please accept my sincere thanks for the privilege of appearing before you today.

I am appearing not only as a Member of Congress who has a bill (H. J. Res. 703) under consideration by this committee, but as an individual who is vitally concerned with the problems relative to the world supply of food and the role American agriculture and resources will play in solving the world food problems.

To launch a war on hunger, we must assess the value and power of food as a force in society. Wars have been fought over food, and wars have been won or lost because of the abundance or lack of it. Political orders have tumbled due to the distribution of food among people. Great nations have emerged because of the ability to produce it.

No study of the history of the United States, for instance, can be made without considering the role food has played. Our Nation's military strength has been greatly aided because we could supply food when it was needed. Our greatest efforts for peace have come through the generosity of Americans willing to share their food abundance. The major economic and political advantage this Nation enjoys over the major world powers is our ability to produce food in ample supply. Ample food is our major tool in the pursuit of peace and is our major weapon in deterring aggression and maintaining our superior defensive posture. By contrast, the weakest link in the Communist chain is their lack of ability to produce adequate supplies of food and the knowledge that American Agriculture can and will out-produce them at any given time.

We have all heard much of the great ability of American agriculture to produce food. The word "surplus" has been in our vocabulary for a generation. It would seem that we have an endless ability and capacity to produce food, even for the whole world.

But, is this a true picture? Looking behind the popular conceptions, we discover another image that could indeed come into sharp focus if we should make mistakes in our planning for the war on hunger.

We have but to remember World War II for a glimpse of what our capacity to produce food really is. I recall those days when our farmers were urged to produce at full capacity * * * and how we went from farm to farm, asking them to actually sweep the granaries for every precious kernel of grain. At the same time, food was rationed in our stores and great shortages developed. The conclusion here is obvious. We simply could not produce all of the food we needed.

With peace came the days of surpluses on our farms. We referred to these surpluses as a national problem. But, just how much of a surplus did we actually have?

I recall submitting testimony to this committee in 1959 to the effect that had our average production of food during the preceding 10 years been reduced by but 8 percent we would have, over those years, been a food deficit producing nation rather than a food surplus nation.

Of course, we now have a number of idle acres in our farmland. These can be put back into production and present acres can be expected to yield more than their present capacity in the future. But remember, our population is growing steadily. As some have pointed out to this committee, the growth has been fantastic and will continue to be so. It is therefore conceivable that our farmland may only produce as much as needed by our own population at some future date. If this should happen, where is our tool for peace, our food to feed a hungry world?

As our population increases, so does that of the rest of the world. That population explosion is even greater in many of the food-deficit nations. As we look at the situation today, we must look at it in the light that America's food resources are not limitless. Even this year we are unable to adequately supply

wheat to just one additional needy nation, India, without substantially depleting our needed reserves.

Therefore, as we study the problems of world hunger, we must make our plans carefully. The future complexion of the world society is at stake.

In our planning we obviously face a host of unanswered questions that range in scope from the American farmer's ability to produce food and the prospects for increasing production elsewhere around the world to the problems of distribution, financing and the types of food actually needed. There are so many questions, in fact, that we cannot afford to rush blindly into a gigantic "feed the hungry world" project which would accomplish just the opposite of its objectives.

A number of answers to the many questions will undoubtedly be found right here before this committee as you gentlemen sift through the many pages of testimony and come up with recommendations. Other answers will come from the number of advisory groups in existence. The Department of Agriculture will undoubtedly have answers and opinions on world food needs as certain programs relate to the operation of that Department. The same is true for the Department of State. Our national farm organizations also have expressed views relative to the world food problem and its relationship to U.S. agriculture. All of these, Mr. Chairman, are separate although important views. But nowhere in the consideration of the world food problems are these divergent views coordinated under one overall umbrella so that positive recommendations can come forth that recognize all of the economic and political complexities that relate to world food needs.

That is why I, and other Members of Congress, introduced a joint resolution to establish a U.S. World Food Study and Coordinating Commission to study world food and agriculture needs, to coordinate present U.S. efforts toward meeting these needs, and to evaluate the future role of U.S. agricultural and other resources in the light of present and projected world food and population trends.

This resolution was submitted to the Congress last October, and the reasons for creating such a World Food Study and Coordinating Commission are as real today as then. The principal effectiveness of such a commission is that it would reach out to bring together the varied opinions as expressed by the witnesses before this distinguished committee. It would create an independent group that would sift opinions and make recommendations that could not be accomplished by any other group in existence. Being bipartisan in nature, it would bring in all of the divergent views including members of the legislative and executive branches, farm organizations, and farmers themselves.

As stated last October, the U.S. World Food Study and Coordinating Commission would evaluate present and future food needs of the United States and the world. And the commission would recommend ways and means by which the total complex of American agriculture might be coordinated and implemented toward the end of helping to meet these needs.

One of the novel, and I might say vital, aspects of my joint resolution is to utilize the potential opportunity that a world food shortage has for American agriculture. It is an opportunity for good or ill. Hastily planned and executed programs could further endanger the precarious economic position of the U.S. farmer. On the other hand, effective and sound planning can sow the seed for a new health and vitality for American agriculture—for expanded markets and income, and a brighter future potential. In other words, if the American farmer isn't considered as a full partner in world food plans, those plans could be doomed to failure.

A number of voices have been heard recently, expressing concern that the U.S. farmer not be overlooked in our food plans. This committee has heard such concern expressed by representatives of all of the major farm organizations.

Governor Avery of Kansas said:

"Before the American farmer is committed to any contemplated world food programs, it is my contention that the farmer is entitled to some assurances that he will not be expected to produce for this program at less than a reasonable return for his work and a reasonable return on his investment."

Of course, the members of this committee have expressed much concern for the situation of the U.S. farmer. I have noted especially your remarks of January 19, Mr. Chairman, in which you stated:

"Our farmers would be the key to the whole program I envision."

Perhaps the most significant feature of the proposed commission is the way in which it is designed to bring together into one decisionmaking unit all those who would or should be involved in directing our food aid and assistance programs.

The need for this kind of coordination of effort has been pointed out many times in the course of the past few weeks, both before this committee and elsewhere.

The President, in his message on food for freedom, February 10, said:

"To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past in the planning and implementing of coordinated programs * * *"

The statement of the Secretary of State, delivered before this committee on February 25 by Thomas Mann emphasized the necessity for continuity between food aid and foreign policy.

David Bell, AID Administrator, pointed out that food aid and economic assistance must be coordinated. He said:

"As the President made clear, food aid is expected to be more closely tied together with our other economic assistance, and to be conditioned upon self-help cooperation by the recipient country * * *."

Secretary of Agriculture Freeman, in his testimony of February 23, pointed to the tremendous importance of interagency planning and coordination. He said:

"This means that we are called upon to develop closer interagency operating relationships that will involve the Department of Agriculture in a shared concern for—not only the food component of assistance programs—but also that part of economic assistance that relates to self-help in the agriculture related sectors of developing nations."

This is commendable and absolutely necessary, but it does not go far enough. The proposed U.S. World Food Study and Coordinating Commisison would provide for interagency cooperation within the Government, but would reach out further to include the legislative branch of the Government, and representatives of various farm organizations, U.S. land-grant colleges and universities, private trade and industry, and other interests which should be represented in such a major undertaking. The commission would be made up of the broadest possible membership.

The AID Administrator, David Bell, in his testimony before this committee, emphasized the need for an effort such as this when he said:

"* * * we must mobilize the best talent available in the United States, in the Department of Agriculture, in the land-grant universities, and in the farming and business communities of our country."

President Johnson also underlined the need for a widely inclusive planning effort when he said in his food message:

"We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry."

A primary function of the proposed commission would be that of planning. The absolute necessity for sound and careful planning of the U.S. role in the world food situation has been noted by several recent witnesses before this committee.

David Bell, AID Administrator, said:

"As we move from surplus disposal to sharing our agricultural productive ability whenever it best serves our national interest, it is going to be necessary to do longer term planning and longer term programing."

Don Paarlberg, Purdue University, said:

"The problem calls not for shortrun dramatics but for compassion and prudence, wisely blended and of longrun nature."

It is just as important that with the planning of this Nation's agricultural future, equal attention be directed to the food production potentials of all other foreign countries as well. This will require a further need that the United States be in a position to supply technical and scientific assistance as well as practical and experienced know-how. If the hardships and dangers of a hungry world are to be adequately satisfied, then it is imperative that all nations contribute to the total food requirements commensurate with their productive capacity, whether surplus or deficit to their own needs.

The broad, all-encompassing membership of my proposed commission could be assigned the responsibility of making a sound and detailed analysis of the world food and population problem, of drawing conclusions from this analysis, and finally, of making recommendations as to what role the United States can and should play in helping to solve these problems to the benefit of the world, the United States, and American agriculture.

The commission would gather explicit, detailed information as to what is actually happening in terms of food production and population expansion in individual countries of the food deficit and food surplus areas, thereby providing an adequate basis for U.S. decisions about using American resources to help meet future world food needs.

It would evaluate the internal agricultural complexes of food deficit countries to determine the causes of their inability to meet their domestic food needs.

It would determine the extent to which U.S. domestic agricultural production could be utilized to meet U.S. domestic needs, and help meet world food needs as well, and would appraise the effects which such action could be expected to have on U.S. agricultural and total economy, and the probable effects of such action on the economies of other countries of the world.

The commission would study the total domestic and foreign dollar market potential for U.S. agriculture. It would explore the question of whether U.S. farmers should produce for world markets at a lower price than for American consumers. It would evaluate the influence that agricultural commodities stored in U.S. bins has on world prices for these commodities, and would examine the probable effects on supply and prices if, for instance, the United States held its wheat from the export market.

The commission would be required to search for answers to many other questions which need answering, such as:

Are U.S. domestic production restrictions in fact encouraging the volume of production in food surplus countries? Are we through our export practices actually lowering world market prices?

What effects do U.S. shipping rates have on the sale of agricultural commodities abroad?

The commission would be required to evaluate the past operations of the Public Law 480 program, with particular reference to agricultural production and utilization in recipient countries, effects on U.S. agricultural exports for dollars, and the projected development and operation of such programs in the future. How have past Public Law 480 sales affected the balance of payments?

Many recipient countries are presently receiving as much U.S. food aid as docking, transportation and distribution facilities will permit. Would increased U.S. food assistance exports require the United States to build new docks, provide railways and storage facilities for these countries? Who would pay for it, and at what cost?

Public Law 480 was originally designed to develop foreign markets for U.S. agricultural dollar exports. Obviously, this objective should continue to be emphasized.

The commission would explore the possibilities for more effective uses of excess foreign currencies which have accumulated under past Public Law 480 program operations. Vast reserves of these foreign currencies hang like a shadow over foreign economies and hold a potential for future U.S. foreign relations problems.

The extent to which duplication and overlapping of present foreign assistance programs exist would also be a question for the Commission to answer. Are separate U.S. agencies providing the same help to the same people? Is there adequate agency liaison in program administration? How effective have past U.S. efforts been in terms of internal coordination of policies and programs? How many Federal agencies are involved in foreign aid and assistance programs of one kind or another, and how well coordinated are these programs? Does the right hand know what the left is doing? Are current programs geared to common goals, or are they working at cross-purposes.

The Commission would explore alternative ways of financing possible U.S. programs designed to help meet world food needs. Should the cost of broadened food assistance programs be charged to other than the Department of Agriculture?

Another giant problem for the Commission to tackle would be an analysis of the manifold technical, mechanical, diplomatic, bureaucratic, political cultural, and other barriers to present and future U.S. programs designed to assist food deficit areas of the world. In the eventuality that the United States is successful in creating a workable program to help meet world food needs through such

devices as increased U.S. food shipments and expanded technical assistance of various kinds, can we expect the cooperation and consent of the individual governments of the various food deficit countries of the world? And what assurance do we have that, should we gear our domestic agricultural economy to such a plan, it will not suddenly be undercut at some future stage through a unilateral action of the government of a recipient country?

The Commission would also review the potential of other food surplus countries of the world for assistance in meeting world food needs, and study methods for coordinating such assistance. It is recognized that countries other than the United States have food surpluses. What role should they play in the problem of meeting world food needs? In addition, what degree of liaison and cooperation should the United States enter into with international food assistance organizations such as the Food and Agricultural Organization, and others?

The Commission would make an exhaustive investigation into the problem of maintaining adequate U.S. domestic food reserves, and the possibility of greatly increased domestic demand should a major war occur. In 2 years, for instance, during World War II, the domestic U.S. disappearance of wheat increased an astounding 72 percent. In 3 short years we went from a surplus to a plea from the Government to sweep our granaries of every kernel of grain. Should such an experience occur again, in order for us to provide for our domestic wheat consumption and maintain adequate reserves, we should be required to cut our wheat exports by over 90 percent, it is estimated, or drastically increase our domestic production. What if we were trying to feed a hungry world at the same time? Could we do it?

These questions and hundreds of others like them need answers now. The economic well-being of the U.S. farmer depends upon sound answers. And, no matter what approach to the world food problems the United States decides to take in the future, these are not static questions. The correct answer today will not be the same answer tomorrow.

Mr. Chairman, the entire structure of Government needs the answers to the many questions that would be considered by the proposed Study Commission. And the Commission is designed to provide those answers.

Of the 18 proposed Commission members, 4 would be chosen from the House of Representatives and 4 from the Senate, on a bipartisan basis. Of the remaining 10 to be appointed by the President, 1 each would come from the Departments of State and Agriculture, and 8 from outside the Federal Government, to be representative of various farm organizations, private agricultural trade, U.S. land-grant and State colleges and universities, and other agricultural organizations.

Such a Commission, with its diversified composition, would effectively bring together all points of view and would accomplish the objectives I have put forth. Congress needs the type of information that this Commission could provide.

I know that all of the issues which I have discussed with the committee this morning are matters with which you are all concerned. It is no easy or small assignment to legislate or recommend future programs which will find general acceptance and at the same time provide reliable answers to these perplexing problems, for we must be continuously aware of the changing times and demands in terms of both economic and food necessities.

Consequently, I fully recognize the needs of considering at this time, jointly, adequate food reserves for this Nation, at the same time as we are determining the further distribution of surpluses. In view of the many questions that I have raised, and noting our past historical experience, the safeguards of adequate supplies or reserves become of equal significance as we contemplate the many uncertainties that the future holds.

The vast knowledge and acquaintance of this committee with these problems evoke the confidence in all of us that proper consideration and recommendations will be forthcoming. The considerations for American agriculture that have been provided by the committee over the years are, to the Nation and the world, the best justification for this assurance. It is therefore with confidence that I suggest your careful examination of the strength of the recommendations embodied in House Joint Resolution 703 briefly outlined before you this morning.

It is my hope, Mr. Chairman, that as a result of such an examination, this committee will see fit to recommend adoption of the proposal for the establishment of a U.S. World Food Study and Coordinating Commission, and thus provide the opportunity in the future for the use of such information and recommendations as can only be accomplished by a study of this kind. This action will in-

deed open the way for the development of meaningful plans that will benefit the hungry of the world, the American farmer, and the United States.

May I express my personal gratitude to every member of the committee for your kind attention.

Mr. LANGEN. I should like to make some brief comments.

First, let me compliment the committee for the very diligent and elegant manner in which they have spent long hours in conducting this hearing on world war on hunger. I have had the privilege of reading some of the testimony, as well as being present while some of it was presented, and I, surely, have been most impressed with the comprehensive scope covered. I should express by thanks for letting me be here for a brief moment this morning.

I appear as a Member of Congress, of course, and also because I have a bill before the committee, Joint House Resolution 703, which is under consideration by the committee, and also I appear because of a personal interest that concerns dealing with the world food supply and particularly the role that American agriculture is going to play in the part of providing the resources for the solving of these world food problems.

I know it is no secret to this committee, but to launch a war on hunger in the world one needs to assess the value and the power of food as a force in society. Sometimes I think that we underestimate this. Wars have been fought over food, and wars have been both won and lost on that basis. In fact, there have been a good many powerful political orders that have succumbed because of their inadequacies in the distribution of food. At the same time, great nations have emerged because of their ability to produce food. So it becomes a very important element in any given society.

Right now, today as far as this Nation is concerned, and, certainly, it has played an important role during all of our history—but today, particularly, our greatest effort for peace comes from the generosity of the American people in their willingness to supply an abundance of food. In fact, the big advantage we have over the other world powers is our ability to produce food. By the same token, I think the biggest weakness of the Communist element is their inability to produce sufficient food and the knowledge that they cannot compete with the United States of America in so doing.

I am well aware of the magnitude of the assignment that comes before this committee in discussing this problem, because it bears a great deal of significance, not only to the American agriculture community but to the American farmer and, certainly, to the economy of the Nation.

Probably, the degree to which we are able to deal with this problem can well mean the difference between war and peace as we look to the future.

You know, we have talked an awful lot in this country about our ability to produce food. The word "surplus" has become a very common word in everyday discussion, at the very same time these discussions can become very misleading and oftentimes the surpluses represent an accumulation over a period of years, whereas the annual production presents a figure that is something else again and not always as great as those accumulated surpluses may indicate.

In that connection, I think it becomes rather permanent that we direct a little bit of attention to just that point.

In 1959, I had occasion to appear before this committee. We had great surpluses then. I made note at that time that had there been a reduction of 8 percent in our production during the preceding 10 years we would have been a food-deficit country, instead of a food-surplus country.

Of course, today, we face a little different situation. We have a lot of idle acres that could be brought back into production. I do not know that we are fully aware of what our total production capacity is today, if all of these acres were brought back, and all of the ingenuity that is in the possession of our country were put to use.

We are aware of the population increases and so on that have been called to the attention of this committee, but in view of these factors, I think that this subject that is before the committee takes on great importance, because as we study the problems of the hungry that exist around the world, it becomes evident that we need to make some very careful plans as we approach, because on our approach there rests the future complexion of the world society, and it is just as important as the entire future is of the American farmer.

Now, in making those plans it occurs to me that there is an awful lot of unanswered questions, questions of broad scope—in fact, they reach all the way from the American farmers' ability to produce food to the question of increasing food production capacities of every other nation around the entire world, plus the distribution problems, the financing, the types of foods that are needed—and all of the many complex problems that we find in these underdeveloped countries. And, you know, as I think of these problems, I cannot help but be impressed by the magnitude and the great variety of those problems. And I am sure that it is necessary that we need to know a little something about actually what the world food needs are, both in terms of the differences in the diets of the various countries, their eating habits, and the sources they have now, and so on. I think it is just almost as important that we know a little something more about what the total domestic market is, both for dollars and for foreign currencies around the world, or what effect the surpluses that we have, or the commodities that are stored in this country, might have on world prices, shipping rates which become a factor, and the various aids that we carry on in various countries which also are a factor. The matter of financing and the programs that we get into, obviously get to be of great significance as we think of the future of American agriculture.

Probably more complex are the many technical and mechanical, diplomatic, political, tariff barriers, and such that are going to play a part in the movement of food from one country to the other. Possibly of equal significance is another matter that may even seem a little out of place at the moment, and that is the question of our own reserves and what our own needs in the future are, and in this connection I should recall some of the experiences with regard to those reserves and how necessary they might be.

We are not too far from the day when reserves might play a real important part. It is a matter of crisis and all that would go with it, and any reserves that we might have might not be used for purposes of reducing prices but by the same token they ought not to be a burden on the market to lessen any incentive to produce in meeting a larger world market, and so they do become a very pertinent part.

You know I had occasion to visit with some members of the Peace Corps—in fact, I called them to my office for the purpose of discussing with them just very briefly what their experience with world food needs had been, they having visited these other countries. And these people were most cooperative in providing me with an excellent report. They have been in Liberia, India, Brazil, Guinea, and Peru, and the Philippines, I believe.

One of the things that impressed me, as they have surveyed the food problems in these countries was that in many instances they found one of the first things that was necessary was to teach these people how to use the food, even though we provided it, as well as how to produce it or how to store it, the transportation problems that were there and the storage problems without refrigeration, and all of those which I am sure have attracted the attention of the committee. In fact, one of them said this—that probably the most difficult assignment in approaching the feeding of any underdeveloped nation was one of needing an educational program to begin to teach them how to meet these barriers and problems in connection with the food, once they got it.

I have just referred very hurriedly to some of these problems that to me seem to pose great unanswered questions, and I have done it for this purpose, Mr. Chairman, because it is to satisfy and to bring about some answers to those questions, that we have introduced the Joint Resolution and have recommended a commission that might direct its attention and study to those very problems to see if they can come up with some answers and some recommendations. Those, I think, are pertinent as we look at that problem today.

The commission that we have suggested is one that would be composed of 18 members. It would be bipartisan in nature. It would have representatives from the legislative branch—8 Members of the Congress and 10 additional people to be appointed by the President, and I cannot emphasize the need for this broad scope of representation on such a commission, which would explore all of these many complexities in today's world food problem, too much. And here is where I think that we also need to recognize that any plans or executed programs that might be started now could well endanger the economics of it. They could create problems that we do not now have.

On the other hand, if a sound plan is carried out, this could provide the seed for a very healthy and vital American agriculture in the future and could offer great potential for it, and it is for that reason that I also place some emphasis with regard to the commission, that the farmer also play his full part in any such study. And, we have, therefore, recommended that the farm organizations as well as the farm people play a part in this.

I think it has been emphasized to the committee by a good many witnesses already as to this point, and I should quote one statement from one of our governors of a great agricultural State, Governor Avery, who said:

Before the American farmer is committed to any contemplated world food programs, it is my contention that the farmer is entitled to some assurances that he will not be expected to produce for this program at less than a reasonable return for his work and a reasonable return on his investment.

Obviously, this follows right along with the recommendation of such a commission.

I know that the chairman of this committee made a very commendable statement in that regard, in which he said that our farmers would be the key to this whole and entire program. And so it is with that, that I think that such a commission could supply much needed answers, much needed information and statistics that would be valuable in formulating any program to meet these needs.

I have outlined the needs in the statement, to a further degree, and I shall not repeat them now.

I just want to add this one point, that such a commission would also have the assignment of reporting not only to the President but also to the Congress, and this I think is pertinent, because of the fact that the Congress is the body that is going to have to provide the legislation—it is going to have to provide any of the changes and to describe and outline the policies that would be followed.

I have great confidence in the knowledge that the committee has, the concerns that they have for it, and, certainly the history over the past years have proved the matter in which they apply that wisdom, the experience that they have had over the years, all of which makes for being confident that the committee will come up with the kind of program that will best serve the interests of this problem. And it is for that reason that I recommend the approval of such a commission. It could well be done in conjunction with the further extension of Public Law 480 or any world food program, as far as that goes. It could well be a part of such an endeavor that we reach out into the future. To do so, I am sure would provide a real benefit to the Congress; I am sure it would provide a real benefit to American agriculture. And in that line, I think we could be of great service to the hungry people of this world, to the American farmer and to the United States.

The rest of my statement covers the more detailed matters in that connection.

I am very grateful for the patient attention of the committee this morning.

Thank you.

Mr. POAGE. Thank you, Mr. Langen.

I should like to suggest that Mr. Langen has taken about 15 minutes, and we will have to forgo the questioning now. We are very much obliged to you.

Mrs. MAY. May I have just one statement?

Mr. POAGE. Will you stay with us while we hear the rest of these witnesses?

Mrs. MAY. Yes, sir.

Mr. POAGE. You can make the statement then.

Mrs. MAY. I just want to commend you for your statement. I am familiar with the work and the study that Mr. Langen has done on this. I appreciate very much that you have had this opportunity to present this to us. I only wish that we knew a great many of the answers to the very important questions that you have posed, as we go to work on this legislation. They emphasize the need for some sort of a study commission, of the type that Congressman Langen has sug-

gested, as we go into making up this new bill. We all want a program that reaches the goals that we have in mind for it.

Thank you.

Mr. POAGE. Mr. Greigg.

Mr. GREIGG. I would like to ask you, Congressman Langen, the same question I asked Mr. Hope when we talked about the overseas marketing. What is your attitude on the question of trading with the Soviet Union or the Communist nations in Eastern Europe in the area of feed grains and wheat, if we could receive dollars or dollar credits?

Mr. LANGEN. Actually, I have made reference to that subject within the complete statement. Again, it becomes one of the questions that I have raised that probably needs some further attention and some further study. I should recall that when we had this matter before the Congress, it was about Christmas one time, when we were debating whether or not we should provide the credit for the sale of wheat to Russia, as an example, and how we searched for the necessary information—in fact, I had the Library of Congress search for me for information relative thereto, whereby we might be able to use, both in the way of supplies that Russia had on hand and what their needs were and what their production was, so that we would have some little idea of what we were doing, or if we were supplying them with wheat that they, in turn, were going to supply to another country. And these are questions that I think we need to know the answers to, before we register a decision on the matter. And there are so many unknown quantities in there now, that I think that there are a good many opinions that are voiced now without the knowledge that ought to be had.

And at this point, I just want to emphasize that I am not making a commitment on that subject, because I do not think that we have sufficient knowledge with which to discuss it.

Mr. GREIGG. Would it be fair to say at this time that you do not have an opinion on this proposal in the sense of such a trade?

Mr. LANGEN. That is correct. This is why I emphasized the need for that kind of a study.

Mr. GREIGG. Thank you.

Mr. POAGE. Thank you, Mr. Langen.

The next witness is Mr. Raymond Wilson, Friends Committee on National Legislation.

We will be glad to hear from you.

STATEMENT OF E. RAYMOND WILSON, FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. WILSON. I would like to submit this statement for the record.

Mr. POAGE. Without objection, the statement will be inserted in the record at this point.

(The statement submitted by Mr. Wilson follows:)

STATEMENT OF E. RAYMOND WILSON, ON BEHALF OF THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION

My name is E. Raymond Wilson. Today I am appearing for the Friends Committee on National Legislation, a Quaker organization that from its inception 23 years ago has placed a high priority on working on legislation dealing with world hunger. The FCNL has testified several times before this committee on Public Law 480 and related legislation.

Those of you who know the highly individualistic nature of the members of the Society of Friends realize full well that no person nor organization can speak officially for all Friends. But on this question of America's responsibility to do its full share in overcoming world hunger, there is a high degree of consensus among Friends.

At present, I am continuing to serve virtually full time with the Friends Committee on National Legislation as executive secretary emeritus. Having grown up on an Iowa farm and graduated from Iowa State College of Agriculture, I bring to this question of overcoming world hunger a lifelong personal interest, some sense, I hope, of the enormous complexities and difficulties, and a desire to look at this opportunity before us from a worldwide, humanitarian point of view.

With more than half of the people of the world hungry or malnourished, with world population growth exceeding the rise in agricultural production, with some 60 million acres out of production in the United States and much of it largely at taxpayers' expense, and with the First World Food Congress held here in Washington in 1963 calling for heroic efforts to close the world food gap, the responsibility of the United States to do its utmost cannot be overstressed. The opportunity before this committee to continue to shape an adequate program for the next decade is very great.

LEAD THE WORLD IN A WAR AGAINST HUNGER

We commend the President for proposing in his message to Congress on February 10 that the "United States lead the world in a war against hunger," and that we "look to a world in which no man, woman, or child suffer want of food or clothing." May we do our utmost to make that time come soon.

The following recommendations are made for strengthening either the legislation or its operation, so that the United States can "lead the world in a war against hunger."

RECOMMENDATIONS

(1) *Stress this objective more clearly.*—If we are serious about this goal, let it be stated more explicitly. One possible revision would be to expand section 2 beginning with line 8, as follows (proposed additions to S. 2933 and H.R. 12785 are italic):

* * * to use the abundant agricultural productivity *and agricultural technology* of the United States *toward making our maximum contribution in an international campaign* to combat hunger and malnutrition *in the world* and to encourage economic development in the developing countries * * *.

I suggest this amplification because expert after expert has emphasized the necessity of sharing not only the food and fiber which we can produce, but even more our experience and know-how, our agricultural technology to help accelerate food production abroad.

In a world where so many are still underfed, we should undertake our maximum contribution in food, capital, and technical assistance.

With regard to an international program, the President said in his message, "We must encourage a truly international effort to combat hunger and modernize agriculture. We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program, should be expanded—particularly in food and agriculture."

And yet in Secretary of Agriculture Freeman's 26-page statement before the House Agriculture Committee on February 23, 1966, there was no reference to international agencies.

(2) *Settle into a longtime program.*—What has been done in the last decade under Public Law 480 in helping with the food problems of about 100 countries is something which every member of this committee can view with considerable pride. But it has been largely a surplus disposal program. A worldwide comprehensive concerted effort to increase agricultural production everywhere, to produce products needed most for nutritional needs, and to make heroic strides in family planning and population control, is at least a generation-long job and we should plan accordingly.

For example, desirable as the goal is, of sales only for dollars (and I will say more about sales and donations later), isn't it pretty unrealistic to expect that the developing world, short as it is of working capital and dollar currencies, can

expect to buy for dollars what they need by December 31, 1971, as envisaged in section 103 (b) of the Food for Freedom Act?

(3) *Maximize aid for population control.*—This subject was dealt with in such detail in the first week of hearings before the House Committee on Agriculture, that the Friends Committee feels no need to do more than record their agreement with the desirability and necessity of worldwide family planning. We support full participation by the U.S. Government in programs of assistance to other countries, as well as to people in the United States. There is no chance of winning the war against hunger without a drastic reduction in the rate of population increase. We also approve of using some of the local currencies accruing under the act to finance programs emphasizing maternal, child health, nutrition, and family planning services.

(4) *Multiply food production abroad.*—It has been said time and again that in the main, people must be fed by food raised near where they live and that food production must be multiplied in the developing countries. The United States should expand its efforts to help establish or strengthen the equivalent of land-grant colleges throughout the world. Even more funds need to be directed to agricultural research, extension work in agriculture and home economics, capital and credit, fertilizers, pesticides, irrigation, better seeds and farm implements, storage facilities, transportation and the whole complex of agricultural growth and development. I realize that the responsibility for carrying on an adequate program in this whole field is split between various committees of the Congress dealing with agriculture, the AID program, international health activities, U.N. agencies and so on, but it is helpful if we can see the program as a whole.

All too few of the currencies generated under title I of Public Law 480 in the last 10 years have been used for aids to agricultural development overseas, or for exchange of students and professors in this field. In order to overcome this lack, we recommend the insertion of a new paragraph at the beginning of paragraph (b), section 304 of the proposed Freedom From Hunger Act of 1966 for carrying out programs of U.S. Government agencies. This paragraph should make it clear that the chief aim of the utilization of currencies generated under title I is intensification of agricultural production in those countries. The language might read somewhat as follows: "Help developing nations improve agricultural technology and increase agricultural production and growth, while restricting population growth, so they can more nearly meet domestic requirements for a nutritiously adequate diet." This would put the emphasis in the legislation—insofar as soft currencies are concerned—where the President put it in his message—on increasing food productivity abroad. It would be even better if such a paragraph were a declaratory paragraph to the whole Freedom From Hunger Act.

(5) *Increase agricultural production in the United States both quantitatively and qualitatively.*—What a paradox that in a world where more than a billion persons are malnourished, it is reported we have some 60 million acres out of production under various restrictive programs. The potential transition to full production, which is what farmers would really like, is neither simple nor easy, as Secretary Freeman pointed out in his House testimony. Suppose we were to put the emphasis on those foods most needed, particularly proteins and vitamins. As Secretary Freeman said, "It is estimated that in the developing nations of the free world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition."

The President has made a start in this direction by proposing an increase of rice and soybeans this year. For example, in a rational world the United States would produce more nonfat dried milk, which is so important as a supplementary food for growing children and in school lunch programs. Already much has been done in fortifying foods donated under the Public Law 480 program.

(6) *Think of the whole human race as one family. Take food as a weapon out of the cold war.*—It is encouraging that ideological discriminations have not been written into the proposed Food for Freedom Act of 1966, for proper food is an elemental need of every human being. The right of access to food should not rest on the accident of what country or government or race or climate or circumstance a child is born into.

There are many governments, including those under Communist domination, with whose policies we differ, but whose people get hungry, too. Taken together, the Communist world, partly because of its own policies, is a food deficient world. The United States should not be a party to providing them with any reason or

excuse for engaging in political or territorial expansion in order to get access to food. Here is a place where simple humanitarianism might be our guide—that food should be available on equal terms to people regardless of political ideologies.

The FCNL worked for over a year, unfortunately without success, to find a formula by which food might go to mainland China, when the Chinese were suffering from the worst series of natural calamities in a century. Food may have an important place in the tortuous process of world reconciliation and the changing of enemies into friends. I have seen it in Japan in 1957 with whom the United States had been at war a decade before. The Scriptural injunction, "If thine enemy hunger, feed him" has never been repealed.

(7) *Work more through international and U.N. agencies.*—Some humility as a nation would not be out of place here. In 1946, the United States turned down the idea of a World Food Board under the Food and Agriculture Organization as proposed by Nobel Peace Prize Winner Sir John Boyd Orr. On Thanksgiving Day in 1949, I believe it was, the United States rejected the proposal of an International Commodity Clearing House in the Shoreham Hotel here in Washington. Some of the basic ideas of the Commodity Clearing House were later incorporated on a unilateral basis in Public Law 480.

The U.S. record has considerably improved in the last 5 years, with more contributions going to the U.N. Special Fund, to the U.N. world food program, to the U.N. expanded technical assistance program, but it is still tiny compared to either our capacity or world needs. Our yearly contribution to the administrative budget of the U.N. Food and Agriculture Organization is little more than we spend every hour of every day on our national defense budget.

More than ever before, the world needs to pull together through international agencies to mobilize the world's resources of experience, personnel, and capital to overcome man's ancient enemy—hunger.

(8) *More use of cooperatives.*—For a sound agriculture, maximum participation of the people involved in the various aspects of their life is desirable. Much more could be done to encourage producer and consumer cooperatives to deal in fertilizers, farm machinery, and marketing. Credit unions and other credit facilities could help the farmer free himself from the loan sharks and disastrous cyclical price fluctuations. These cooperatives will need some dollar assistance, especially for rice milling machinery, many kinds of farm implements, fertilizers, and factories.

(9) *Closer correlation of food, aid, and trade policies.*—Our food, aid, and trade policies added together should make for effective economic growth and should not cancel each other out. Yet there have been times when a catastrophic drop in the price of coffee, or sugar, or some other agricultural commodity has offset the benefits of assistance under the AID program. It is quite possible that international machinery may need to be strengthened in order to help one-crop countries broaden their economic base, but the United States should also be more sensitive to the problems of such areas.

(10) *Review our loan and grant policies.*—We would probably all agree that it is desirable for people to pay in goods and services for what they receive. That is the goal to keep in mind and to work for. But at the present time much of that part of the world which needs food and agricultural products doesn't have equivalent buying power.

Of course, psychologically, most countries prefer loans to grants if they think they can repay the loans, and food for work is assuming larger importance in our AID program. But beyond this, shouldn't grants and donations have a larger place in a stepped-up food program?

Food when eaten is gone, and unlike hydroelectric dams and steel mills, doesn't generate more income over the years. Why shouldn't the United States expect that some food commitments at certain stages to certain countries, should be written off, and not hang like an albatross around the necks of other countries or our own?

We should expect that the cost of victory in the war against hunger to be high. Secretary Freeman said that the \$14 billion we have spent in providing food and fiber to developing nations have done more than any other program in history to avert hunger, malnutrition, and famine. Yet \$14 billion is little more than the President is asking for the next year for the war in Vietnam. This 10-year expenditure for food is only what we are spending every 3 months for the U.S. military establishment.

A very generous program of food for peace and freedom wisely administered should make an incalculable contribution to a happier mankind, as well as cultivate customers, neighbors and, we hope, friends around the world.

CRASH PROGRAM NEEDED TO AID INDIA

Before I close, I should like to express the Friends Committee's deep concern for the people of India who are suffering from the worst drought in 70 years. Many Americans are not yet fully aware of the potential dimensions of this tragedy, but we are told that some 11 to 12 million Indians may starve to death unless India is able to import another 12-15 million tons of grains by the end of June 1966.

Surely the United States is capable of mounting a crash program to forestall such a happening. We urge this committee to do all in its power to see that enough U.S. storage bins are emptied, enough ships are taken out of mothballs, enough unloading techniques are shared so that the people of India may have bread. We have the grains, we have the ships, we have the techniques, but the "will" must be expressed immediately.

Mr. WILSON. My name is E. Raymond Wilson. I am appearing for the Friends Committee on National Legislation, in general support of the objectives of this proposed Food for Freedom Act, but we are submitting 10 specific suggestions for changes in the legislation or in regard to the operation of this proposed legislation.

We commend the President for his proposal that the United States should lead the world in a war against hunger.

In the first place, this objective might be stated much more clearly in the legislation.

If the proposed Freedom From Hunger Act is the legislation to be considered or the continuation of Public Law 480, I would like to suggest language somewhat like the following, and this is underlined on page 2 of the testimony, of what would be added to the language in the proposed bill:

* * * to use the abundant agricultural productivity *and agricultural technology* of the United States *toward making our maximum contribution in an international campaign* to combat hunger and malnutrition *in the world* and to encourage economic development in the developing countries * * *

In other words, I would emphasize the development of agricultural technology in various countries. It would set the goal of the maximum contribution that we might make in an international campaign, and the goal would be to do what we could to combat hunger and malnutrition in the world.

No. 2, that we look upon this task of overcoming world hunger as a long and very involved and very challenging and very difficult task, and, therefore, that we settle into a longtime program. I am raising the question specifically whether the assumption envisaged in section 103(b), that we phase out anything that is not sales for dollars within 5 years is really achievable in the kind of world which we now have; so that I am raising that as a very serious question among the assumptions of this proposed legislation.

And third, that we maximize aid for population control. We heartily support the committee's efforts for the United States to assist other governments in a voluntary program of birth control and restriction of population, and I think that this needs very intensified campaigns of persuasion and of technical help.

Fourth, that we encourage the production of food abroad, because I think it is perfectly obvious to this committee that even if we were so disposed that we cannot ourselves complete the world food gap. As we face a rapid population rise in the next 15 years, the world will mainly have to be fed by food raised in its own country or nearby, and there is no chance of feeding a hungry world without multiplying the

production in many, many countries; and, therefore, we are suggesting that language might be added to help the developing nations improve agriculture technology and increase agriculture production and growth while restricting population growth, so that it can more nearly meet domestic requirements for a nutritiously adequate diet.

In other words, that this might be spelled out as a first charge against the currencies generated under title I.

No. 5. Increase agricultural production in the United States both quantitatively and qualitatively. The growth of this food for the freedom from hunger program is not only to increase the calories available but the proteins, vitamins, and other strategic materials in the food field. It is a paradox that at this time when more than one-half of the world is hungry that we have out of production, largely at taxpayers' expense, some 60 million acres. We are expressing the hope that we can phase that area back into production in a way that will not seriously disrupt commercial channels of trade or our domestic agricultural prices, but I think that none of us can rest easy in a hungry world if that land is unused. I think that the farmers want to produce food for the world, and I think it is up to us to keep on working tirelessly to find the formula by which that can be achieved.

No. 6. Think of the whole human race as one family. Take food as a weapon out of the cold war. I think that it is encouraging that the language that has been presented to us for consideration in these proposed bills have not written ideological discriminations into them. The right of access to food should not rest on the accident of what country or government or race or climate or circumstance a child is born into. There are many governments, including those under Communist domination, with whose policies we differ but whose people get hungry, too. Taken together the Communist world, partly because of its own policies, is a food-deficient world. The United States should not be a party to providing them with any reason or excuse for engaging in political or territorial expansion in order to get access to food. This is a place where simple humanitarianism might be our guide, that food should be available on equal terms to people regardless of political ideologies.

We worked for over a year, unfortunately without success, trying to find a formula by which food could go to Communist China at a time when they claimed that they had the worst series of natural disasters in a hundred years. We never found that formula, though we pursued it here and abroad, and all the way up to the President, to the Director of the food for peace program, to the Department of Commerce, to the Department of State, and so on.

I think it is a great tragedy that our country could not see fit to make a firm offer, because we were, perhaps, too proud. The Chinese were too stubborn or too proud to make a specific request, and here was a situation where we had the capacity to respond, but where we were unable to find the political answer to it.

Now, food may have an important place in the tortuous process of world reconciliation and the heaving of enemies into friends.

Some time ago I spent 10 days in northern Japan witnessing the distribution of our food at a time when they had the worst crop failure in years. This is a country with whom we had been at war

10 years before. It has only been a few years ago when Secretary Benson refused to sell butter at world prices to Poland. Now, Poland is a country with whom we are, at least, on somewhat improving terms, and as years come and go and as countries come and go, we see attitudes changing. I think that food is one of the ways in which we want to try to change and melt political hostilities.

The scriptural injunction "If thine enemy hunger, feed him" has never been repealed.

Senator Aiken has said to me on more than one occasion, "I do not know of any people that have ever been starved into democracy."

And, so, I am making a very direct and a very strong appeal to this committee not to transfer into the forthcoming legislation the language in title I and title III of Public Law 480. Within the next 10 years, let us see that we can use food as one means of trying to knit together a world that is so much divided at a time when people are so hungry.

Mr. POAGE. Thank you.

Mr. WILSON. I would like to make three more points, briefly.

Mr. POAGE. You have taken about 12 minutes now. I am afraid that if you discuss three more points we will not be able to get through this morning.

Mr. WILSON. Then, just one more point.

We should work through international agencies in an attempt to help make the food and agriculture organizations and other international agencies more effective in this whole field of food production and food distribution. There should be more use of cooperatives, closer correlation of food and trade policies, and that we try and review our trade policies to make it possible for countries to buy for dollars, but recognizing that in the next 10 years there will be countries whose economies will not make it possible; and, therefore, we ought to be ready and willing, it seems to me, to think in terms of some grants and donations to these countries and to write them off rather than piling up unconvertible currencies or depriving them of the help that they need. A crash program is needed to aid India now.

These are among the suggestions that we hope that the committee might consider in considering and drafting this forthcoming legislation.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you very much, Mr. Wilson.

We will next hear from Mr. Weiner.

The Chair suggests that you have about 5 minutes for your testimony.

STATEMENT OF LEON WEINER, REPRESENTING THE NATIONAL ASSOCIATION OF HOME BUILDERS

Mr. WEINER. I am Leon Weiner, appearing for Mr. Blackmon, who, unfortunately, could not make it.

I believe you have our statement which I will not read in the interests of saving time. I will submit it for the record.

Mr. POAGE. Without objection, your statement will be made a part of the record at this point.

(The statement of Larry Blackmon, president, National Association of Home Builders, with attachments, follows:)

STATEMENT OF LARRY BLACKMON, PRESIDENT, NATIONAL ASSOCIATION OF HOME BUILDERS

I am Larry Blackmon, president of the National Association of Home Builders. I am a builder of homes and apartments in the Fort Worth, Tex., area and in other cities in this country.

With me here today is Leon N. Weiner, first vice president of the National Association of Home Builders who is a builder of homes and apartments in the Wilmington, Del., area.

In previous years, we have submitted our views on legislation similar to that which you are presently considering. The National Association of Home Builders is the trade association of the home building industry, with more than 45,000 members organized in 396 local and State affiliated associations in all 50 States, in Puerto Rico, the Virgin Islands, and the District of Columbia.

Many of our members have participated in international housing programs, and many more are interested in participating in future international programs. It is our belief that the wide experience and research that both our association and our industry members have developed over the years can be of considerable assistance in future international housing programs.

Our purpose in testifying before the committee today is to discuss the opportunities which the proposed Food for Freedom Act provides for combating the ancient enemies of mankind—hunger and lack of shelter. The President in his message to Congress proposing the new Food for Freedom Act eloquently stated the need to provide adequate food and housing for people in the less developed areas of the world. He pointed out that—

“When men and their families are hungry, poorly clad and ill-housed, the world is restless—and civilization exists at best in troubled peace.”

The principal purpose of the new program will be to put the United States on a course designed to make maximum use of its resources to lead the world in the fight against hunger. It must be agreed that the less developed countries must produce more food if any realistic progress against hunger is to be made. We understand that the main emphasis of this bill is to encourage the less developed countries to provide the food required to sustain themselves. However, there will be sufficient funds generated under this act to do more.

Therefore, we must not overlook related opportunities provided under the old Public Law 480 program and the newly proposed Food for Freedom Act. One such opportunity of vast significance is the use of foreign currency generated under these programs to construct needed housing in the less developed countries.

Under the old Public Law 480 program, significant amounts of foreign currencies were accumulated from the sale of surplus foods which became available for a variety of economic development projects in certain less developed countries. Specifically, as of February 10, 1966, \$156,172,000 was available in 21 countries. Cooley loan funds under section 104(e) of the Public Law 480 program are now available for housing and such funds will be available under section 304(e) of the proposed Food for Freedom Act. We would hope that this committee, in considering this bill, will make clear in the law and its legislative history the necessity and desirability of utilizing Cooley loan funds for housing.

There has traditionally been considerable misunderstanding about the role of housing in economic development. In recent years it has become generally recognized that housing is an important means of raising the productivity of the labor force which, in turn, is an essential factor in the economic development of an underdeveloped country. No longer is private home ownership viewed as merely a reward resulting from the effective economic development of a country, but rather it is considered a basic ingredient in a successful economic development program. Further, it is well known that the private ownership of property is a significant stabilizing factor in less developed countries. As a consequence, meaningful programs to construct housing can do much to promote democratic change.

The consequences of our failure to help provide housing are incalculable. There is a staggering housing deficit in the world's less developed areas. It is estimated that in 1960 the housing deficit in the less developed areas was over 22 million units. Since 1960 this deficit has increased and it is estimated that by 1975 it will increase to almost 28 million units.

While assistance by U.S. Government and international sources can only begin to satisfy the existing need, there are several programs which comprise an important beginning. For example, the Inter-American Development Bank grants loans to foreign countries for housing and the establishment of savings and loan systems. AID assists in developing savings and loan systems, as well as providing guarantees for housing projects. The guarantee program, a program in which private U.S. homebuilders can participate, has been very limited and administratively frustrated in its operation. The Cooley loan program, likewise, is a very limited program.

There have only been constructed under the Cooley loan program three housing projects—all in Latin America (two in Peru and one in Colombia, totaling slightly under \$1,700,000). In addition, a project has been authorized for \$1 million to be constructed in Bolivia. Housing has comprised less than 1 percent of the Cooley loan funds used under title I of the Public Law 480 program, and the Cooley funds, in all, total less than 6 percent of the uses under title I. It would be accurate to say that housing has simply not received assistance under the Cooley loan program. Interestingly enough, one of our association members is solely responsible for all the existing projects. Willard Garvey, of World Homes, Inc., located in Wichita, Kans., has successfully completed the three existing projects and is responsible for the fourth project that has been approved. Mr. Garvey has negotiated for a Cooley loan in Taiwan and is planning to build houses in India in connection with a large industrial project. Unfortunately Mr. Garvey's experience has not been repeated. In spite of his example, other builders have been deeply discouraged by the existing administrative hurdles in trying to develop projects. While it remains the fact that the great bulk of housing that must be constructed in the less-developed areas will have to be done with the resources of the countries themselves, much more effective use can be made of existing sources of outside assistance.

In 1964 this committee emphasized the need to stimulate private enterprise and to alter the dismal record of the past. It expressed its belief that the removal of the 25 percent restriction on Cooley loans would permit a major expansion of the private enterprise program. The committee, in its 1964 report, stated that it strongly commended the use of loan funds for housing developments by U.S. firms. Unfortunately, this direction has not been followed. Apparently much stronger direction must be given by the Congress to require the use of Cooley funds for housing and to educate the foreign countries in the importance of this use.

Under the new program an effort will be made to move from foreign currency to dollar loans. This is a desirable objective. However, Congress should take effective action to require that a sizable amount of the existing and yet to be accrued local currencies be made available for private enterprise use in building houses. The great shame is that enormous quantities of money have been permitted to accumulate when the money could have been used for urgently needed housing. At the present time there exists an amount of local currencies equivalent to over \$156 million. In the Near East and south Asia region alone there is over \$130 million. The AID in Near East and south Asia region does not grant Cooley loans as such for housing. One Cooley loan in India included funds for housing only because there was invested over \$1 million in an industrial facility. In Latin America very few funds exist now but the equivalent of over \$3 million will soon be available in Chile. However, in AID the Latin American region utilizes the funds for housing only when other uses are not available.

To assure that Cooley loan funds are used for housing we recommend that the statutory requirements relating to the use of Cooley funds, under the Public Law 480 program and the Food for Freedom Act, be made perfectly clear. This objective can be accomplished by amending section 304(e) of title III of the act to require that 25 percent of Cooley loan funds be set aside for private home construction. We suggest that the committee report express its intent that these funds be committed by AID for home construction in all four of its geographical regions.

Private enterprise has a key role to play in giving effective assistance to less developed countries. While it is true that no one program will meet the enormous needs for housing in the world's less-developed areas, every program that can help must be utilized to the maximum extent possible. Passage of time and lost opportunities have already made the problem worse. We hope that the Congress will not only make a commitment toward helping to feed the hungry but also to assist in housing them. This association and its members repeat their desire to participate fully in this effort.

FOOD FOR FREEDOM ACT OF 1966

SUGGESTED AMENDMENT TO SECTION 304 (E)

The following language should be added at the end of the subsection—

[;] “: *Provided*, That not less than 25 percent of foreign currencies available under this subsection shall be set aside for loans for private home construction.”

Mr. WEINER. This committee in 1964 expressed its deep concern with the fact that we needed a much more active use of these funds to help produce housing in connection with our total program. Our President, when he sent the message to the Congress, talked about the fact that people who were hungry and ill fed and ill clad and ill housed were, certainly, susceptible to many of the problems that we are familiar. And we feel that there has been an unfortunate approach toward the use of these funds for housing. Less than 1 percent of the funds have been used for housing purposes.

Many of our builders are interested in helping on the international scene with a program that we have; and, therefore, what we basically are appearing for is to suggest an amendment that would spell out the fact that some of these funds should be directed toward housing. Our amendment would say as follows:

Provided, That not less than 25 percent of foreign currencies available under this subsection shall be set aside for loans for private home construction.

The subsection referred to subsection 304(e).

This is the gist of our testimony. I will be glad to answer any questions.

We feel that the committee is well aware of the substance and background of our thanking. That is it.

Thank you.

Mr. POAGE. Thank you very much, Mr. Weiner, for your splendid cooperation.

Mr. STALBAUM. In your statement, you mention three housing projects in Latin America under the Cooley loan feature. How many units are involved?

Mr. WEINER. I do not believe I know. Maybe Mr. Wise, who is with me, counsel of our committee, knows the number of units. Do you know?

Mr. WISE. We do not have the exact figure, but we can get that for the committee. We can get that information.

Mr. STALBAUM. Do you have an approximate idea?

Mr. WEINER. I believe so. I was down in South America and looked at the job that Mr. Garvey was doing; I believe it is in the neighborhood of 700 to 800 units in the 3.

Mr. STALBAUM. In total?

Mr. WEINER. It is not an appreciable number of units.

Mr. STALBAUM. Thank you.

(The information referred to follows:)

NATIONAL ASSOCIATION OF HOME BUILDERS,
NATIONAL HOUSING CENTER,
Washington, D.C., March 15, 1966.

Hon. HAROLD D. COOLEY,
Chairman of House Agriculture Committee,
Room 1301, Longworth Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to the question asked of Mr. Leon Weiner, first vice president of the National Association of Home Builders.

during the public hearings on H.R. 12785 before the House Agriculture Committee, March 9, 1966, in which Mr. Weiner presented a statement on behalf of the National Association of Home Builders. The following information was obtained from the builder of homes in question, World Homes, Inc., Wichita, Kans.

The question concerned the number of houses constructed under the Cooley loan program in Latin America by World Homes, Inc. Three projects have been constructed to date—two in Peru and one in Colombia. Another project is being constructed in Bolivia. The number of houses constructed under the Cooley loans in Peru was 372. In addition, 240 houses were constructed later without Cooley funds and 120 more houses are planned. This will make a total of 732 houses of which 372 (or approximately half) were constructed with Cooley funds. In Colombia 362 houses were constructed under the Cooley loans and 474 were constructed in all. The development in Bolivia, which is now under construction, calls for 240 houses under the Cooley loans and a total of 464 houses. This will make a complete total under Cooley loans of 974 houses and a total of all houses constructed 1,670.

If there is any additional information requested, we would be pleased to supply it.

Sincerely yours,

LARRY BLACKMON, *President*.

Mr. POAGE. Are there any other questions? If not, we are very much obliged to you.

Mr. WEINER. Thank you. We appreciate this opportunity.

Mr. POAGE. We will next hear from Msgr. John F. McCarthy.

STATEMENT OF RT. REV. MSGR. JOHN F McCARTHY, ASSISTANT EXECUTIVE DIRECTOR, CATHOLIC RELIEF SERVICES-NATIONAL CATHOLIC WELFARE CONFERENCE

Monsignor McCARTHY. Mr. Chairman, I am assistant executive director of Catholic Relief Services-National Catholic Welfare Conference, the overseas aid agency for American Catholics. I have a prepared statement here, and I would like to submit it for the record.

Mr. POAGE. Without objection, it will be made a part of the record at this point.

(The prepared statement submitted by Monsignor McCarthy is as follows:)

STATEMENT OF RT. REV. MSGR. JOHN F. McCARTHY, ASSISTANT EXECUTIVE DIRECTOR, CATHOLIC RELIEF SERVICES-NATIONAL CATHOLIC WELFARE CONFERENCE

I am Msgr. John F. McCarthy, assistant executive director of Catholic Relief Services-National Catholic Welfare Conference—the overseas aid agency of American Catholics. We have been operating for more than 20 years in the field of welfare, relief, refugee services and socioeconomic development. In cooperation with the American Government, we carry on Public Law 480 food programs in 65 countries, serving 23 million needy persons, of whom 6 million are children.

The millions of men, women and children around the world who today enjoy better health and a more secure future would, I know, want me to express their gratitude to the American people for the great benefits brought to them and their countries through these gifts of food and fiber made possible by the legislation you, gentlemen, have enacted over the past 15 years. In visiting Catholic Relief Services-National Catholic Welfare Conference projects around the world, I have seen children who have had the bloom restored to their cheeks and their bodies strengthened because of the daily distribution of American foods. Some say that these people are not grateful. I have seen their gratitude. Gentlemen, I have yet to hear a mother or father whose child has benefited express any other word except of sincere thanks.

Over the years there has been a gradual change in the program of food usage from that of a giveaway to one looking toward participation by the recipients

and a greater aspect of self-help. We are pleased that this approach is being advanced and improved in the legislation under consideration.

Hardly a day passes that we are not warned by an expert of an impending famine of unprecedented magnitude in several areas of the world unless rapid and drastic steps are taken to help those countries greatly increase their food production and expand their economic development. The proposed legislation aims at these objectives and we therefore give it our wholehearted support.

President Johnson in his Message to the Congress told of the awesome scope and compelling seriousness of the problem of food versus human survival. To a great extent, the legislation that you enact will determine to what extent this struggle against world hunger, in which many nations must participate for decades to come, will succeed. I stress the fact that many nations must participate but, at the same time, we all know that America's leadership will be the measure of such participation by others. Our surplus and abundance bring with them great responsibilities, and our leaders in Congress have always endeavored to meet such responsibilities. These are some of the main reasons why I consider the legislation which will supplant Public Law 480 to be of such signal importance.

I should like to make the following specific comments about the proposed legislation:

(1) We feel that the shift from a "surplus" disposal program to a determined plan to meet the nutritive needs of the growing numbers of hungry people in the world is a notable advance.

(2) We thank you for proposing in section 202 that the facilities of the non-profit voluntary agency services registered and approved by the Advisory Committee on Foreign Aid be used to the maximum extent practicable in implementing this legislation. Our past experience tells us that this is the best way of having the warm heart of the generous American people reach the individual needy man, woman and child abroad. It guarantees the identity of the source of the gift. It increases the creation and strengthening of private local voluntary agencies abroad which dedicate themselves in the development of their own nation. It assists in the development of individual leadership and it brings literally millions of local volunteers into American aid programs.

(3) If enacted, this legislation will not only combat hunger and malnutrition, but will promote economic development in food deficit countries.

(4) The increased emphasis on self-help both by the recipient countries and the recipient individuals meets with our enthusiastic approval. For years we have urged that this be done. We would hope that the restrictions surrounding the application of this concept be such as to not severely limit its application. The experience we voluntary agencies have had in such self-help efforts as food for work and food for part wages encourages us to support the expansion of this notion.

(5) I should like to say a word about counterpart funds. The changes of last year in Public Law 480 relating to voluntary agency work overseas, particularly the provisions governing the use of counterpart funds, was a recognition by the Congress of the role of voluntary agencies abroad. However, the carrying out of this provision became so surrounded with restrictions that the voluntary agencies now hesitate to submit projects because they cannot afford to expend the time, the talent or the cost involved.

(6) In section 204 of the proposed legislation in H.R. 12785, provision is made for the purchase of foreign currencies. We should like to suggest that this section provide an additional \$7,500,000 from local currency funds for the implementation of food production related programs by voluntary agencies. Such a provision would help to overcome a major deterrent to programs of agricultural and socioeconomic development, namely, the lack of initial capital to establish and operate credit unions and cooperatives, provide funds for tools, training materials, personnel, and other resources needed for increased agricultural development. We should like to make it possible to give food grants to members of credit unions, cooperatives and savings and loan associations so that they might be helped to become self-sustaining.

(7) We would like to be able to use counterpart funds in certain countries for out-of-pocket expenses; to cover transportation from railheads to final distribution points; to purchase and recondition surplus vehicles to be used by the supervisors and local auditors of the food production program; to pay the costs of training of supervisors and key personnel, and so on.

(8) It would be most helpful if the use of counterpart funds for socioeconomic development were not always tied directly to only U.S. foods. What I plead for, gentlemen, is that there be granted a modicum of flexibility in the use of these

funds which would enable the voluntary agencies to work toward the objectives which President Johnson proposed in his message.

(9) I would be less than frank if I did not tell you that America's voluntary agencies find themselves at a great disadvantage in carrying out their food programs overseas because of the disparity between the criteria governing the voluntary agencies and the world food program of the United Nations, which uses America's donated food. If the voluntary agencies were granted the same criteria and similar leeway, we feel that these programs would be greatly facilitated.

(10) In the use of food overseas, donated by the American people, we have constantly before our minds the serious moral and legal responsibilities we have undertaken. We stress this to our own personnel abroad and to all the agencies and individuals participating in this activity. We fully cooperate with officials of AID and the Department of Agriculture in trying to make sure that the food reaches the needy people for whom it is intended. In carrying out our programs, we are subject to audits by AID, the U.S. Department of Agriculture and the General Accounting Office. Catholic Relief Services-National Catholic Welfare Conference employs auditors who travel from country to country, whose sole function is to assure us of the compliance with the regulations under which foodstuffs are donated. However, I am frank to admit that at times we become discouraged when apparently the criteria for auditing a governmental agency procurement program is applied to a voluntary agency food distribution program. Of necessity, the food program reaches into thousands of small hamlets, institutions and individual families. The recipients are mostly simple, illiterate people. The facilities available in the underdeveloped countries of the world are a far cry from the warehousing and distributing channels in domestic programs.

We know how valuable the General Accounting Office is to the Congress but we would like to have some expression of congressional intent, indicating that the inspection and auditing of voluntary agencies' food programs be made under special criteria which relate to the conditions and circumstances confronting the voluntary agencies overseas. We ask that there be an understanding of the factors and imponderables confronting us in the implementation of our programs, such as national traditions, age-old customs, and the lack of trained or experienced personnel in underdeveloped countries, etc.

On various occasions, congressional leaders and high officials of the administration have told us of the problem faced by the Congress in having their intent when passing legislation carried out on the regulatory level. We sympathize both with the Congress and the administration in this regard. We work daily with the administrators and know that they, themselves, would welcome an expression on the part of Congress permitting greater flexibility in the use of America's food and fiber.

I should like to state that the programs and the policies of Catholic Relief Services-NCWC, since the day of the agency's inception, have been directed to meeting human need, entirely without regard to race, religion, or color. As a matter of fact, Catholic Relief Services-NCWC overseas aid programs include and assist many more members of other religions and races than of our own.

In view of the gigantic problem, the Catholic Church in America, side by side with the Catholic Church in every country of the free West, is increasing its efforts to be of assistance. While recognizing that the prime responsibility is that of government, nevertheless, we desire to continue to participate in an even greater way, if possible, in the struggle for the welfare of all mankind, in the hope that our efforts will be of some measure of assistance to those who live in misery and destitution.

My agency wholeheartedly supports the legislation that the Congress is now studying and which is designed to expand food shipments to countries whose food needs are growing, and to increase capital and technical assistance to such countries to the end that self-help programs will increase food production. We are gratified and encouraged that America's farmers are being asked to gear their crops in kind and in quantity to those foods which can be used constructively both here and abroad. We pledge our desire and intention of participating in the intensification of the worldwide fight against malnutrition, especially among infants and children. We consider the building of adequate reserves of essential foods for our own needs and to help others in time of emergencies, quick striking disasters or famine, to be of fundamental importance.

In conclusion, my prayerful wish and hope are that you and your colleagues in the Congress will be motivated and inspired by the stirring words of the Prophet Ezechiel:

"* * * the man who hath given his bread to the hungry, and hath clothed the naked with a garment, hath kept my commandments; he is just, he shall surely live, saith the Lord God."

Gentlemen, I thank you.

Monsignor McCARTHY. I would just like to summarize it in the interests of saving time.

Mr. POAGE. Yes, sir, we will be glad to have you do so.

Monsignor McCARTHY. In cooperation with the American Government, we carry on many public welfare food programs in 66 countries, serving 23 million needy persons, of whom 6 million are children. At times, there have been complaints from people who have received these goods. Some people say that they are not grateful. It is my privilege as a member of this organization to travel through many countries around the globe in which we have active programs, and I have never heard from a father or a mother whose child has received some help any other word but a sincere word of thanks.

Over the years there has been a gradual change in the program of food uses from that of a giveaway to one toward the participation of the recipient in a greater aspect of self-help. We are pleased with this approach, and we hope that it will be advanced. We feel that the shift from the surplus disposal program to be a determined plan to meet the nutritive needs of the growing number of hungry people in the world is a notable advance. We are very much pleased, of course, that in all of the legislation that is being considered, that the voluntary agencies will be given a part in it.

With the enactment of this legislation, it will not only combat hunger and malnutrition, but, in my estimation, will promote economic development in food deficit countries.

We, of course, from time to time have some problems with the world food program of the United Nations, and we would like for them to give some consideration of putting some flexibility in it. At least, we would have the voluntary agencies have the same advantages.

It is very hard to explain to counterpart agencies how some food will come in through the voluntary agencies, with the understanding that it is not to be sold or bartered in any way at all, and then some of the other food programs come in and they can do what they want with it. It is very hard for us to explain to the counterpart people and to the individuals in different countries around the world.

We also, from time to time, have accounting problems, but it is clear to all of our personnel that once we receive this food from our own American Government that we have a moral and legal obligation to carry out the conditions under which we receive this food, and that we are subject to orders.

I would like for you to read the full statement to see the problems that we have. Maybe you in your legislation might give to us or the administrators the proper intent of the Congress.

I will be very happy to answer any questions.

If you will read the statement, I will be very pleased.

Mr. POAGE. Thank you very much, Monsignor. Your statement will go into the record. I hope that the members will read it.

Are there any questions?

If there are no questions, we are very much obliged to you.

We will now call on Mr. Sam L. Rice, Jr., president of the Rice Grain Co., of Toledo, Ohio.

We will be glad to hear you now.

STATEMENT OF SAM L. RICE, JR., PRESIDENT, THE RICE GRAIN CO., TOLEDO, OHIO; AND PRESIDENT, GRAIN & FEED DEALERS NATIONAL ASSOCIATION

Mr. RICE. Mr. Chairman, and members of the committee, I am Sam L. Rice, Jr., president of the Rice Grain Co., of Toledo, Ohio. I am appearing today on behalf of the Grain & Feed Dealers National Association of which I am president.

This national association has 1,800 dues-paying members which range in size from the smallest country elevators to the largest grain and feed marketing complexes. In addition, 53 State and regional grain and feed associations are closely affiliated with the national association. This statement was prepared within the framework of the policy objectives of the national association and by a special task force created for the purpose.

We appreciate the opportunity to appear before this committee to express our views on two new concepts implicit in the bills now before you. They are specifically the creation and maintenance of reserves of basic foods and a new concept of our responsibility with respect to international food aid.

Since both of these policies involve the production, handling and distribution of grains and oil seeds, the interest of members of this association is readily apparent. Our association recommends that the Secretary of Agriculture use the utmost caution in approaching the goals of reserve level so as not to disrupt the normal marketing channel, and we would hope the legislation or legislative intent be specific to preclude drastic market reaction. As a further precaution, we would urge that the reserve level be considered as a target objective and not an absolute and finite amount which must be religiously adhered to.

In respect to reserves, we strongly endorse recommendations made by others who have appeared before this committee, that the United States establish and maintain food reserves. In establishing these reserve goals we believe that consideration must be given to total available annual carryover, which includes both private and Government-owned inventories. We also believe that, after assessing all factors affecting both supply and demand, the Secretary of Agriculture should announce the reserve level goals well in advance so that the agricultural industry is not faced with unpredictable actions of the Government. In considering the purposes underlying these recommendations, it occurs to us that two purposes are involved:

(a) Primary reserves in Government hands to protect the security of this country in the event of a national disaster whether it results from an unprecedented crop failure, military involvement on a broad scale, or other calamity.

(b) Secondary reserves or supplies in both Government stocks and private trade channels in amounts sufficient to assure to the United

States the ability to fulfill its obligations and avail itself of expanded opportunities in foreign marketing of food.

We suggest this separation because different considerations apply to the creation, maintenance, and disposition of stocks intended to fulfill these two purposes.

With respect to primary reserves, it is our judgment that amounts should be determined by reference to foreseeable needs for food in this country in the event of a major disaster. Sufficient stocks to assure maintenance of these primary reserves should be owned by the Government and effectively excluded from consideration of availability in ordinary commercial markets. While they must not be physically separated from other stocks, effective measures should be taken to preserve these reserve levels, either by a direct prohibition of sales or by the application of a formula price which effectively excludes them from commercial markets.

Secondary reserves should include both stocks held by the Government in excess of those required for primary reserves and those in normal commercial channels. Secondary reserves should be maintained in amounts sufficient to provide reasonable assurance that the United States can avail itself of commercial export opportunities and fulfill its food obligation to less developed countries under any reasonably predictable circumstances. Both private and public agencies in this country have undertaken expensive and arduous efforts to build foreign markets for U.S. commodities. The continued growth of these markets is dependent upon our ability to be a reliable supplier of grain on a continuing basis and at reasonable prices.

It is our belief that present commodities programs provide sufficient mechanism to assure the production of adequate stocks to meet the purposes we have described. The nature of these programs, however, is such that the Secretary much estimate amounts to be produced far in advance of actual production. If the reserve requirements are to be met, it is therefore important that he weigh carefully the inherent uncertainties in world supply and demand, and program a sufficient production so that reserves are not endangered. In the present world situation, it is clearly in the interest of this Nation that unavoidable errors in programing be made on the side of too much rather than too little production.

For several reasons, we oppose extending to the Secretary of Agriculture the authority to build and maintain reserves through purchases in the commercial markets. First, the most effective mechanism for this purpose is the judicious administration of price supports and acreage diversion programs. Under normal circumstances, reserves can be built in a single year through the administration of the commodities programs. Additionally, and most important to the grain trade, the authority granted to the Secretary to purchase in commercial markets interjects an element of uncertainty on the demand side which can discourage private carrying of commodity inventories which this program should foster. Finally, purchases by the Secretary will not increase the available amount of grain by one bushel nor will it help the domestic consumers in availability of food or price levels. They merely transfer the ownership, at a cost to the taxpayer, from private to Government ownership.

We urge consideration of price formulas as the principal controls on the disposition of reserves. The important role that these resale price formulas can play in excluding Government-owned stocks from commercial channels was the subject of extended discussions before your committee in connection with recent proposals to increase the resale price. As then stated, the position of this association supports our strong recommendation for price limitations in the disposition of reserve stocks so that CCC sales may be predictable with some degree of reliability.

With respect to the primary reserves, we recommend that the Secretary be prohibited from making sales at less than 130 percent of the loan level plus carrying charges or at the market price, whichever is the higher. However, we see no reason why the Secretary should not be permitted to dispose of secondary reserves at the price applicable to other sales of CCC stocks, for unrestricted use, which we have urged should be no less than 110 percent of the loan level plus reasonable carrying charges.

This association also endorses the new concept of food aid implicit in the administration's recommendations. Specifically, we agree that food aid should not be limited to commodities in surplus; that nutrition should play a larger role in the selection and distribution of commodities under these programs; and that food aid should be conditioned upon evidence of satisfactory progress by recipient countries toward the goal of substantial self-sufficiency in food production.

Respectfully, we call your attention to the fact that the private grain trade has played an exemplary role in the administration of sale and distribution programs under Public Law 480; since 1956, in the case of wheat, and since 1958 in the case of feed grains. The Department has wisely recognized that private trade channels have offered the most efficient and, therefore, least expensive means of originating and delivering food sold in exchange for foreign currencies or under long-term credit arrangements. This has been accomplished by agreement between the Foreign Agricultural Service and recipient countries which designate the commodities eligible for sale and provide arrangements for acquisition of these commodities by recipient countries through tenders to private exporters.

We see no reason why this procedure cannot be extended and expanded under the proposed program. Indeed, the expressed object of converting existing aid recipients into commercial buyers over a period of years suggests the importance of establishing present relationships on the basis which resembles as much as possible ordinary commercial transactions. There is no reason why these arrangements cannot work as well in the donation program, whether they involve basic agricultural commodities or products thereof, as they have in the past in the case of sales under title I and title IV of Public Law 480. The use of the commercial sources, with its attendant efficiencies in the donation programs will enable these programs to achieve the desired results at lower costs. Furthermore, it is prudent to establish commercial trade channels which will be of benefit to our Nation long after aid programs are no longer necessary.

In conclusion and brief summary, we support the objectives of the administration, both with respect to establishment and maintenance of reserves and restructuring of food aid along more constructive lines.

We would urge, Mr. Chairman, that your committee write into the legislation and confirm by legislative intent the two major considerations which are threaded throughout this statement; namely:

(1) That the authority granted to the Secretary of Agriculture be circumscribed so as to preclude uncertainties from interfering with normal commercial marketing consideration, and

(2) That the efficiencies of the private trade be used in implementing these important programs so that they will be fully effective in reaching the desired objectives.

We are confident that consideration of our views will enhance the objectives of the administration's program, and we stand ready to assist the Secretary of Agriculture in setting the goals of the primary and secondary reserves.

I would further like to call your attention to an article which appeared in the Monday issue of the Wall Street Journal, dated Monday, March 7, 1966. The title of the article is: "Corn Prices Hurt by Soaring Federal Sales Amid Strong Demand, Farmers Hold Back."

I will not read the whole article but just starting here:

The Government's rapidly accelerating disposal of surplus corn is putting downward pressure on prices.

In recent weeks the corn sales by Federal farm-surplus managers, have increased to a fire sale pace, a sharp turnabout from earlier predictions. The Agriculture Department forecast in December that corn requirements in the crop year began October 1 "can be met largely out of the 1967 crop, with only limited amounts of corn expected to be made available from (Government-owned) stocks."

Sales in December were limited to 8.4 million bushels, compared with 50.6 million a year earlier. But Federal disposals in January expanded more than sevenfold to 52 million bushels, about matching the year earlier sales. And in February, Government corn sales ballooned to 140.2 million bushels, highest for any month in 4 years, and more than doubles the 63.1 million bushels sold in February 1965.

Last week, the sales accelerated to an even greater volume as the Government unloaded 72 million bushels of corn.

I call this to your attention, because I think it represents one of basic problems that we face, and we ask that in your legislation that predetermined rules be set so that we know the rules for acquisition and disposition of inventories owned by the Government.

Mr. POAGE. Thank you, Mr. Rice.

Our next witness will be Mr. Henry McCanna.

STATEMENT OF HENRY McCANNA, DIRECTOR, COMMISSION ON THE CHURCH IN TOWN AND COUNTRY, DIVISION OF CHRISTIAN LIFE AND MISSION OF THE NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA

Mr. McCANNA. Mr. Chairman and members of the committee; I will not read the entire statement.

Mr. POAGE. Without objection, your entire statement will be inserted in the record.

(The prepared statement submitted by Mr. McCanna follows:)

STATEMENT OF HENRY McCANNA, DIRECTOR, COMMISSION ON THE CHURCH IN TOWN AND COUNTRY, DIVISION OF THE CHRISTIAN LIFE AND MISSION OF THE NATIONAL COUNCIL OF CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA

Mr. Chairman, my name is Henry McCanna and I am the Director of the Commission on the Church in Town and Country of the Division of Christian Life

and Mission of the National Council of the Churches of Christ in the United States of America. I am also a member of the board of trustees of the American Freedom From Hunger Foundation, Inc., and on the executive committee of the Committee on the World Food Crisis. My statement is supplementing the testimony of my colleague from Church World Service, Mr. James McCracken.

The town and country areas of the United States include all of the food producers and agricultural service groups that have made possible our present affluence. These same people account for 40 percent of the 40 million members of the 30 constituent denominations of the National Council of Churches. The extent and effect of world poverty and hunger in contrast to U.S. affluence has indeed caused Americans to be deeply disturbed. The principles of Christian stewardship must prevail in all aspects of our affluence.

In 20 years of experience as pastor, seminary professor and council administrator in working with the rural people of this Nation I can assure this committee that the only frustration of rural people is that they have never been permitted an adequate opportunity to express their full moral fervor in sharing their food and knowledge with the rest of the world. There is a readiness to assist in the reconstruction of the rural areas of the world. An excellent example of this practical idealism is found in the film just released by the U.S. State Department's Agency for International Development. "A Simple Cup of Tea." This film demonstrates how a farmer from Colorado, Mr. Ben Ferguson, effectively aids farmers in east Pakistan.

Today we are hearing the call for help from our brothers around the world, and we must be involved with greater intensity in the common venture of bringing all the earth under control, otherwise, we turn loose the horsemen of war, famine, pestilence, and death.

Churchmen have become involved in cooperative and conservation efforts and a variety of world help programs. This has always been understood to be one aspect of Christian vocation.

Rural Life Sunday will occur on May 15. This "Rogation" emphasis is an ancient celebration and dates back to 450 A.D. This year's theme, "Crisis in the Countryside," arises from the need to strengthen natural, spiritual and personal resources, to seek God's blessing on the productivity of the earth that all the hungry be fed.

The concern for adequate food is central in the Christian faith. Our founder teaches us to pray "Give us this day our daily bread," and our supreme final judgment will in part be based on our faithfulness in the feeding of the hungry. Moreover, our Lord raised a question at one point in His teachings, "if a man asks for bread, will you give him a stone?" Should we be so foolish as to give a stone rather than bread in our day, we need not be surprised should the stone be hurled back for our destruction. Nor can we be content to merely make available the food and technical assistance necessary to sustain and enhance development. There must also be adequate means for securing the dignity of the people involved. We debase our assistance if it is paternalistic, because as such, it not only causes resentment in the recipients, it demeans our own motives.

On June 3, 1965, the general board of the National Council of Churches adopted a resolution on world hunger. This resolution calls on the U.S. Government, acting through the President and the Congress, to take the initiative promptly in cooperation with other governments and international agencies for international action which will move toward making freedom from hunger a reality. Among the suggestions of this resolution is the necessity for a multi-lateral undertaking, including conferences and studies by all governments and groups concerned with world food needs, and a clear recognition that the problem of food is inseparably linked with the control of population. Another emphasis is the absolute need to shift to a full utilization of U.S. agricultural productivity. Again and again as I talk with farmers, churches, and farm groups, there is expressed a deep desire to mount an all-out assault on hunger. There should be provision for citizen participation in international programs and the creation of a farmers corps, such as the Peace Corps, especially making it possible for retired farmers to serve. One further emphasis of the resolution is that of as soon as possible convening in Washington a U.S. consultation, such as the World Food Congress of 1963, of all governmental and nongovernmental groups concerned with world hunger. We need to get a clear picture of exactly what each group can and will do to resolve this crisis. This committee, in consultation with other committees can be of great help in expediting these concerns.

This Congress of the United States of America now has for its consideration the type of creative food and aid legislation that can fulfill both the expectations of Americans and our friends overseas who desire to be of mutual assistance.

Christian stewardship will not allow for one small segment of God's children to keep only for themselves the majority of the world's food and fiber resources simply because of the accident of birth. Neither can it ever be justified that this Nation has provided in the past 10 years an amount of foreign aid only equal to what it costs us to maintain and even increase our own standard of living. We must be delivered from the perversions of our privileges and be strengthened in our sense of stewardship so that our power to share shall at least equal our power to destroy.

Thank you, Mr. Chairman.

Mr. McCANNA. I call your attention to an example of effective aid in a recently produced film called "A Simple Cup of Tea." It is now available, and was produced by the U.S. State Department's Agency for International Development, in which a farmer from Colorado, Mr. Ferguson, is effectively aiding the farmers in East Pakistan.

I think, Mr. Chairman, that the concept of direct aid by farmers, particularly retired farmers, needs to be considered very carefully as a means of getting at the real issue of the war on hunger.

Most of you who are familiar with rural life in this country and rural life throughout the world recognize that although young people have a certain dynamism about them, there is in rural areas a great respect for those who have experience and have an effective record to contribute, and I, for one, would like to see more consideration given to the utilization of older farmers, particularly retired farmers, in a worldwide farmers corps, to assist the people throughout the world to develop their own resources, rather than simply trying to do it on our own.

On June 3, 1965, the general board of the National Council of Churches adopted a resolution on world hunger, and among the provisions in this, emphasis was on the desire for a major consultation here in Washington involving all governmental and nongovernmental groups concerned with this particular issue, so that we might understand what each group can and will do about this particular problem.

Christian stewardship will not allow for one small segment of God's children to keep only for themselves the majority of the world's food and fiber resources simply because of the accident of birth. Neither can it ever be justified that this Nation has provided in the past 10 years an amount of foreign aid only equal to what it has cost to increase our own standard of living. We must be delivered from the perversions of our privileges and be strengthened in our sense of stewardship, so that our power to share shall, at least, equal our power to destroy.

Thank you.

Mr. POAGE. Thank you, Mr. McCanna.

Now, we will hear from Mr. Clyde Rogers, who has been waiting. He has a plane to catch this afternoon. We will be glad to hear from you now.

**STATEMENT OF CLYDE N. ROGERS, MEMBER OF THE STAFF OF THE
TOWN AND COUNTRY DEPARTMENT, THE OHIO COUNCIL OF
CHURCHES**

Mr. ROGERS. Mr. Chairman and members of the committee, I am not going to read my statement, but I will call attention to specific paragraphs.

I was glad to see former Congressman Hope here this morning. It was my privilege to appear before you folks when he was sitting in the chairman's chair in 1954. I would like to quote from something that he said at that time which is found in my statement:

It was that we should produce agricultural products in such quantities that there would be at least \$3 billion worth of food set aside as a reserve in the Commodity Credit Corporation for domestic emergency needs and overseas food and self-help programs.

In the program which I propose at this time, such a reserve could not be put on the market to depress regular prices, but could be used only for emergency needs of our own people and to help meet the needs of the people of the world.

We believe the new legislation should not be a surplus food disposal program, but that the Secretary of Agriculture should go back into the market and buy the necessary products for both domestic and overseas programs. I refer further to the fact that these programs, if properly carried out, could result in the 60 million diverted acres being put back in use.

We are faced with the question: Are we willing to face and meet the No. 1 challenge of our time, which is hunger and starvation in many countries of the world?

India is the best example at the present time of what we can and must do in meeting world needs. We are all acquainted with hunger and tragedy there. We would propose that food must be used in greatly enlarged quantities in food-for-wages projects, which would attack the root causes of hunger. Our economic development programs can begin with the building of docks for the reception of the food, the development of the roads and other transportation systems, irrigation systems, fertilizer plants, electrical systems, as well as buildings for public schools, hospitals, and personnel to run these institutions until the economy of the country can be developed so that it can support them. This pattern should be repeated in country after country. It has been proved again and again that this type of help will open the doors for future customers for U.S. products. With mechanization, automation, and cybernation upon us, all-out production will be needed to help solve American economic problems.

We are all shocked with the problems with which we are faced in South Vietnam at the present time. This is only one illustration of what happens when the economic needs of people are not met. There will be many other explosions like this. I think the big question is: Will we get in and do the job before the explosions happen?

Are we willing to pay the price for doing it as the road to peace rather than waiting until the explosions happen and then have to move in with military means?

I believe that 1966 is the crisis year of this century, when we should begin to meet this challenge in a much larger way.

We must face the twin issues of economic development and population control. It is useless to do one unless we do the other. Population control is as important as economic development.

In closing, let me say: We now have the opportunity to enter a new crusade against world hunger and the facing of the hard issues of population control which have not been open to us before. We believe that Congress should lead in this crusade. Our group stands ready to share in any way possible in the implementing of such a program.

The question is: Will we follow the kind of principles that we have attempted to make in this statement? I think there are things that are necessary to be met as a part of this new day.

Mr. POAGE. Thank you, very much, Mr. Rogers. As I stated, your statement will be inserted in the record in full.

(The prepared statement submitted by Mr. Rogers reads in full as follows:)

STATEMENT OF CLYDE N. ROGERS, OHIO COUNCIL OF CHURCHES

Mr. Chairman and members of the committee, I am Clyde N. Rogers. For more than 17 years I have been a member of the staff of the Town and Country Department of the Ohio Council of Churches. Our board of more than 50 persons is composed of town and country church leaders and representatives of some 25 rural agencies in our State. I have appeared before your committee from time to time since 1954. When Public Law 480 was first enacted into law it was my privilege to be the contact person between the Department of Agriculture and Church World Service-CROP in the spring of 1954 when the first wheat and powdered milk were released to that agency.

To those of you who were present at the hearings in 1954 when I first appeared before you and to those of you who have joined the committee since that date, I would like to repeat one of the major emphases which was in our proposal at that time. It was that we should produce agricultural products in such quantities that there would be at least \$3 billion worth of food set-aside as a reserve in the Commodity Credit Corporation for domestic emergency needs and overseas food and self-help programs. In the program which I propose at this time such a reserve could not be put on the market to depress regular prices but would be used only for emergency needs of our own people and to help meet the needs of the people of the world. This would be a strategic reserve which would be replenished with new stocks as the older reserves were used. This should include many foods which have never been in surplus. Especially needed would be high protein foods. This set-aside of food for overseas self-help would be used by our Government in its programs with other governments, through the Food and Agriculture Organization of the United Nations and by the voluntary agencies like Church World Service with which I have worked on a volunteer basis since 1953.

We believe the new legislation should not be a surplus food disposal program but that the Secretary of Agriculture should go into the market and buy the necessary products for both domestic and overseas programs. These products should be stored to be used as fast as programs can be developed. It would be our hope that the 50 million diverted acres could be utilized in this new program within 5 years. It is our belief that in the face of the mounting world hunger much larger amounts that were suggested in 1954 must be set aside for programs which would be developed out of our 12 years' experience under Public Law 480. We have the technical know-how. The question is are we willing to face and meet the No. 1 challenge of our time which is hunger and starvation in many countries of the world.

We are grateful for the proposal on food for freedom by President Johnson. We would suggest the use of the many guidelines found in the report of the National Seminar on U.S. Food Policy in Relationship to World Food Needs. You are well acquainted with the fact that agricultural abundance is our greatest eco-

conomic resource. At the same time our farmers must be protected in such ways that this resource cannot be used to depress prices but should be used to help improve farm income.

It is needless to call your attention to the fact that food has been used in many ways during these years to create new markets for our own country. Japan is perhaps our best example. I have seen the results in many countries during these 12 years. Too often we hear the stories of the great problems rather than telling the American people of the many great successes in this program. Our Government should lead in telling this story.

India is the best example at the present time of what we can and must do in meeting world needs. We are all acquainted with hunger and tragedy there. We would propose that food be used in greatly enlarged quantities in food for wages projects which would attack the root causes of hunger. Our economic development programs can begin with the building of docks for the reception of the food, the development of roads and other transportation systems, irrigation systems, fertilizer plants, electrical systems as well as buildings for public schools, hospitals, and personnel to run these institutions until the economy of the country can be developed so that it can support them. This pattern should be repeated in country after country. It has been proved again and again that this type help will open the doors for future customers for U.S. products. With mechanization, automation, and cybernation upon us, all-out production will be needed to help solve American economic problems.

We are all shocked with the problems which we are facing in South Vietnam at the present time. This is only one illustration of what happens when the economic needs of people are not met. There will be many other explosions like this. I think the big question is will we get in and do the job before the explosions happen? Are we willing to pay the price for doing it as the road to peace rather than waiting until the explosions happen and then have to move in with military means?

As a churchman, it is my belief that if properly handled, these ideas which I have suggested are in harmony with the highest purposes of God. In fact, I believe that God knows economics better than any of us and if we follow His rules and His purposes we are going to find answers for helping people to meet their own problems. In fact the Gospels state again and again that we are not a part of the Kingdom of God if we do not meet human need. America will be judged on how she meets human need. These programs which I have suggested have proved to be good programs for us as well as the rest of the world. It is now fully documented that we will be solving our own economic problems as we share our American know-how with the many developing nations of the world.

I believe that 1966 is the crisis year of this century when we should begin to meet this challenge in a much larger way. We must face the twin issues of economic development and population control. It is useless to do one unless we do the other. Population control is as important as economic development. I believe that if properly carried out, the ideas which I am proposing are far more important than any other form of aid in which America can participate. Yes, even more important than military aid—as important as that is in many parts of the world. In fact, I believe that if we help people achieve a better way of life, there will be far less use for our military aid. It is my honest conviction that we could cut back on military aid and instead really help people to develop for themselves and find a better world in which all may live.

Food to help people meet their own needs is our first line of offense and defense of the American way of life. Past experience has shown that the one limiting factor has been the lack of adequate budgets to implement worthwhile programs like I have described. I would suggest therefore that your committee work with other appropriate committees in both Houses of Congress to see that ample funds are guaranteed for this work which is of highest importance. It is our belief that these funds should not be charged against the agriculture budget but should be charged as a part of foreign aid in the new program.

I respectfully submit this testimony to you as the thinking of most American churchmen with whom I am acquainted. I believe that it would include those of you whom I consider to be the church as much as I am. We now have the opportunity to enter a new crusade against world hunger and the facing of the hard issues of population control which have not been open to us before. We believe that Congress should lead in this crusade. Our group stands ready to share any way possible in implementing such a program.

I am ready to answer any questions which I have raised to your committee and again express my deep appreciation for this opportunity of setting forth these ideas which supplement similar testimony by other groups.

Mr. POAGE. In addition, the statements of our colleagues, Congressmen Shriver and Farbstein will be inserted into the record at this point.

(The statements referred to follow:)

STATEMENT OF HON. GARNER E. SHRIVER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF KANSAS

Mr. Chairman, I have followed with genuine interest the extensive hearings which the Committee on Agriculture has conducted into world food problems. The committee and you, Mr. Chairman, are to be commended for the thorough attention you are giving to this complex and serious problem.

The world war on hunger legislation is one of the most important bills before this session of Congress. The program we enact may well determine whether or not the next decades will make progress in meeting the critical problem of world food shortages.

In studying the testimony of agricultural and population authorities, it is apparent to me there are many facets to the problem. There must be short-term assistance coupled with long-term planning.

New legislation should include the vital provisions of the very successful Public Law 480. The progress in meeting immediate food needs which have been made under Public Law 480 must not be allowed to lapse. The two decades since the close of World War II have been the longest famine-free period in the history of the world. The greatly increased agricultural production of the United States and the availability of our abundance to the needy have played an important part in alleviating famine.

Our abundance has been made available outside commercial markets through Public Law 480 shipments. Food for Peace has done more than any other U.S. program to attack hunger and malnutrition throughout the world. It also has been effective in creating markets for American agricultural products. This work should continue and expand.

In 1964 food for peace exports reached a new high of 18 million tons of agricultural products valued at \$1.7 billion. Of this, \$271 million worth of food was in the form of donations.

Although donations make up a smaller part of the total than do goods exported for sale; they are vital and should be emphasized in the new legislation. About 100 million people, including 70 million children, in over 100 countries have benefited from donations of wheat, flour, grain sorghums, corn, cornmeal, nonfat dry milk, beans, and other commodities. These foods have been distributed in school lunch programs, giving at least one good meal a day to undernourished children, in maternal feeding programs, in refugee feeding and to provide relief following droughts, floods, hurricanes, and earthquakes. These humanitarian efforts speak louder than words—and even money—in proclaiming our desire to help those less fortunate than ourselves.

Last November, I had the opportunity of witnessing firsthand the use of American grain, under Public Law 480, for the feeding of refugees from Communist China in Hong Kong. It was being used to make noodles at the Bishop Ford Memorial Refugee Center bakery and noodle factory. The sacks of grain were clearly marked in both English and Chinese donated by the "People of the United States."

Much of the voluntary donations of food and money has come from church groups of all denominations. CROP—the Christian Rural Overseas Program—is an agency of the Church World Service handling foreign donations. In 1964, gifts to CROP increased 7 percent from the previous year to a total of over \$1.5 million. My home State of Kansas was the third largest contributor with \$166,456.

CROP donations have gone to nearly 40 countries throughout the world to help the hungry and those suffering from natural disasters. The value and type of gifts have ranged from \$140,000 worth of garden seeds for Korea to a tractor and sawmill valued at \$7,000 for a town in Brazil.

Kansans have contributed especially by way of donating and raising funds to finance the distribution of cereals, primarily wheat. In 1964, they donated 258,000 pounds of new and used clothing.

CROP has responded to numerous emergencies. Food and supplies were airlifted to aid earthquake victims in Algeria in January and in Chile in April 1965. The previous fall, flood victims in South Vietnam were similarly helped.

As has been pointed out in testimony by numerous witnesses before this committee, the only way that the war on hunger can be won is by encouraging and assisting the people in underdeveloped areas to increase their own agricultural production and distribution capacity. A beginning is made in the sending of seeds and handtools by organizations like CROP. But such admirable voluntary work must be supplemented.

We cannot expect to be able to feed all the world's hungry. Earlier testimony by experts has pointed out that we could not even if we wanted to. Our own production, even at a peak based on using the acres now diverted and allowing for increased productivity due to improved technology, will eventually be outrun by the population explosion. Our own population will continue to expand and will require an increasing share of our food production. New legislation should no longer be based on export only of surplus products.

Nor is it good for aid programs to be based entirely on the principle of a give-away. Some underdeveloped nations have declined a part of the free food offered them by our Government. They have done so in the belief that to accept too much would not be in their best interests. They are, of course, concerned about the impact upon their local farm economies.

The best way we can combat world hunger is to use our assistance to help others help themselves. Great increases in the total world food supply and greater production by the needy countries themselves are the only long-range solutions to avoid the specter of world famine.

Encouraging self-help is one of the best ways we can fight and win the world war on hunger. A great deal has been said about self-help, but seldom do we become specific. We say we will encourage nations like India to make improvement of their agricultural capacity an important part of their development plans. But we must go further.

The voluntary organizations, like CROP, have established excellent precedents. Often they make participation in community work projects a prerequisite for the receipt of food. One example is a reforestation project undertaken in Chile. Land once planted in trees had been cleared and used to produce wheat. Improper cropping techniques led to erosion and wore out the land. Finally the Chilean Government was persuaded to provide tree seedlings. CROP sent food for work payments. Four hundred men were employed, and their families were fed. They planted over a million pine seedlings. Now the Indian villagers care for the trees. The villagers' health has improved; they are less susceptible to disease. They have begun other projects, building roads and bridges and planting more trees.

In 1964, CROP sponsored similar programs, supply food for wages in many countries. There were water projects in Greece, Jordan, and Ghana; a land-leveling project in West Pakistan; a bread-baking program in East Pakistan.

I could continue indefinitely citing examples of CROP's self-help programs, and CROP is only one of several voluntary organizations actively carrying out this work.

Self-help, spelled out in specific terms, must be a vital part of our new program. We can provide food for wages to hire men to build more roads and thus improve their distribution facilities, and to build fertilizer factories and irrigation systems. We can introduce fertilizers, improved seed varieties, pesticides, and more advanced tools and farm equipment. To make sure these new devices are effective, we can send along technicians who will teach the people how to use them. We should call upon the excellent capabilities of our agricultural schools and agricultural research specialists to help establish agricultural schools to train native technicians who can carry on the educational process.

The legislation under consideration by the committee should permit flexibility so that food and fiber available for export may be sent where most needed. We should encourage voluntary organizations to continue conducting their excellent programs. It should provide incentives for recipient countries to speed up their own agricultural improvement projects. It should provide for technical assistance which will help people to help themselves.

Thank you for this opportunity to present my views on this vital worldwide problem.

STATEMENT OF HON. LEONARD FARBSTEIN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

As chairman of the Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs, I have long been concerned over increasing U.S. holdings of foreign currency. These holdings, acquired through our economic assistance programs, are expected to continue to rise in the years ahead.

The most important source of foreign currency by far is generated from our sales of agricultural surplus under Public Law 480. Presumably, the United States is committed to continuing its present practice of selling food for local currency under title I of the act to developing countries faced with shortages of food and foreign exchange.

Total U.S. holdings under the sale of U.S. surplus commodities under Public Law 480 were over \$2.9 billion in January 1965. These funds can be grouped in three categories: country-use funds—used for grants and loans to purchasing governments under sections 104 (c), (e), and (g); Cooley loan funds—used to make loans of local currencies to U.S. private enterprise abroad; and U.S.-owned foreign currencies available for U.S. uses. Sales agreements under Public Law 480 normally clearly indicate what portion of the sale is to go into each category of funds. The proportion differs in each case, but the largest percentage is usually diverted to the country-use fund category.

For all intents and purposes, neither the foreign-use funds nor Cooley funds pose any problem. In the first case, the balance is normally high but so are the annual disbursements. For example, on December 31, 1964, we had on hand \$1.3 billion of country-use funds, but our annual disbursements in fiscal 1964, totaled \$1.1 billion, leaving a manageable balance. Cooley funds totaled only \$236 million on December 31, 1964, while fiscal 1965 saw AID granting \$52 million in loans. Again, the balance doesn't present any serious problem.

The third category of funds resulting from Public Law 480 is a different story. The balance of foreign currencies available for U.S. uses totaled almost \$1.4 billion at the end of 1964. This figure continues to grow since the law requires 20 percent of the proceeds of total sales under title I of Public Law 480 to be set aside for U.S. uses. In addition, interest and loan repayments must be diverted to U.S. held local currencies. In 1964, the repayment set aside totaled \$191 million and this figure is expected to climb even higher from year to year.

Mr. Chairman, this rising balance of U.S. held local foreign currencies should not be permitted to continue. Ways must be found to utilize U.S.-use holdings in countries where there are rising balances. Fortunately, the core of the problem centers around only 10 countries.

Of the approximate \$1.4 billion of U.S.-use foreign currencies held in 81 countries at the end of 1964, over \$1.3 billion or 93 percent of the total balance was in 10 countries. In these 10 countries, the United States has holdings in local currencies far in excess of what it can use to defray its expenses. These countries, designated by the Department of the Treasury as excess currency countries, include Poland, India, Pakistan, United Arab Republic, Yugoslavia, Israel, Burma, Tunisia, Ceylon, and Guinea.

Only three of these actually present serious reserve situations—India, Pakistan, and the United Arab Republic. Some of the others—Ceylon, Guinea, Tunisia, and Israel—are recently classified excess currency countries and only limited new currency is likely to build up in the future. In Israel's case, it is logical to expect that increasing amounts of Public Law 480 food will be sold to her under title IV for dollars. In the case of Poland and Yugoslavia, agreements will provide for future sales in dollars rather than under title I. This leaves us with the problem three countries.

These three countries need economic and social development. The feeding of their own people is a problem which must be solved before any real socio-economic improvement can be found. However, all too often these countries direct their resources at grandiose and prestige projects such as national jet airlines rather than develop a meaningful economic base.

We have attempted to divert additional development funds in these countries from our surplus U.S.-use funds. However, many of these efforts are thwarted for such reasons as funds are not generally convertible, or are convertible only by mutual agreement and the foreign governments are reluctant to make agreements involving losses of foreign exchange reserves. In any event, the projects to date are too small to have helped the excess U.S.-use currency reserves.

I believe we must find ways and means of effectively using these foreign currencies for our own benefit as well as theirs. Continued large holdings of one country's currency by another is bound to be a source of political agitation between them. It can and does lead to accusations of American interference in purely internal policies of other countries. These allegations of financial imperialism can be particularly harmful to our image in developing nations.

Moreover, it is conceivable that devaluation of a foreign currency could result in serious book loss of U.S. purchasing power in that country. The answer to the problem of economic development is, therefore, shaded by a number of factors, all of which bear on Congress' actions on the extension and expansion of Public Law 480.

I have always been a firm believer that U.S. private enterprise is capable of furthering economic development in these areas. Quite naturally, it would need certain incentives from the U.S. and host governments. However, this phase of economic development is often quite limited because of recipient government's restrictions on foreign investment.

India is a case in point. India's attitude on foreign investment is ambivalent. Hearings before the subcommittee on the Far East and the Pacific made it clear that India would prefer to import technicians and "know-how" rather than foreign corporations. Since this is not possible, it accepts foreign capital as a necessary evil.

Witnesses told of a plan whereby the Indian Government in partnership with a U.S. private consortium would have doubled the present fertilizer capacity in India. The plan failed to reach fruition because the Indian Government insisted upon majority ownership.

Other private investment was apparently halted by the imposition of retroactive import duty increases which made the projects completely uneconomic.

These are indicative of problems encountered by private investment sources. They reflect the type of problems which must be resolved if a meaningful economic system is to spring up in developing areas of the world. Witnesses before the subcommittee outlined a 10-point agenda around which they had discussions with Indian officials. These served as a focal point for exchange of ideas between New Delhi and U.S. investors. I would like to have printed in the record the 10 points which seem to underlie India's policy and the 10 corresponding points which the business group felt essential to promotion of foreign investors confidence.

I urge our own Government to initiate steps with developing countries along these same lines. We should be fully aware of foreign policies which will affect U.S. investment patterns abroad and explore steps to facilitate the much-needed plan of private investment in these regions.

This is the optimum toward which we must strive. However, its achievement will take time and patience. Economic development must be tied with specific overall country economic and social objectives.

Until the time is reached when greater private capital flows into the economic structure of a developing country, I recommend that the Congress amend Public Law 480 so that all future sales agreements with developing nations under title I provide for payment in U.S. dollars not to exceed 10 percent of the total value of the commodities sold.

The 10 percent in dollars would remain in the recipient country for social and economic benefits. The host country should be asked to submit a list of projects for which it would like these funds diverted. No funds will be made available if the Government of the United States doesn't deem it an economic and feasible plan to the overall economic health of the country.

I urge that the 10 percent diverted for this use come from the portion of title I sales now directed to U.S.-use funds. I would strongly recommend that the full 20 percent be set aside for this purpose if agreed to by the recipient government and the United States.

I believe that plan I outlined will expand economic growth in developing countries and also reduce the growth rate of foreign-held currencies.

Mr. POAGE. Is there anyone else who wants to be heard?

If there is no one else to be heard this morning, the committee will stand in recess until tomorrow morning at 10 o'clock.

(Whereupon, at 12 noon, a recess was taken until 10 a.m., Thursday, March 10, 1966.)

WORLD WAR ON HUNGER

THURSDAY, MARCH 10, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:15 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley (presiding), Poage, Gathings, McMillan, Jones of Missouri, Stubblefield, Purcell, Olson, O'Neal, Stalbaum, de la Garza, Redlin, Greigg, Callan, Dague, Teague of California, Mrs. May, Harvey of Indiana, Dole, Burton of Utah, and Hansen of Idaho.

Also present: Representative Walter Jones, of North Carolina; Martha Hannah, staff; Hyde H. Murray, assistant clerk; John Heimbarger, general counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

I will first call Mr. Herschel Newsom, the worthy master of the National Grange.

Mr. Newsom, the members of this committee hold you in very high esteem, and I am sure that great consideration will be given to your views.

You have with you, I see, Mr. Graham.

Before you start, let me say that we have only about 2 hours. We have 12 witnesses; so, we will have to hurry along, and if you can confine your testimony to about 10 or 15 minutes, everything will be fine.

You may talk off the cuff and file your entire statement, or you may proceed as you desire. I do not want to have to call time on anyone, but bear that in mind, please.

STATEMENT OF HERSCHEL D. NEWSOM, MASTER, ACCOMPANIED BY HARRY L. GRAHAM, LEGISLATIVE DIRECTOR, NATIONAL GRANGE

Mr. NEWSOM. Thank you, Mr. Chairman.

I am pleased to again have the privilege of coming before this committee. As you know, we have been depending chiefly on Harry Graham and, to some extent, on Joe Parker, and Mr. Denslow, but I am delighted to be back before the committee again. I always enjoy this experience, because I have a high regard for the members of the committee and the work they are trying to do which, by and large, coincides perfectly well with the purposes of the National Grange.

I would like to say to you, Mr. Chairman, that we do have rather lengthy testimony that we are delighted to leave with you for the record, and I shall try to briefly recite to you the rather triple capacity in which I come before you this morning.

I should say, for the sake of the record, that our friend Bob Koch, the executive director of the National Committee on World Crisis, is ill. He is under strict doctors' orders, and we are very sorry that he is unable to appear with us here this morning.

I appear before you, then, not only as chairman of that committee, but as president of the International Federation of Agricultural Producers and as master of the National Grange.

I can assure you, Mr. Chairman and members of the committee, that there is no conflict in these three positions. As a matter of fact, they supplement each other. I am delighted, chiefly as master of the National Grange, to bring to you exactly that statement this morning.

I believe firmly, that one of the great missing factors in the development of this world food crisis—and it is a development, as you yourself, Mr. Chairman, know well and have so stated—the evolution of this food crisis up to now, and from now, for the next decade or so is, in my judgment, chiefly attributable to the fact that the world, as a whole, has not fully understood the necessity of equitable price and income relationships between their agricultural producers, both in the developed countries and the developing countries.

One of the pities and tragedies of this world is that we have not had comparable attention to this particular problem of unjust and unfair returns on capital and labor in the countries around this world, to the extent that this committee and your contemporary committee in the Senate have for many years been giving to this fundamental problem.

I have several international friends who, in my judgment, put a false emphasis on the urgency of careful, meticulous national planning. They partially recognize the primacy of agriculture—the fact that unless there is agricultural development in a given country, that there is not going to be the necessary economic development to bring them out of the have-not category, and yet some however, mistakingly, fail to understand, as I think we have attempted to point out here rather vividly at about page 4 of this testimony, that two of the great countries of the world down through many years that have been large food-producing countries in their earlier histories, have now slipped behind the Iron Curtain and the Bamboo Curtain, and they are deficit countries now.

If there is any one thing that I would like to say it is that we are giving currently a pattern for the rest of the world to look to, of which I am tremendously proud.

I have in my international contacts in the last 4 or 5 years seen the image of the United States so substantially improved that I cannot resist thanking this committee this morning for its part in this improved image.

Some of our friends with whom we have had vigorous differences of opinion in Geneva are saying very frankly that "If we could have had the kind of a program that American agriculture has had—if we could have had it 10 or 15 years ago, we might not be confronting some of the problems that Governor Herter and Mr. Hedges and the rest of our negotiating team have been confronting at Geneva." And

so I am saying to you that we have a real reason to be proud of the current agriculture structure.

One of the many factors that has entered into this is the rather magnificent, although not entirely satisfactory, provisions of the Agriculture Act of 1965. And I would say to you, Mr. Chairman, that we stand in the best position now that we have been in, in a quarter of a century, to confront this sort of a world food crisis. I do not want to overstate this point, but we have heard, and most of you have had occasion to hear, Senator Dirksen refer to a passage from Isaiah. It is interesting that just a year ago last December, while we were in the International Conference in New Zealand at a meeting of the delegates from farm organizations from five continents of the world, that the Prime Minister of New Zealand, whom some of us have known for many years and refer to affectionately as Mike Holyoake, said: "Herschel, there is not a night that I do not thank God for this magnificent United States of yours, but there are few nights that I do not also pray that somehow or other you will have the courage and the wisdom to make the proper decision at the right time in southeast Asia." And then the Prime Minister of this relatively small country, that is one of the world's most rapidly growing economies, because they place proper emphasis on agriculture, went on to say that the problem in southeast Asia is one of control of food production capacity just as the problem in South Korea was, and then he used the same quotation, Isaiah 8:21: "And it shall come to pass that, when they shall be hungry, they shall fret themselves, and curse their king and their God."

And I came home and read the first six or seven chapters of Isaiah—and I recommend this to anybody who wants to grasp an understanding of how we have moved into this kind of a world food crisis.

And, interestingly enough, it was only a few months after that, that I heard Senator Dirksen in a speech before some commodity group in this very city refer to this same passage, and I am saying to you, Mr. Chairman, that this is why we become gravely concerned with the fact that occasionally you will hear people say that all we have to do is simply to abandon our whole farm program structure and go to producing to meet the world's needs. People who make this statement may be well intentioned, but they do not understand the fundamental fact that this committee and the rest of us who are interested in intelligently meeting these needs, as well as being interested in maintaining the stability and financial integrity of the American agriculture and of the farmers in the rest of the world clearly understand, namely, that we have to differentiate between the normal commercial markets and the food and nutritional requirements where those markets are substantially different. This is why I say to you very frankly that the Agriculture Act of 1965, imperfect as it was when it started us on the road, was a measure that we just simply had to have in order to get, at least, that far along, if we were going to be in a position to meet the problems that confront us now.

I am saying to you, frankly, that I hope that this committee will make crystal clear, either in the legislation that it reports to the floor or in your committee report somewhere, and you people know more about that than I do, that it is the intention of the United States to do its best in meeting these needs, but that we want the rest of the world

to understand that we are anxious also to lead the whole world into a multilateral approach to this.

As to this job, I think that Secretary Freeman made the point exceedingly well, that this job may not be too big for the United States right now but it can rapidly become too big for the United States, and, frankly, there are some real reasons for me to be proud of our worldwide federation, because there we are moving toward an increasingly clear comprehension of the necessity that all of the developed countries, importing as well as exporting countries, must share in this burden. And here I take my hat off to the United Kingdom, because I think that they are beginning to lead the rest of the importing countries of the world into a recognition of this fundamental fact.

I would simply say to you that I found great encouragement in the report of the Council of Economic Advisers this year, and I refer you to chapter 6 of page 140 of that report. There are several paragraphs there that are keenly pertinent to the question that is before this committee this morning. I like the tenor of that report.

Frankly, Mr. Chairman, I am trying to say to you that even though I think I recognize the magnitude of the problem that we confront—even though we know how to produce—we have rodenticides and pesticides, yet the rest of the world has fertile acres that are being choked by nonproductive vegetation. We have the means of controlling insects and rodents. And you know about the story, in the rest of the world.

Many of the members of this committee have seen these horrible illustrations of the lack of information as frequently as I have.

I am saying to you that it is real significant to me that it is just about 20 years ago now when the international organizational structure came into being—actually, we will be celebrating the 20th anniversary of this worldwide federation of the farm organizations in London in May—and that we therefore have, at least, two decades of background in this thing of trying to promote an international approach to the fundamental problem of food and nutritional requirements of the world and financial integrity for the farmers of the world, so that they can achieve the necessary production to sustain life and to sustain and build their economies. And I would say to you that I have had the privilege of visiting certain of the developing countries of Asia and of Africa—and just last week I attended a meeting in Mexico City, where we heard the spokesman for the braceros come in there and criticize the United States because we have taken the food out of their mouths by not permitting them to come into Southwestern United States and earn some American wages. People say that we have diminished their family income from about \$500 a year down to about \$150 a year, because we would not let Mexicans come in and work for us. This is another side of that problem, you see.

These are not simple problems, but they are not more complex than they have been except that they involve the world now instead of just the United States.

And so I say to you, frankly, that the record in support of a reasonable level of income for farmers of the developing as well as the developed countries of the world, of both the Grange and the IFAP, is a record of which I am very proud, and I would say to you that one of the major retarding influences on this desirable level of agriculture

production in the developing countries of the world is that those countries have not recognized that it takes our incentive system—it takes a reasonable level of reward, a return on capital and labor, if they are going to be induced to achieve this production. This is the way it has to work, and we know it now; and if we did not, all we have to do is to look at the record of the areas behind the Iron Curtain and the Bamboo Curtain, as I have already indicated.

So, I am saying, Mr. Chairman, that I am pleased—I recognize the compulsion of time for each witness—I am pleased that this problem is in the hands of a committee that has the approach to it that this committee has always had.

I want to repeat, to imply that we would then be able to continue to feed the peoples of the world would be an act of political insanity, and to say that the organizations that this witness represents view with considerable alarm the irresponsible statements being made to the effect that it is the duty of the United States to feed the world, and, as a result of some miracle yet undefined, we will be able to bring increased prosperity to American agriculture by this method.

To this concept, we enter a vigorous dissent. The prosperity of American agriculture does not and must not depend on the expansion of relief markets. Programs to remove the restraints on our production and to transfer the crops of the agriculture programs to relief programs would serve only to reduce the income of American farms and to seriously impair the opportunities which may be developing in the emerging nations for their agriculture to become a viable part of a growing economy, a development which is imperative. Also it would retard or diminish the ability that we have to meet the problems that are yet ahead of us.

The basic concept of the Grange and of the Congress in adopting the present farm program is that that part of the production consumed in the domestic market for food should receive a parity price, and that going to the world market should receive a price determined either by competition or by international agreement.

There are some things about the international agreements that I do not like. This is a part of the whole approach—the Food for Freedom concept—but I am convinced that this is a route that we must subscribe to, at least in the interim of the adjustment period. I do not know how long it will be, but for however long it takes us to close some of the gaps in the world, this is the route we have to go, and this is my considered judgment.

I am saying to you that I believe firmly that our first priority must be the prevention of mass starvation in any country of the world. It is unconscionable that we should permit starvation when it is within our power to prevent it. It is unconscionable that we should do less.

Our second priority, or another priority, must be the development of commercial markets. And you will see later on, in my testimony when you have a chance to look at it if I do not get it mentioned otherwise, that we have some specific recommendations as to this legislation in this particular category.

We need to recognize the primacy of agriculture in the world's economy.

So, a third priority must be the development of agricultural production in the less developed countries. No country is going to develop and become a good customer of ours so long as they have to export the major portion of their earnings for the necessities of life.

I confess to you that there was a time when I viewed with some concern the statement by Mr. Harriman in the Mutual Security Organization, that we must tell them how to raise wheat. I thought that we ought to teach them to do something else, so that they could buy my wheat, but I think that I approach this thing from a different point of view now. We have got to teach them to produce the food, whether it is wheat or whatever they can produce the best. This is the way that their economy will grow. You cannot trade with paupers. I do not need to emphasize that point before this committee.

I am saying, Mr. Chairman, that I feel that we have a great opportunity, not only for humanitarian and moral reasons, which must be paramount to us under the circumstances, but this gives us a tremendous opportunity in the field of economics, and that is in the development of opportunities for people around the world and greater opportunities for ourselves and our own people at the same time.

We make reference to the specific sections that we would like to have the committee give attention to. I think it is not appropriate that I consume more of the time of the other witnesses who are to follow.

I have noted several particular sections in my statement on page 17, as to the various titles of the act, but this will be in the record, and I am sure, Mr. Chairman, that I need not take the time of the committee now this morning to read these last four or five pages of the testimony.

I really welcome the opportunity that we have ahead of us, but I do it, sir, especially because of the structure which, with your help and the help of the whole Congress, we have been able to erect from which we can proceed with confidence and determination to meet the challenges and to grasp the opportunities that are before us.

I thank you.

(The prepared statement submitted by Mr. Newsom reads in full as follows:)

STATEMENT OF HERSCHEL D. NEWSOM, MASTER OF THE NATIONAL GRANGE, PRESIDENT OF THE INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS, AND CHAIRMAN OF THE COMMITTEE ON THE WORLD FOOD CRISIS

Mr. Chairman and members of the committee, the privilege of appearing before this distinguished committee, as master of the National Grange, as president of the International Federation of Agricultural Producers, and as chairman of the Committee on the World Food Crisis, is much appreciated.

The Grange and IFAP have clear, established records of concern for the development of programs to meet human needs, for expanding international trade on a sound basis and for agricultural development—both in developed and developing nations. The increasing compulsion for generating a better balance between the food and nutritional requirements of a growing world population and production to meet those needs have, in recent years, generated added compulsion for recognition of just and equitable returns on the capital and labor inputs in the agriculture of both developed and developing countries, as a prerequisite for achieving this balance.

In fact, the Committee on the World Food Crisis was organized on December 9, 1965, for the fundamental purpose of stimulating a broad national awareness in the United States of the urgency of the world food crisis and the necessity of this equitable compensation, if we are ever to achieve any realistic approach toward a solution of this crisis.

Speaking to you, therefore, as chairman of the Committee on the World Food Crisis, as well as from the positions of Master of the National Grange and president of IFAP, I can assure you that there is no conflict of interest, or purpose in these three positions.

We do, however, live today in a world of strange and baffling paradoxes. We know more about how to produce and prepare high-quality food for maximum nutritional value than at any time in history; yet we have the bleak prospect that many people will starve to death this year, and the prospects for adequate diet for the rapidly expanding population will become increasingly dim.

In our Western civilization, we have developed the highest and best techniques of distribution of food products in all of history. Yet, a substantial part of the world is hungry simply because there exists no marketing and transportation organization adequate to move foodstuffs into the food-deficit areas.

We know more about nutrition for both humans and animals than ever before, yet two-thirds of the world suffers from malnutrition, and in some parts of the world, over half the children born die before they reach school age because of inadequate and improper diet.

We know how to protect our growing crops by the use of herbicides for weed control; yet much of the productive land of the world is unusable because of the rank growth of vegetation choking our food crops.

We know much about protecting our growing and stored food from insects, yet the food-productive capacity of the developing world is severely limited by plagues of food-destroying worms and insects.

We know how to protect our stored grain from damage due to weather and atmospheric conditions, yet the lack of storage capacity which can accomplish these same objectives in the food-deficit areas is a major factor in the lack of food where hunger is most serious.

We have effective rodenticides, yet we read with dismay that in the hungriest nation of the world, half the food grown is either destroyed or made unfit for human consumption by rodents.

We have reduced infant mortality without reducing the population growth rate. We have reduced the death rate of the adult population and increased the life span without providing for the food that is required. In short, we have increased population growth without increasing the food supply.

Due to the technological advancement in the agricultural production of the United States, the British Commonwealth countries, Western Europe, and parts of South America, we are now able to produce food far beyond the ability of any normal market arrangement to absorb and distribute. Therefore, while the world suffers from a lack of available productive land in the food-deficit areas, the United States has some 50 million acres in land reserves. The developed world and some of the developing countries, including those in grave danger of mass starvation, are spending billions of dollars for military purposes. But they cannot afford the capital necessary to provide food and fiber for a needy world.

We know how to educate, but the world is illiterate.

We know how to control production, but population continues to expand at an explosive rate.

We know how to control disease, but disease is rampant.

In short, we know how to feed the world, and we probably have enough resources in the world, if properly harnessed, to provide an adequate diet for the present and projected population, but we have not found an effective way to provide the food necessary from our American productive capacity to prevent starvation and upgrade diets and to insist that the rest of the developed countries of the world share the burden with us.

Meanwhile, the "Four Horsemen of the Apocalypse"—Pestilence, War, Famine and Death—continue to stalk the world. Although they may emerge at different times from different doors, the fact remains that they come from the same barn.

There was a time when the Western World and our Christian civilization thought about the conquest of these carriers of suffering and death as the desired result of a world evangelization program for Christianity. Today, the impending disaster threatening us has changed our attitude toward the "Four Horsemen" from one of a theologically desirable goal to one of social, moral and political imperatives. The United States cannot forever exist, in alliance with its friendly and affluent international neighbors, as an island of abundance in a sea of despair.

The very survival of our much heralded and highly valued Western civilization and the validity of the professions of our Christian culture are now dependent upon our ability successfully to meet the challenge of world hunger.

We have seen two great nations, with civilizations and histories as old as recorded time, each with a long-time history of surplus production in agricultural commodities, slip behind the Iron and Bamboo Curtains and for the foreseeable future become food-deficit areas. The block over which they stumbled was agriculture. Today, the great sub-continent of India is in political distress and threatens to be pushed into the Communist orbit, along with all of south-east Asia, because of the political problems that come from hungry people.

Thus, the truth of the statement of the Prophet Isaiah is verified. He said:

"* * * And it shall come to pass that when they shall be hungry, they shall fret themselves, and curse their king and their God * * *"—
Isaiah 8:21.

The story of the Food for Peace Program which has operated for the past decade does not need to be retold in this testimony. The Program has been an expression of American goodwill and concern for the peoples of the world in the most practical terms imaginable and in quantities never before duplicated.

One hundred-forty million tons of foodstuffs under concessional and direct relief programs, distributed to hungry people of many nations, have been the difference between hunger and starvation, between peace and war, between stability and instability, between economic growth and economic disaster for these needy nations. America need not be ashamed of its contribution to international welfare during this time.

The period of agricultural adjustment creating the initial opportunity for these programs has drawn almost to a close. Our experience in the administration of these programs, with the inevitable mistakes that were the result of pioneering in entirely new areas, and with the substantial successes accumulated to our credit, place us in a more favorable position to develop and administer new programs to alleviate the hunger of the world.

The necessity of this kind of program, and the situation both in our American agricultural economy and that of the developing nations, is more complicated than a decade ago. For instance, what appears to be a very simple problem with a simple solution, upon examination becomes extremely complicated and presents the Congress and the people of the United States with some challenging and perplexing questions.

1. How can the limited productive capacity of North America, Western Europe and Australia and New Zealand, the only surplus food-producing areas in the world, comprising less than one-fourth of the world's population, expect to meet the food deficit of an exploding population in three-fourths of the world? Even if we took all 50 million acres out of the present U.S. land reserve, we would produce an additional 40 million tons of grain. This would allow us to triple our shipments overseas, but would still leave a food deficit in the early 1980's of an additional 50 to 60 million tons.

2. Obviously, if there is to be any solution to the problem of population versus production, much of the solution rests with the developing countries. Several of the countries do not have any physical frontier left to expand the acreage available for production. Therefore, how can we stimulate a take-off in production per acre in the developing countries in the face of limits on available land and capital and in the face of unbelievable illiteracy, as well as institutional inertias, such as religious taboos, social customs, etc.?

3. In view of the slow movement toward a technological revolution in agriculture, can we expect (and, if so, how quickly) the less-developed countries to make the transition from area-expanding methods of increasing food output to the yield-raising methods which will obviously be necessary?

4. How can we continually increase our production for nonmarket demands without destroying the integrity of the capital invested in Western Europe, North America, Australia, and New Zealand, in view of the fact that the existence of a surplus which is not marketable in its regular sense tends to destroy or depress the existing commercial markets?

We are pleased to note that the Council of Economic Advisers in its annual report to the Congress for 1966 has taken cognizance of the problems involved. They note the need for additional capital, even though the developing countries are financing more than three-fourths of their economic growth. I refer to the following statement made in the report:

"Private foreign investment also makes a crucial contribution to the less-developed countries. It provides not only capital but associated technical and managerial skills."

"* * * food aid must not be allowed to impede the development of agriculture, since in many countries, agriculture may be the most rapid route to general economic growth. Moreover, such progress in agriculture is essential to the long-run solution to foreign food shortages. If the gap between the food needs and production in the less-developed countries continues to widen at the rate of the past few years, even the United States with its vast food-producing capacities will not be able to fill it."

In discussing human resources, the economic advisers note the problems of illiteracy, the necessity of improving health conditions, the imperatives of adequate child nutrition programs to erase the results of malnutrition, and population growth control and techniques.

In the section concerning improving trade prospects, they state that "both the advanced and emerging nations must give greater attention to policies to accelerate the growth of the export earnings of the less developed countries." By way of illustration, the report continues as follows:

"For individual primary commodities, and primary exporters, the major source of instability has been the wide erratic movement of prices. The less developed countries need greater insurance that the development programs will not be vitiated by unpredictable declines in export earnings that are beyond their control. International agreements for some commodities, such as coffee, represent one technique for dealing with this program.

"Financial arrangements to help offset short falls is another technique.

"Liberal commercial policies by the developed countries will contribute to world economic development."

These brief statements from the report indicate the grasp that the council has on this situation and, because of the importance of this one particular document, we would like to refer you to chapter 6, page 140, of the report, dealing with "The International Economy."

The committee on the world food crisis has been actively engaged in soliciting the best efforts in America to suggest the kind of answers most promising to reach the desired objectives and least damaging to the various interests related thereto.

In general, the food-for-peace program has been administered along the lines suggested by the National Grange and consequently has had our strong support and endorsement. We must, however, be constantly alert for effective means of preventing the lowering of prices to producers in the recipient countries, as a result of our own or any other food aid program.

In this connection, the International Federation of Agricultural Producers at Rotorua, New Zealand, in the policies they adopted, stated that food aid should be "a joint responsibility, and one that must be increasingly fulfilled, of all countries, both exporting and importing." This policy was reaffirmed in the European meetings in Oslo last May, in Rome in November, and in the North American regional meeting concluded on March 2 (just last week) in Mexico City.

Thus, we see that the producers of international agricultural commodities are becoming increasingly aware of the need for some kind of international coordination and participation in meeting the problems of world hunger.

Speaking as president of the IFAP, we believe that the time is at hand when it must be recognized that the piecemeal and uncoordinated application of the productive resources of the developed world is not sufficient to meet the commitments of resources which will be required for the solution of the problems we are considering here today. With all due respect for the pronouncements of the Secretary General of the United Nations, the appeals of Pope Paul, the statements of the World Council of Churches, and other international bodies, including the FAO and the world food program, the fact remains that we simply are not marshaling the forces of the world in any unified way to solve these tremendous problems. Let us recognize also that until the developing countries set to work toward a goal of just and fair prices and income for the products of their farmers, they will not achieve agricultural or economic development.

As we interpret the existing and proposed legislation, it appears to be an adequate vehicle to effect a wide combination of U.S. unilateral approaches to the food and nutrition needs of the world and, at the same time, stimulate the development of the agricultural economies of the developing coun-

tries. The committee, in our judgment, should make it crystal clear that it is intended we shall open the way to the accomplishments of both these purposes by this legislation.

All of us are proud to be Americans. We are proud of the manner in which our Government and the private sectors have responded to the humanitarian needs of many peoples in many lands, as well as to the need for assistance to stimulate the industrial and agricultural development of impoverished and developing countries. We are proud of the ability of the United States to lead in the direction of peace and the improvement of opportunities for all people.

But if we are to take and maintain the lead in this important area, then we must be alert to every opportunity to inspire, motivate, and activate as great a participation by the other nations of the world as is needed in order that they might accept their proportionate responsibilities with equal eagerness and comparable dedication of their economic, technical and material resources for this task. We believe that this should be clearly stated as the intent of this legislation, which we assume is going to be approved by the 89th Congress of the United States.

The legislation before this committee will give wider latitude, allocate increased resources, and authorize greater administrative discretion for the waging of a "war on hunger." We consider this legislation and evaluate it on the basis of some guidelines which we are proposing now, with the hope that it may influence the thinking of the committee to the point where it may be written into the legislation or, at least, into the legislative history of the act.

Food relief and production problems are so vast that the United States should not presume to meet these obligations alone. We could not meet them if we tried, and we should not if we could. To do so would be to furnish an opiate to the developing countries and erroneously indicate that an inexhaustible supply of free food may be available for them to be drawn upon at will.

The fact that they would become permanent objects of our charity is not so disturbing as the fact that their failure to develop their own agriculture and, consequently, their own economy during the few critical years ahead, before the food crisis strikes with its full impact, would involve the loss of time and would preclude the successful solution of these problems.

All the evidence points to food demands of the world becoming so great that even though we released all of our land to production of necessary foodstuffs, and gave it the necessary guidance to direct its production toward the foods needed, a world food gap of 40 to 50 million tons would develop in 10 or 12 years. To imply that we would then be able to continue to feed the peoples of the world would be an act of political insanity. The organizations that this witness represents view with considerable alarm the irresponsible statements being made to the effect that it is the duty of the United States to feed the world and, as a result of some miracle yet undefined, that we will be able to bring increased prosperity to American agriculture by this method.

To this concept, we enter a vigorous dissent. The prosperity of American agriculture does not, and must not, depend on the expansion of relief markets. Programs to remove the restraints on our production and to transfer the costs of the agricultural programs to relief programs would serve only to reduce the income of American farmers, and to seriously impair the opportunities which may be developing in the emerging nations for their agriculture to become a viable part of a growing and prosperous economy—a development which is imperative.

A benevolent program of food distribution is becoming to us, as a nation whose heritage is based on Christian concepts, if this program is used to meet the imminent emergency relief needs of the world. But it is not to our credit to pursue such a policy if it places us in the position of being a permanent source of relief and most nations of the world in the position of beggars at our door.

Improvements in farm income as a result of programs passed by this Congress are encouraging. The heart of these programs is the base surplus pricing concept, having its origin in the National Grange over 40 years ago. The marketing order concept in milk was designed to use this marketing principle, a program which, unfortunately, was barred by the development of blend pricing. The action of the Congress in permitting the use of a base surplus pricing system for milk sold in Federal market orders, using a marketwide pool, we believe, will be the basis for a substantial improvement in the pricing situation as it relates to dairy.

Certainly, the program available to the U.S. wheat producers guarantees, to the farmer who participates, a parity price for that part of this production which enters into the domestic market for food. The ability to develop and expand our markets in competition with other agricultural producing countries—especially wheat producing countries—within the limits of our responsibility under international agreements, is directly related to this concept of a base surplus pricing system.

Indeed, without this concept, substantial contribution by the American people to the agricultural and food needs of a hungry world would be economically impossible and politically unwise. Therefore, the National Grange vigorously supports this program. We respectfully point out to this distinguished committee, that the path which you have chosen by the adoption of that program is proving to be wise and prudent; and that the future success of American agriculture depends not upon the abandonment of programs such as this, but upon the extension of such programs to commodities depending upon their foreign exports, in those cases where depressed world market prices makes it impossible to earn a decent return for these products without such price differentiation in the American marketplace.

The basic concept of the Grange, and the Congress in adopting the present farm program, is that the part of production consumed in the domestic market for food should receive a parity price; that part going into the world market should receive a price determined either by competition or international agreement.

The wise provisions of the Agricultural Act of 1965, through its market stabilizing features, give us a sound framework, therefore, to effectively wage "war on hunger" and at the same time protect the financial integrity of our own producers. In planning for the food-for-freedom campaign, we would point out that, just as in a military campaign, the desirable must be balanced against the obtainable, and the long-term political consequences must be balanced against the short-term economic goals. Our humanitarian instincts and goals must be measured against our productive economic capacity; our desires for the improvement in the well-being of peoples in other lands must be weighed against the necessity for improving health, nutrition, educational attainments and economic prosperity of those who live in some degree of poverty within the United States; and the amount of supplies to be produced necessary to wage this "war on hunger" must be determined to some extent by our ability to deliver the goods to the field of battle.

If we are really serious in our determination successfully to fight this war, then we must give it the kind of priority which we have given to military campaigns. Not only must we establish the preeminent priority of the necessity for winning the "war on hunger," by the use of food for freedom, but we must establish the priorities within the program in such a way that the chances of victory are enhanced, rather than diminished.

Our first priority must be the prevention of mass starvation in any country of the world. It is unconscionable that we should permit starvation when it is within our power to prevent it. Food fought for freedom in the last war. Food can fight for peace today. Therefore, a policy of limiting food relief programs to our best friends is hardly based on a realistic appraisal of the political facts of life of a modern and complicated world. There are ways of doing this within the structure of the international organizations without the U.S. Government having to approve of political systems with which we disagree.

Another priority must be in the development of commercial markets. In this connection, it is imperative that no action be taken which would remove or weaken those provisions of the Agricultural Trade Development and Assistance Act which authorize foreign market development activities for U.S. agricultural products through commodity groups, in cooperation with the Department of Agriculture. Neither should any action be taken that will reduce the sales of agricultural commodities for dollars even on long-term credit, through private trade.

A third priority must be the development of the agricultural production in the less developed countries. The methods of doing this are covered in the statement of the Committee on the World Food Crisis. We would only add that a major opportunity for multilateral action is offered in the development and administration of programs to improve nutrition for children, reduce illiteracy, improve per-acre production of essential crops, provide for long-term credit and low-interest loans, finance and staff regional research facilities, develop transportation, storage and marketing facilities, etc.

The scientific and technical know-how of the developed countries must be fully utilized in these programs and, in the meantime, the necessary dietary supplements and additional food supplies should be made available. Highly accelerated programs to raise nutritional levels to those of the developed countries are unrealistic.

The problem over which we have great concern is that of protecting and improving farm income while expanding production for noncommercial market needs. The fact that U.S. farmers have achieved a technological breakthrough in production, and that we have attained the production miracle making us the envy of the world, is directly related to the kind of income incentives making it profitable, or desirable, for farmers to make the investment of capital, of education and experience and labor input, necessary for the attainment of the production breakthroughs creating this tremendous productivity of American farms.

The greatest threat to the productivity of the U.S. farmer is inadequate return. The technological advancements available for American farmers at the present time are even greater than those we have had in the past and depend, to a large extent, upon the ability of the farmer to increase his capital investment to take advantage of scientific know-how already developed. This, to some extent, is true for the farmers in most developed nations.

If farmers in developing countries are to increase their production on any substantial basis, the financial incentives must be present in those countries. Somehow, therefore, we must be sure that our own benevolence does not destroy that incentive in such countries.

The provisions of title II of H.R. 12785, covering famine and relief requirements and the food-aid programs, would strengthen the programs already authorized and meet the policy objectives of the Grange.

Title III sets forth the terms and conditions by which the Secretary may acquire nonconvertible currencies and the uses to which they may be placed. We believe that as drafted this title does not give adequate priority to the use of the foreign currencies which accrue to help develop new markets and expand existing markets for U.S. agricultural commodities. We, therefore, urge that the bill be amended so as to retain the priority for foreign market development by the inclusion of a provision similar to that contained in subsection (a) of section 104 of the Agricultural Trade Development and Assistance Act. This is essential if we are to remain in a position to achieve what has been considered to a basic objective of sales of our agricultural commodities for foreign currencies; namely, the development of future commercial markets for those commodities.

We also believe that it would be a mistake to retain section 310(a) in the bill, which would eliminate after the close of this year the availability to the private trade of the provisions of title IV of the Agricultural Trade Development and Assistance Act to assist them in developing foreign markets, through dollar sales on long-term credit. It should be made clear that it is the policy of our Government to authorize this assistance wherever commercial dollar sales can be made, and that the availability of such assistance does not depend upon the existence of an international agreement.

H.R. 12784 authorizes the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers, and for other purposes. We believe this is an act of prudence. This proposed legislation, embracing a Grange proposal of long standing, does invite pitfalls which must be carefully considered. Otherwise, the evils we create might be greater than those we seek to destroy.

There should be a direct relationship between the level of reserves and the level of production. Therefore, this particular bill should be considered in the light of purposes for those commodities under Government programs.

Although the stocks of wheat have been reduced by about 50 percent since this current program went into effect, we do not concur in the belief that a major expansion of production is in the national interest at the present time. Our 150-million-bushel reduction in wheat stocks per year has not yet brought us to justifiable grave concern about the level of our strategic reserve. Indeed, a desirable level for these reserves has not yet been defined.

The strategic reserve consists not only of stocks on hand, but of a surplus capacity readily available when needed to further the domestic and foreign programs of the United States. Until such time as it is demonstrated that this kind of surplus capacity should be transformed into surplus stocks, we believe it is prudent to continue the present program at approximately present levels, bearing in mind that there are two wheat planting seasons in the United States.

and opportunities to recover from unusual drains on our reserves are presented both at the fall and spring planting time.

We believe in the concept of a strategic reserve. We believe also that the interests of American agriculture, the interests of international agriculture, the interests of the food-deficit areas of the world, will all be best served by strategic reserves being maintained at minimum levels, so that their price-depressing effects will not destroy just and reasonable profit from production of needed agricultural products by American farmers; and so that farmers of the developing food-deficit areas of the world would not also be subjected to destructive and subsidized competition that retards the very development that we now seek.

If these strategic reserves are to be considered in the context of the old ever-normal granary program, then the Grange could not support this proposal. Such acquisition of stocks has the possibility of operating as a continuing price depressant on the markets for those commodities under Government programs. If the in and out provisions are geared directly to price, we would be again putting ourselves in a position of accumulating stocks on an open-end basis, and the reinstituting of programs that previous experience has proven to be almost disastrous to the American farmer and to the American taxpayer.

Our concept of the strategic reserve is that this should be a modest amount of storable food commodities primarily for our domestic food and feed needs, and provide assurance that adequate seed would be available for the new crop making appropriate provision for our international commitments. That part carried for our international trade and relief commitments might, and probably should, be acquired and disposed of under a price-formula basis. But that which would become the strategic reserve for purposes of national defense and national welfare should not be permitted either to be purchased or withdrawn, except on the basis of the quantity available from the market.

We would recommend, therefore, that Congress write very specific and rigid guidelines for the acquisition and disposal of these reserves. As far as possible they should be isolated from the market and made available to the market only on the basis of real need: not on the basis of depressing or increasing prices.

The surplus capacity of the American farms is of and in itself an ever-normal granary of vast proportions. Any strategic reserve which may be superimposed must be carefully separated (either in the language of the legislation or the legislative history which creates it) from normal markets or the ever-normal granary.

With these observations concerning the legislation before you, the Grange is happy to add its endorsement to the food-for-freedom proposals which have been designed to meet the critical food needs of the world of today, and to better serve the world of tomorrow.

The CHAIRMAN. We thank you very much, Mr. Newsom. You have appeared here in behalf of three organizations. Certainly, we will forgive you for going over 10 minutes. We want to consider everything that you have given to us this morning. We will carefully read your statement as you have presented it for the record.

Thank you very much.

The Chair now recognizes Mr. Jones of Missouri.

Mr. JONES of Missouri. We have with us this morning Mr. Hal Dean, president of the Ralston Purina Co. of St. Louis, better known as "Checkerboard Square." This is an organization that actually has facilities in 49 of the 50 States. They are doing business in some 40 countries, and actually have facilities in 23 of those countries. It is one of the larger private industries that has been engaged in some of the very things that this legislation proposes. So it is with a great deal of pleasure I present to this committee this morning Mr. Hal Dean, president of Ralston Purina Co. of St. Louis.

The CHAIRMAN. Thank you very much, Mr. Jones.

We will be glad to hear from you now, Mr. Dean.

Mrs. Leonor Sullivan, one of our colleagues, expresses regret, because she has a very important engagement with another committee,

that she will not be here to receive you and to greet you. She is held in very high esteem by this committee, and I am certain that you know her well. I am sure that she knows you.

We will now be glad to hear from you.

**STATEMENT OF R. HAL DEAN, PRESIDENT, ACCOMPANIED BY
JOHN P. BAIRD, SECRETARY AND GENERAL COUNSEL, RALSTON
PURINA CO.**

Mr. DEAN. Thank you, Mr. Chairman and members of the committee.

I think that I will depart from this script which we will enter into the record and visit with you just a bit about our experiences in trying to help in this situation.

The CHAIRMAN. You may file your entire statement with the reporter and not present it orally, but talk off-the-cuff, so to speak, with us. Your entire statement will be made a part of the record.

(The prepared statement submitted by Mr. Dean is as follows:)

STATEMENT OF R. HAL DEAN, PRESIDENT, RALSTON PURINA CO.

Mr. Chairman, members of the committee, my name is R. Hal Dean. I am president of Ralston Purina Co., a St. Louis-based diversified corporation operating domestically and internationally in the food and feed industries. In our last fiscal year our sales totaled \$954,770,000.

We are involved in the production of food both from the land and from the sea. Our principal areas of land operations are the United States, Canada, Mexico, Central and South America, and continental Europe. We are represented in 23 countries of the world with manufacturing and distribution facilities. We have smaller ventures in the Middle East, the islands of the Indian Ocean, and Africa.

In our seafood operations we have fishing fleets in waters all over the world, and seafood plants or stations on four continents.

While our company is widely diversified both functionally and geographically in the food and feed industries, the efforts of each of our six operating divisions ultimately lead to the same objective, the production of food. The largest part of our business revolves around the manufacture and distribution of animal and poultry feedstuffs.

We appreciate very much, Mr. Chairman, this opportunity to appear at these hearings and to relate briefly some of our experiences in the production of food around the world.

Our experience convinces me that the emphasis of this proposed Food for Freedom Act of 1966, which recognizes the necessity for extending self-help to the local agricultures in emerging nations, is eminently sound and practical in meeting the challenge of world hunger. We agree that the key to victory over hunger in all nations is self-help. This bill, I believe, if enacted into law, would enable the United States, through a combination of the strengths of private enterprise and Government programs, to promote self-help in nations that need it urgently.

There is no easy solution for private industry, government or international agencies in promoting agricultural self-help in developing countries. We cannot paint another country, which has its own unique geographic, political, and economic characteristics, with the American free enterprise brush and expect another United States of America to emerge.

In each case it is essential that the country's specific problems be identified and that the self-help program be applied through broad concepts and fundamentals. Ingenuity is a way of life in domestic industry; it is a matter of survival in international business and the key to the solution of the challenge of world hunger.

I am completely convinced that the free enterprise system is the necessary major ingredient in any formula which offers the promise of real success in meeting the challenge of world hunger. In my use of the term "free enterprise" I

include all business organizations based on the profit system, the small and large independent business proprietorships; the cooperative groups which are formed for the purpose of bringing savings, and thus profit, to their members; and all business corporations.

Our free enterprise system cannot be picked up and transplanted in a developing country, and it need not be. It has such strengths in its flexibility that its greatest effectiveness comes when it is adapted, not adopted in each country. This enables it to be addressed directly to the peculiar problems of that nation.

I would like to outline very briefly and in an over-simplified manner an example of what I mean. Our company's international division several years ago moved into the South American nation of Colombia. The need in that country for more and lower cost meat, milk, and eggs was obvious. Our first move was to establish a mill to produce balanced animal feed rations. A sales organization was formed at the same time, led by our own technically oriented people. They were given the dual responsibility of reaching the local salesmen to become sort of extension service specialists to the farmer, while also developing a commercial feed dealer distribution organization of Colombian businessmen.

Very soon after production and distribution of feed product was underway, it became evident that we were competing for raw materials, specifically corn, with the human population. The heaviest usage of corn in Colombia was to feed the people. A small but previously nonexistent demand for a mixed feed ration upset the balance between production and consumption of corn. While our objective was to increase the abundance of food, we found ourselves temporarily in danger of throwing an imbalance into the food system.

We looked for a different carbohydrate source and investigated the local capabilities for producing milo. There was very little milo production at that time. There had been work through the scientists of private foundations, and to some extent by the Colombian government financed by U.S. funds, to develop soybean production in areas in the country. Leaders of these efforts found it easy to get Colombian farmers to grow the first crop. However, the farmers almost inevitably lost interest after the first crop because there was no market place where he could turn his crop to cash.

We were able to guarantee a cash market to the milo growers in the area of our plant. We augmented the previous work of the foundations and the government by employing agronomists, importing selected hybrid seed, and financing this seed to the farmers. We were successful in helping expand the milo crop.

The question might arise at this point as to the prudence of promoting an expansion of the milo crop in another country when there are grain surpluses in the United States. The simple answer is, there is a lack of foreign exchange in these countries to buy American grain.

In our Colombian situation, as a solution to the raw material supply problem was being worked out, other imbalances in distribution and production were being solved by adapting free enterprise techniques. Our sales organization, utilizing vast quantities of films, educational programs and other training devices produced by our own people in the Spanish language, taught farm management skills to the consumers of our animal and poultry feeds, and taught business management and marketing methods to our Colombian distributors.

It is in this area that private enterprise companies like our own are able to perform our greatest service. The technical and operating knowledge in animal production and distribution which we have acquired in 72 years of experience in the United States is sorely needed in other countries. American agriculture not only has the opportunity but the definite responsibility to carry this knowledge into the developing countries. This responsibility is rooted in moral and political considerations, and in the long term survival of our own way of life.

I would like to emphasize here that agricultural self-help is not a threat to the U.S. farmer. I would simply refer to available statistics on world birth rates and food production estimates for the years ahead. U.S. farmers will have to produce all they can, and there will be sufficient and growing markets for their production.

Our International Division extension people have carried our company's total program of good feeding, good breeding, sound management and careful sanitation, along with intelligent marketing and distribution techniques, into the far corners of every country in which we operate.

To show the scope of the education effort which private enterprise is able to generate, I would like to mention some specific figures. Since we have already chosen Colombia as a case history, I will use figures which apply to that country. They are typical of those in all of the countries in which we operate. In 1958, at a time when we were just getting started in Colombia, our education and extension efforts were just getting underway. We had a sales extension organization of seven people—a manager and six salesmen. After receiving training themselves, they conducted salesmen's training schools, dealer training schools and farmer training schools, which during the year were attended by 1,236 Colombians. In addition, there were countless individual contacts that all these people had with others.

This extension program of agricultural education has grown year by year. In 1965 such training was carried throughout the country by our expanded sales and extension organization of 23 people plus a dealer organization of 65 Colombian merchants. In 1965 this effort in education resulted in some 28,300 direct contacts with Colombians through the formal program.

Another facet of the education program includes the publication of a magazine specifically edited for each country. It is distributed through the dealer organization and brings educational information on the feeding and management of livestock and poultry to thousands of farmers in each country.

This broad and practical education program is typical of the unique ability of free enterprise to extend self-help to agriculture in other countries. The fact that it is profit motivated makes it all the more effective at all levels. A prime value is the development of people in each nation. Our Latin American organization of some 2,700 company employees includes only 14 Americans. Our dealer organization of some 600 merchants is entirely non-American.

The building of this kind of an international business organization may sound easy as it is recounted here. Let me dispel that impression. International business is a hard, tough, demanding proposition. The patience, ability, dedication, and sacrifice it requires of the Americans who are involved eliminate all but the strong.

Getting back to our Colombian example, these educational efforts created new business opportunities for farmers in the expanded production of poultry and animals. The need for properly bred poultry strains immediately appeared. This led to the establishment of another new local industry, a breeding and hatchery operation to produce hybrid chicks.

With regard to cash markets for end products, and systems of end product marketing, we provided advice and education in establishing processing and marketing organizations which could absorb the increased production of poultry meat. In some other countries we have found it essential to participate at this level by way of equity in providing a cash market. In fact, we have engaged in enterprises as far reaching as a milk reconstitution plant coupled to a fish receiving station, and to simple restaurants specializing in chicken.

These experiences, I believe, illustrate in an over-simplified way the dramatic chain reaction effects which the adaptation of free enterprise techniques have in extending self-help to developing nations. In this case, stimulating influences were felt in grain production and distribution, poultry breeding and hatching, and poultry production, processing, and distribution.

This is not to say that private enterprise does not have limitations in the implementation of self-help. In the Colombian example, bottlenecks at several levels of distribution arose because of inadequate transportation facilities and a lack of grain storage capacity. These are proper areas for government attention, and I am pleased to say that government programs are being and have been addressed to these problems in Colombia.

Program directors of the U.S. Government, nonprofit foundations, and agencies such as FAO, have demonstrated their ability to mobilize science and to apply science to the problems of production in emerging countries. International financing is generally available for developing nations if they are realistically engaged in self-help programs in the production of foodstuffs. Certainly the availability of labor is not a problem in these countries. Yet I believe it is fair to say that the tremendous effort by Government and nonprofit foundations in mobilizing scientific know-how, money and manpower has produced results somewhat short of the objectives which these dedicated people themselves desire.

The point I would like to make again, Mr. Chairman, is one that I stated at the beginning: Free enterprise is the necessary major ingredient in any formula which would offer the promise of real success in meeting the challenge of world

hunger. Free enterprise offers the motivation of a desire for profit. This gives a man a job. It develops new business and new industries. The profit incentive not only provides cash markets but it also develops cash markets. Over a period of time it leads to improvement in the standards of living.

Within reasonable limits, private industry serves as the catalyst which makes the economy a self-adjusting unit. When one phase of production is out of balance, the profit motivation forces the development of a new distribution and a new cash market to accommodate the imbalance.

In summary, I would like to say that I believe self-help for the developing countries in the production of foodstuffs is vital to the solution of hunger in the world. Not only does this course refresh and invigorate the local economy, it also develops the kind of thinking in the people which is essential for the self-respect that repels communistic dogma. The efforts of Government and private enterprise must be correlated and must complement each other to reach the common objective.

I do not believe that the Government in this legislation should undertake to assume any of the responsibilities of free enterprise. The Government's role as outlined in this proposed bill needs further clarification. With that exclusion, Mr. Chairman and members of the committee, it is my belief that the broad aspects of this proposed Food for Freedom Act of 1966 embodies the means to help stimulate the kind of international self-help action which we have been discussing. I welcome this opportunity to voice my approval of it.

Thank you.

Mr. DEAN. This may be a little mundane relative to some of the other testimony, but we feel that American business as it has proceeded over the years, particularly in the end of the business producing food that we are engaged in, fits right into the very thing that we are talking about in this bill.

We are in the fish business, we have fleets throughout the world, fish receiving stations, but our main business is poultry and animal feed manufacturing.

Self-help, so far as we are concerned, is the answer to developing food and solving the world hunger problem. I think this is the basis that this bill, Mr. Chairman, has been constituted on.

I would like to take 1 country out of the 40 countries in which we are represented to try to give you an example of the things that we feel can be done by private enterprise, by private motivation. We feel that this certainly is one of the key elements in any implementation of this bill as it works with the Government, as it works with private enterprise.

Let us take the country of Colombia, in very desperate need for food, meat, milk, and eggs. What can be done, so far as private enterprise working with both the United States Government and the Colombian Government?

In 1958, we moved into this country with a very small commercial mixed feed manufacturing plant. We had six Colombian salesmen with a sales manager. These men were U.S. college graduates from agricultural schools in this country, carefully sought out and brought into this country and taught animal agriculture through the experiences that we have gained over 72 years of history. Necessarily, there is a language problem that you run into. We had to create film strips, pamphlets, educational material of all sorts, not only in Spanish but in Spanish which the Colombians can understand. Spanish in Colombia is a little different than the Spanish is in Cuba and a little different than it is in Mexico, and phraseology means different things. So, you cannot merely translate into a foreign language technical know-how,

but it must be translated into the specific language of the specific country, and this is all done.

The first year that these people went out to expand this knowledge which they had gained in terms of animal agriculture, in terms of breeding, in terms of disease control, sanitation, in terms of a myriad of management techniques, in animal agriculture, and in terms of scientific feeding, translated into terms of about 1,500 different contacts within that country.

Then, take a look at that same thing in the year 1965 where we have expanded to three feed mills, some breeding operations in partnerships with people down in the country of Colombia. These 23 men that we now have there, specialists, extension specialists, agronomists, have taught the people how to create from the soil a new crop of milo which had been grown in that country before commercially. We were competing with the corn crop being fed to humans, so a new crop had to be created.

So, these things were taught—the breeding was taught, and these people in the year 1965, through a multiplication had contacts in teaching over 27,000 Colombians. This is not a lot compared with 14 million people in this country, but this one private enterprise, one teaching organization that not only provided commercial mixed feedings but provided a complete educational program for providing food for the people.

This extended then onto marketing organizations in which this food had to be taken from the time that it was produced—and I think this is very important in the world situation today, something that you maybe have not heard too much about, but we can produce this type of thing—we can think these people scientific production from the soil and in animal agriculture, but the next step is distribution which is long and involved, and it is a very tough problem getting this agriculture production efficiently into the mouths of the housewives at a reasonable price. And, again, when we talk of profit orientation, profit motivation, we also talk of freedom of competition in order to allow a greater volume of merchandise to move at the lowest possible profit price and still keep people making money. So that this was created through 600 of our dealer organizations, made up of Colombian businessmen to transact this type of business with profit orientation.

I think that this same example can be used in almost any country where we have a deficit and a hungry situation. There is no panacea to this. This is hard, honest work. And I think that one other thing that we have to understand in the world agriculture situation today is that America cannot do it all—not only can we not produce all of the things, but we cannot physically with our manpower teach all of these things.

As an example, in South America today we have 2,700 employees. We have been down there about 10 years. We are represented in all but two of the countries. Of these 2,700 employees, 14 are Americans. The others are nationals of the countries in which we are located. And these nationals have been taught through various means. Many of them have been brought to the United States to absorb technical knowledge from our people here. We have staffs that travel overseas to teach these people, but the nationals themselves are the people who

must be taught and who must spread this knowledge among their own people. We firmly believe this.

And we also believe that this is the intent of the bill, Mr. Chairman, which we are now discussing.

If I may go back to my script, on page 10, there is a point that I would like to make again, which I stated at the beginning: Free enterprise is a necessary major ingredient in any formula which would offer the promise of real success in meeting the challenge of world hunger. Free enterprise offers the motivation of a desire for profit. This gives a man a job. It develops new business and new industries. The profit incentive not only provides cash markets but it also develops cash markets. Over a period of time it leads to improvement in the standards of living.

Within reasonable limits, private industry serves as the catalyst which makes the economy a self-adjusting unit. When one phase of production is out of balance, the profit motivation forces the development of a new distribution and a new cash market to accommodate the imbalance.

In summary, I would like to say that I believe self-help for the developing countries in the production of foodstuffs is vital to the solution of hunger in the world. Not only does this course refresh and invigorate the local economy, it also develops the kind of thinking in the people which is essential for the self-respect that repels Communistic dogma. The efforts of Government and private enterprise must be correlated and must complement each other to reach the common objective.

I do not believe that the Government in this legislation should undertake to assume any of the responsibilities of free enterprise. The Government's role as outlined in this proposed bill needs further clarification.

With that exclusion, Mr. Chairman and members of the committee, it is my belief that the broad aspects of this proposed Food for Freedom Act of 1966 embodies the means to help stimulate the kind of international self-help action which we have been discussing.

I welcome this opportunity to voice my approval of it.
Thank you.

The CHAIRMAN. We thank you very much, Mr. Dean, and all of the other witnesses who have come before this committee to give us the benefit of their views from these different groups.

Mr. Jones, who presented you, is a very important member of this committee. We are very glad to have had you here. I had almost insisted that someone from your company come here, because of the broad experience that you and your company have had in these various areas dealing with the problems that we are now discussing, especially in those foreign countries where you are located and have had such success. We are very glad for your appearance here.

Mr. TEAGUE of California. I think that this is one of the finest statements we have ever had before this committee.

Mr. DEAN. Thank you very much.

Mr. POAGE. I would like to concur in that.

The CHAIRMAN. And the chairman will, also.

Mr. CALLAN. Just for the record, could we have Mr. Dean indicate whether this is a vertically integrated operation?

In other words, do they supply the capital, the management, the feed, and the marketing?

Mr. DEAN. In its entirety.

Mr. CALLAN. It is a vertically integrated operation in its entirety?

Mr. DEAN. I would like to ask, please, if you would define "vertically integrated," because within our industry it holds certain connotations as the chairman realizes. Could you further define that?

Mr. CALLAN. I mean, you do furnish the capital, the management, the feed, and you furnish the markets?

Mr. DEAN. Yes, sir. In many instances, in conjunction with local partners; and in many instances by ourselves, and as quickly as we can, we integrate. In Mexico, we have just announced, where we have 100 percent, a new local partner on the western coast of Mexico, which is a different type of proposition. There is no blanket policy. I think that this is most important for this committee to understand. We cannot transmit and paint with the American free-enterprise brush automatically in every country, with different geographies, different economic situations. It has to be flexible; it has to be adjustable. But this great system that we have is flexible, and it is adjustable to meet each particular situation where we find ourselves, in the world today.

Mr. DE LA GARZA. I wonder, in your operation with regard to the barrier of languages, have you availed yourself of any Americans of Spanish-speaking descent to train them, and then to have them help train down in the Spanish-speaking countries?

Mr. DEAN. Yes, very definitely. We have used every type of knowledgeable way of recruiting people that we felt were eager and ready to serve. I think almost everything that has existed in private enterprise, as far as finding people is concerned, we have tried to use. Very definitely, Spanish-speaking people here and Spanish-speaking people there, and we are constantly having schooling in all languages, both here and in other places, both in English and in the other languages, in our plants overseas. I think that you would be tickled to death to see the tremendous enthusiasm of these people in other countries to learn our language. They go to school after work in our plants to learn English.

Mr. DE LA GARZA. Thank you.

The CHAIRMAN. We thank you again, very much, Mr. Dean.

We will now call on Mr. Burns of the American Factors Associates, Ltd., of Honolulu, Hawaii, and his associates.

We want to welcome you to this committee and say that we are delighted to have you here.

STATEMENT OF C. E. S. BURNS, JR., PRESIDENT, AMERICAN FACTORS ASSOCIATES, LTD., HONOLULU, HAWAII; ACCOMPANIED BY ARTHUR L. QUINN, ATTORNEY; ARTHUR LEE QUINN, ATTORNEY; AND CAMERON CHISHOLM, LIVESTOCK, PASTURE, AND LAND-CLEARING SPECIALIST

Mr. BURNS. Mr. Chairman, and members of this distinguished committee, it is a distinct honor and privilege to address you today during these most important hearings on a program of vital importance to our country and to the world.

My name is Caleb Burns, and I am president of American Factor Associates, Ltd., of Honolulu, Hawaii. Our company is a wholly owned subsidiary of American Factor, Ltd., and was formed in 1959 to provide services in agricultural property management and development and sugar consulting on an international basis. As Hawaiians we enjoy a unique position in American agriculture in that we are well grounded in the collective aspects of tropical agricultural production.

Associated with me here at the table is Mr. Arthur L. Quinn, attorney, Mr. Arthur Lee Quinn, attorney, and Mr. Cameron Chisholm, livestock, pasture, and land-clearing specialist.

Because of our experience, and because most of the problem areas in the world today are in tropical zones, we feel the lessons of our experience may be of benefit to this committee and those who will direct the food-for-freedom program.

Between ourselves and our associated companies we are engaged in beef, wool, grain, and sugar production, land development, both for agricultural and resort-residential purposes, and agricultural and land management for clients in various areas around the world. We are service clients in the Philippines, Pakistan, Mexico, Peru, Panama, Argentina, Brazil, and other locations.

Our associated companies spend \$1.3 million per year for agricultural research and development. In addition to assisting with the implementation of recommended programs, we have offered specialized training in operational and research techniques. To supplement the services of its own highly skilled professional staff, American Factors Associates is able to draw from a pool of trained employees from within the parent company.

It is apparent from the statements offered to this committee by the distinguished group of witnesses who have previously testified that you have been well briefed on the facts and circumstances in the various related problems created by antiquated methods of cultivation and harvesting, old established eating habits, religious taboos, difficulties of marketing and transportation, and all the other factors which have caused the shortage of food that exists in the world today.

By the exportation of food supplies through Public Law 480, and other programs, the United States has helped feed millions of people in many countries and actually prevented starvation in such countries as India, Brazil, and parts of Central America. In some areas, there has been technical agricultural help supplied in an effort to bolster food production.

Although U.S. farmers would undoubtedly welcome the challenge of supplying the additional food needed to feed the hungry millions, world demand is by far too great and the problems of foreign exchange, cost of production, and so forth, make it essential that, to a major extent, the food required by the underdeveloped countries be produced by them.

I wish to direct your attention to this phase of food production: How can the United States materially aid the needy foreign nations in the production of food? Without reasonable food supplies, our foreign friends cannot be depended upon in time of need. Starvation and hunger bring chaos, lawlessness, and complete breakdown of governmental control.

I am sure that some of you who have been to India know about this.

Some of my American friends have said that there is no possible way to adequately feed the world population now, or in the future. But I submit, with the wisdom and skill, both technical and managerial, of the American agricultural community, and its related industries, and with reasonable capital allocations, the ability of our foreign friends to produce an adequate supply of food on their lands can be attained.

From our experience, we have found that the technology of agriculture is, by and large, far ahead of the implementation of the know-how. In other words, in many countries relatively advanced methods of farming exist but the dissemination of technology has been virtually nonexistent. As an example, acquaintances in the Philippine rice industry were disturbed a few years ago, about their yields being the lowest in the Far East. They went to Thailand where yields were somewhat better, seeking to learn the Thai's technique of rice farming. The Thai's told them that their information came from the Philippine Rice Institute, which was considered one of the best in the Far East.

In many foreign areas educated people feel agriculture, and industries associated with agriculture, are only for the peons. In these countries agriculture is not a business, but a way of life. And that way of life has not changed in hundreds of years. The problem is further complicated by many farmers in these foreign areas being uneducated, suspicious of any change, and very difficult to communicate with because of extreme language barriers. Marketing and transportation is ancient and, in many cases, chaotic. Local surpluses of commodities can go hand in hand with extreme shortages of the same commodities only a few miles away. Investment in agriculture is usually of a long-term nature, and in countries where inflation is rampant, long-term investment has very little appeal.

How do we increase food supplies in foreign areas on an economical basis? We believe that completely integrated, large-scale food development projects are the answer. By this we mean that all the necessary inputs for successful mass production of food must be coordinated and applied in vast schemes.

An example of the method of solution we advocate has been experienced by our company. In 1960 the Government of the State of Western Australia signed a contract with us calling for the clearing and developing of 1,300,000 acres of virgin brush land for cattle, sheep, and grain production. This land was previously unproductive. The short-term financing was arranged for by ourselves and two major American partners—the Chase International Investment Corp. and the J. H. Whitney Co. of New York. Under the terms of our agreement with the Government, half of the area developed must be offered for sale to individual farmers. This has successfully been done with the acreage developed thus far and the project has been approximately one-half completed, approximately 650,000 acres. The farms offered for sale have been sold for cash and the Australian Government and private banks have furnished the farmers with extremely advantageous long-term credit arrangements. May I refer you, at this point, to the August 23, 1965, issue of "Foreign Agriculture," a copy of which is before each one of the members of this committee. The lead article of this publication is entitled "Aus-

tralia's Western Frontier Is Transformed Into Farm Land," and on page 4, at the places indicated, you may, at your leisure, read of the part that our company, the Esperance Land & Development Co., has played in this transformation.

The agricultural success of this project centered on using a technique developed in Australia, but not previously applied in the Esperance region, which called for the application of small amounts of zinc and copper, along with nitrogen phosphate and potash. The economic success was due to the sound application of management know-how to a large-scale project. The Esperance operation is an example of private financing of an entire project. Under some economic and political climates it will undoubtedly be necessary for the financing to be the responsibility of either a private-governmental consortium or of a combination of multinational financial resources, which would include judicious use of Public Law 480 funds.

Our observations from agricultural activities are as follows:

- (1) The need for food production is obvious.
- (2) The marketing and distribution systems of the underdeveloped nations need coordination and planning.
- (3) Foreign labor can be taught to operate relatively complicated equipment.

(4) The ability to manage large-scale operations, including forecasting, scheduling, day-to-day administration, and coordination, is the major factor lacking in the agricultural activities of many of the underdeveloped countries. It is what we supplied in the Australian project—and what made it work.

(5) Agricultural research and development needs further advancement. But in most crop production in foreign countries, the technology is substantially ahead of the implementation.

If the United States is going to make an effort to help feed the population of the world, through increased production in foreign countries, we suggest the following recommendations:

(1) Due to the urgency of the problem, rapid increased production can only be accomplished by large-scale, expertly managed farms.

(2) The foreign government must be a partner in the operation and must create an enthusiastic climate for the undertaking.

(3) In stable economic areas, such as Australia, investors may be found in the United States such as we were able to organize in the Australian venture. However, in the underdeveloped areas where the investment climate is very unfavorable, the U.S. Government should offer sufficient inducements to attract private American technology. I will discuss this factor at a later point in my testimony.

(4) The project should be a profitmaking venture, with carefully prepared pro forma budgets and marketing plans.

(5) The foreign government, or foreign partners, should also offer inducements to their investors. And, in addition, should make concessions in customs and duty charges for equipment which cannot be manufactured within the respective country and is brought in from other countries.

(6) The large farms should be planned in such a way that after success has been demonstrated, the native farmer trained the farm can be broken down into economic, family size units. The size should

be sufficient to generate a reasonable income to the farmer and maintain him at a reasonable standard of living.

This is actually the plan we have used in the Esperance proposition.

(7) Large-scale farm management must be expert. These skills include working with foreign labor, careful programing and accounting, day-to-day management, experience in tropical agriculture—if the project is in the Tropics—and the ability to convert technological know-how into successful economic operations.

As previously indicated, I am speaking to you as a representative of a company in the private sector of our economy. We firmly believe that the role of the private investor and developer is equally as important as that of governmental and multinational agencies. I would like at this point to refer the members of the committee to a second booklet which we have placed before you entitled "Foreign Aid Through Private Initiative." This is the report of the Advisory Committee on Private Enterprise in Foreign Aid, and was released by the Agency for International Development in July 1965. We commend to this committee this report and urge that if it has not been read and digested already, it be done so prior to executive deliberations on the Food for Freedom Act of 1966.

To emphasize my contention that the role of private enterprise in foreign aid is necessary, I will quote from a summary of the report, which is as follows:

"Foreign aid, unless it is amplified by private initiative is doomed to be a costly palliative that will go on indefinitely. The fundamental difficulty lies not in the idea of foreign aid, nor its execution by the Agency for International Development, but in the vast gap between the human financial resources actually going into the developing nations and the resources they need to grow at an acceptable rate."

The committee then recommended:

"Capital—Government should seek to stimulate the flow of direct and indirect investment to the developing countries through tax incentives, expanded insurance coverage, plus various programs recommended to improve the investment 'climate' in these countries.

"Human resources—through organizational changes and subsidies, AID can tap the vast reservoir of technical and institutional skills in the United States."

In our attempt to make this testimony as constructive as possible, I would now like to offer several suggestions as to what the Congress of the United States might do by way of enacting legislation to assist private enterprise in overseas development. I will make three general suggestions but treat only one in detail because I feel it is more pertinent to this hearing.

I urge the Congress of the United States to:

(1) Enlarge the availability of Public Law 480 counterpart funds so that they may be made widely available for agricultural and industrial projects.

(2) Amend the tax laws of the United States by incorporating an incentive program which will encourage greater private investment in underdeveloped nations.

(3) Modernize and simplify the AID guarantee system.

The Advisory Committee on Private Enterprise in Foreign Aid has rendered in its report an excellent treatise on recommended improve-

ment of the taxation of income of American companies investing in underdeveloped nations. In addition to wholeheartedly concurring in that portion of the committee's report, we would also like to refresh the recollection of the members of this committee with respect to a bill introduced in January 1959, by Congressman Hale Boggs of Louisiana. The purpose of the bill was, "To amend the Internal Revenue Code of 1954 to encourage private investment abroad and thereby promote American industry and reduce Government expenditures in foreign economic assistance." It was designated H.R. 5 of the 86th Congress and named "The Foreign Investment Incentive Tax Act of 1960." Following hearings in the Ways and Means Committee, the bill was passed by the House in May 1960. Hearings were held in the Senate Finance Committee, but the bill was not reported. The report which accompanied the bill in the House indicated that its principal effect was to defer the imposition of U.S. tax on certain domestic corporations which were to be called foreign business corporations, until their foreign income was distributed to shareholders or withdrawn from the foreign business for employment in domestic operations, or for investments. The bill attempted to bring the tax treatment for foreign operations carried on through U.S. corporations more nearly in accord with that applicable where foreign subsidiaries were used. Enactment of such a measure as the Boggs bill should be a natural component of a U.S. Government sponsored development program. Allied with this we strongly endorse the recommendation of the Advisory Committee on Private Enterprise in Foreign Aid, that there be enacted a provision allowing for a "tax credit equal to 30 percent of the investment by U.S. investors in productive facilities in less developed areas, to be applied against the total U.S. tax liability of such investors."

Expansion of both selected risk and extended risk guarantee programs sponsored by the Agency for International Development, as recommended by the Advisory Committee on Private Enterprise, would also offer greater inducement to American companies to invest in the underdeveloped nations.

Although these hearings have not been addressed to consideration of any particular bill, the committee has before it H.R. 12785 which has been designated the Food for Freedom Act of 1966. As has been aptly pointed out by several members of this committee, this bill actually amounts to an updating of the Public Law 480 program.

The food-for-peace program under Public Law 480, which was born in this committee in 1954 and systematically revised through the years of its operation, has been extremely successful in achieving most of its objectives. However, billions of dollars of counterpart funds remain in recipient countries and for various reasons have not or cannot be used to serve the purpose of developing the economies of these countries. We would urge this committee to find ways of making these funds more readily available to American investors. Very few loans have been made with these counterpart funds for development of agricultural or related projects. This is probably due to the proviso which was contained in section 104(e) of Public Law 480 which prohibited the making of loans "for the manufacture of any products to be exported to the United States in competition with products produced in the United States, or for the manufacture or production of any com-

modity to be marketed in competition with U.S. agricultural commodities or the products thereof."

We believe, as do many of the witnesses who have testified before this committee, that there is no truth to the myth that if we help the less-developed countries to increase their agricultural production, we will necessarily reduce exports, for American farm products. As has been stated, our best customers for agricultural exports are those countries whose agriculture is the most advanced—Canada, Western Europe, and Japan—and several of the countries that we have extended technical assistance have graduated into the category of purchasers of American farm exports for dollars.

We urge this committee to incorporate in the Food for Freedom Act of 1966, provisions which would make available local currencies accumulated under the Public Law 480 and the food-for-freedom programs for the purpose of making loans to:

- (1) American and foreign firms for establishment of agricultural and related industries. In this connection, perhaps consideration should be given to making portions of these funds available to American companies at low interest rates.

- (2) Local farmer applicants who participate in American controlled large-scale developments, for long term, low-interest credit.

Alternatively, consideration should be given to using counterpart funds, as described above, in connection with multinational and local funds, with the emphasis being placed on large area developments.

Specifically, we recommend that in H.R. 12785, on page 13, line 2, the semicolon be deleted, and there be inserted a comma followed by the words: "and for agricultural and industrial development."

In summary, Mr. Chairman, I would like to say:

- (1) It is possible to substantially increase the food production in foreign areas.

- (2) The technology is not the limiting factor.

- (3) Large-scale farms are the only way for rapid expansion of production.

- (4) Legislation should be enacted which makes available Public Law 480 funds for agricultural programs.

- (5) The United States and its appointed management must retain control over projects, both in the allocation of funds, and in programming and operations.

- (6) Adequate dollar compensation must be available for the hiring of good management and some type of profit participation should be included, based on performance.

As final reflections we feel that the national pride of recipient countries will remain intact when development is executed in commercial form. Everyone understands the mechanics of profit, few the sentiments of good will. International good will can be established by the demonstrated qualities of American efficiency, ingenuity, technology, and useful application of its immense resources to ease the pressing problems posed by the world food shortage.

Mr. Chairman, that concludes my testimony. Again, I wish to thank you for allowing me to appear before you today, and I now will be most happy to answer any questions which you, or the members of the committee, may wish to ask.

(The documents referred to during Mr. Burns' presentation will be found in the files of the committee.)

The CHAIRMAN. We thank you very much for your statement.

We are very glad to have you, and your associates, here.

Let us go off the record to say this.

(Discussion was had outside the record.)

The CHAIRMAN. Back on the record.

We will now hear from Mr. James MacCracken, executive director of Church World Services.

STATEMENT OF JAMES MacCRACKEN, EXECUTIVE DIRECTOR OF CHURCH WORLD SERVICE IN THE DIVISION OF OVERSEAS MINISTRIES, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA; ACCOMPANIED BY MELVIN B. MYERS, CWS DIRECTOR OF MATERIAL RESOURCES PROGRAM

Mr. MACCRACKEN. Mr. Chairman and members of the committee, I will file my prepared statement for the record. I will make one or two points very rapidly.

In addition to my prepared statement, we have been pleased to share with the members of the committee a recent survey, entitled "Food for Dignity," which is attached to the statement, and also a resolution of the general board of the National Council of Churches on the subject of "Hunger," and I would update this by saying that on February 23, 1966, the general board of the national council endorsed the principles as stated in the Food for Freedom program submitted to the Congress by the President.

I am accompanied by Mr. Melvin B. Myers, our director of material resources.

I am James MacCracken, executive director of the Church World Service, operating in 37 countries overseas, and I am trying to express the concern of the members of some 30 Protestant denominations.

During the year just past, Church World Service has touched upon the lives of some 7 million of the world's needy with food, clothing, medicines, and development projects. In those same countries, in the same year, the population net rise was 28 million people.

We have a man who is a family planning expert on our staff, and we believe that responsible family planning is an essential component on anything that is done relevant to hunger.

We have in our day, the means to banish starvation. We think that this is a call on our Christian concern.

Self-help is a very difficult problem. I know we have been supported by Public Law 480, the food-for-freedom program sets out to do this, too, and I want you to know that no one on the staff of the Church World Service thinks we are going to find a major breakthrough in the immediate future. We know the slogans. We have often used them. This is a tough business. Perhaps, the toughest business in the world.

We feel that following starvation and hunger comes civil unrest, revolution, followed by war.

Food, in our judgment, is an investment in our time.

I have two very brief comments with reference to the bills before the committee. I notice that in section 202 that it is intended to work through the facilities of the voluntary agencies. I am not quite certain what "facilities" means. If it is a legal term meaning food to the voluntary agencies, then this is fine.

I note, also, sir, that there is a reference specifically in section 306 programs of assistance undertaken pursuant to the act shall be directed toward the attainment of the foreign policy objectives in the natural interests of the United States. That, in our judgment, is not a component on the use of food, based on the religious traditions of the United States for humanitarian concern for people who are desperate, and this I would submit is a concern separate, apart and perhaps even more dominant than the foreign policy goal and national interests of our own country.

With that, sir, I would express the appreciation for this opportunity to appear before you.

(The prepared statement submitted by Mr. MacCracken, together with the attachments, is as follows:)

STATEMENTS OF JAMES MACCRACKEN, EXECUTIVE DIRECTOR, CHURCH WORLD SERVICE
IN THE DIVISION OF OVERSEAS MINISTRIES, NATIONAL COUNCIL OF THE CHURCHES
OF CHRIST IN THE UNITED STATES OF AMERICA

Mr. Chairman, my name is James MacCracken, and I am executive director of Church World Service in the Division of Overseas Ministries, National Council of the Churches of Christ in the United States of America. I am accompanied by Mr. Melvin B. Myers, CWS director of material resources program. I would call attention to the statement of my colleague, Dr. Henry McCanna, as it supplements our statement. Church World Service, in representing the humanitarian and social concerns of the 30 constituent denominations of the National Council of Churches, conducted during the past year programs of relief, disaster response, rehabilitation and self-help development in 37 countries of Asia, the Middle East, Europe, Latin America, and Africa. These programs express the concern of American Protestants who speak through us to refugees, victims of disaster, and the hungry and homeless without regard to race, creed, or geographical location. We are in close fraternal relationship with and support the Division of Inter-Church Aid, Refugees and World Service of the World Council of Churches, whose headquarters are in Geneva, Switzerland.

During the year just past Church World Service has touched upon the lives of some 7 million of the world's needy with food, clothing, medicines, and developmental projects. While we might feel a certain pride in that accomplishment, we confront another fact; in that same year, in those same countries, the population grew by 28 million persons.

Last June the policymaking General Board of the National Council of Churches adopted a resolution on world hunger. Population was a major emphasis in the body of that resolution:

"We see a tremendous urgency in matters of hunger and food, in relation to our Christian faith, to our concern with human values, to prospects for the world's food demand and supply during the next several years, and to basic economic and social development. * * * The explosive population growth, in contrast with generally slow increases in agricultural production, points toward more widespread human suffering from hunger in the years ahead."

In calendar year 1965, CWS shipped or distributed 215 million pounds of titles II and III commodities under Public Law 480 to 26 countries. The distribution is largely through institutions—schools, orphanages, hospitals, and clinics—and in self-help and developmental projects using food as work incentive. We have been participating partners in the Public Law 480 program from its very inception. We are currently sending overseas the 4-billionth pound of CWS relief supplies, which include food, clothing, medicines, and agricultural machinery.

This national council resolution speaks with firm conviction and in sweeping statements of famine in today's and tomorrow's world. Although it recognizes that the role of the churches is quantitatively small by comparison with the size of

commercial and governmental activities and that primary responsibility for the hungry man is that of governments, the churches' role is of special significance. It is a multiplier by many times its actual size, of the efforts of both this and other governments. The voluntary agencies have pioneered for more than a hundred years in programs which only within the last decades have been formally recognized and adopted by governments and intergovernmental bodies. These church efforts represent, in our judgment, the essence of the democratic process at work, and the humanitarian interests of the American people.

Voluntary agencies such as Church World Service respond to hunger, disaster, and acute human need in a different manner than government-to-government aid programing. For example, title I commodities purchased by an oversea government are normally made available in the marketplace in that country to those who can afford to buy. The purchasing government in many instances do not, or are not ready to utilize this food in broad programs of social welfare for those unable to purchase. It is to these needy—the landless unemployed, the orphaned, the aged, the sick, the malnourished preschool child, the expectant mother—that the voluntary agencies must speak in ever-increasing measure.

The general board of the national council also asked our Government to change its agricultural policy from that of restriction to one of full production. If the hunger needs of the world are to be met this is imperative. We recognize that we cannot fill the needs of the world but our agricultural products will stimulate agriculture in the developing areas.

We are sure that American farmers and other agricultural technicians will be glad to help mount a program of economic development. Mission personnel of the churches are ready to be utilized increasingly in this new program.

As stated in the national council resolution, we urge that a consultation be called as soon as possible by the President and the Congress of all groups in this country interested in the production and distribution of agricultural products.

Church World Service has recently cooperated in making a survey of Protestant church-related endeavors attacking the root causes of hunger. The findings are conclusive evidence of the relevance of the churches. Exclusive of the value of shipments of either Public Law 480 foods or other materials, this survey shows an annual expenditure of at least \$14 million, largely for project grants and the fielding of specialized personnel in 83 countries directed to feeding and attacking root causes of hunger. In 1965 these Protestant mission boards and related agencies shipped or purchased overseas more than \$2 million in food, exclusive of Public Law 480 commodities.

It is evident that with or without the notable and valuable partnership of this Government under present or future legislation, the national council and Church World Service in particular will continue to act on the disaster of humans engulfed by hunger.

For many years Church World Service has been dedicated to helping people to help themselves in programs of self-help and community development. We are gratified and appreciative of President Johnson's strong challenge in this regard. We pledge our best efforts to use our resources responsibly to this end as we strengthen our commitment to combat famine in our time.

Mr. Chairman, the national council resolution summarizes eloquently:

"People now dimly realize that, for the first time in history, the capabilities and techniques exist to prevent the warping of lives and the deaths caused by hunger. * * * Only a coordinated program, recognizing the interrelationships of aid and trade and development and attacking the causes of hunger and enlisting the knowledge, will, and resources of every nation and of all the relevant agencies of government, commerce, industry, the universities, the press, the churches—indeed every major human activity—will suffice. * * * Thankfully recognizing all that has been done, it is our conviction as Christians and as citizens of the United States that responsibility now lies on the people of this country to take every step we can, in partnership with all others who will join, to mount a massive, unified attack on this enemy of human decency, of life itself. The universal human conscience will not permit us to be silent nor fail to offer every skill and strength we have. Here lies the opportunity for humanitarian statesmanship. * * *"

The best interests of everyone concerned in government, private industry, voluntary agencies, and those who will themselves be helped will be served by a new, strong, comprehensive, and imaginative American Government program. The drama of stark hunger demands an integrated attack encompassing all of the complex and varied efforts now taking place in food production, utilization

of resources, population problems, literacy training, public health work, and agricultural training.

Anything less than a full-scale attack, involving the best and cooperative efforts of governments, intergovernmental agencies, private industry, and the voluntary agencies will fall short of adequate response to the needs of man in our time.

Thank you, Mr. Chairman.

[From the National Council of the Churches of Christ in the United States of America—
Adopted by the general board on June 3, 1965]

RESOLUTION ON WORLD HUNGER

1. THE BROAD CONTEXT OF ECONOMIC AND SOCIAL DEVELOPMENT

1. We see a tremendous urgency in matters of hunger and food, in relation to our Christian faith, to our concern with human values, to prospects for the world's food demand and supply during the next several years, and to basic economic and social development. Food is and will continue to be a key issue, and even more so if the United States continues a policy of relatively decreasing production in agriculture. Unless the United States, with its outstanding capacities and world responsibilities, develops new concepts of larger production for programs related to world needs, the predicted widespread, acute famine in some areas of the world in the next few years will become more grim. Even more important is U.S. cooperation in helping other nations to develop their own food production and supplies. Both in the sharing of food and in concerted efforts to improve food production, it is imperative that the United States work closely with other countries in building up the already existing international programs and agencies. We must address ourselves as churches and as a nation to these and to larger related concepts and programs, even as we take first steps such as embodied in the Resolution on World Hunger.

2. While specialized emphasis can be useful in the various sectors of development, the largest need, in our judgment, is better integration of the interrelated sectors in an overall strategy of development, particularly in view of the new international focus through the United Nations on trade and development.

3. Manifold human needs confront the whole human family. These needs can be met basically and soundly only through fundamental world economic and social development. Such development comprises a highly complex set of interrelated factors involving all dimensions of life such as the economic, social, political, demographic, cultural, even the military, and most profoundly the moral and spiritual. This process must also be internationally conceived with all nations willing to participate taking upon themselves both corporately and individually the fullest possible cooperative initiative and responsibility. Further, these problems are so vast that no limited campaign or crusade can be expected to resolve them, although such efforts can call attention to some issues and to the fact that they demand basic, long-term, substantial commitment for the foreseeable future. Some of the more optimistic leaders in this field predict that, if we substantially increase what is now being done in economic and social development, and deal adequately with vast population problems, we may possibly look forward to a world relatively free from hunger, poverty, illiteracy, and obviously conquerable disease by the end of the 20th century. But such a goal will demand considerably more commitment by all of the nations of the world than is presently even in prospect, both in time concept and magnitude.

4. All the above considerations urgently demand a strategy of world economic and social development. From the past 20 years of experience it is becoming clear that the vast complex of interrelated international realities demand a concerted, strategic approach by the international community and by each nation in cooperation. The World Council of Churches through its Commission of the Churches on International Affairs has called for such strategic thinking and has set forth some major elements of it. We feel that the time has come for the National Council of Churches to devote study in depth and in breadth to further strategic thinking in this vast field of world economic and social development. We further hold that such undertaking must be done in fullest possible cooperation with the responsible leadership of other religious groups. We have begun this process. Meanwhile, as one of the first steps, we adopt a resolution for education and action on world hunger.

II. THE SITUATION WITH RESPECT TO WORLD HUNGER

1. Two billion persons (two-thirds of the world's population) live in areas of nutritional deficiency. An estimated half of these, one billion human beings, suffer daily or recurrent crippling hunger. The explosive population growth, in contrast with generally slow increases in agricultural production points toward more widespread human suffering from hunger in the years ahead. Other unfavorable factors are the prejudice of cultural patterns, the pressures of trade and finance, political instability in Asia, Africa, and Latin America, natural disasters, and the sheer complexity of concerted international action on a problem where no nation acting singly can find a solution. Time is running out.

2. Initial but limited steps are underway to meet the problem. The United Nations Food and Agriculture Organization has been sponsoring a Freedom From Hunger campaign to awaken the conscience of mankind. It publishes World Food Survey and has started a small experimental world food program. A first World Food Congress has been held and a second planned for 1967 or 1968. The U.N. Population Commission reports the explosive population pressures and prospects which show the desperate need for international and cooperative national programs of assistance on population problems.

3. In this country the U.S. Government has made substantial contributions in recent years toward the world food supply through various mutual aid measures, sales for national currencies, and donations to the needy. In addition, the U.S. Government through its foreign aid program has been spending considerable sums in rural and agricultural technical assistance; and it has supported modestly the various related U.N. programs. The United States still confronts the problem however, of shifting the emphasis in domestic agricultural policy from restriction of acreage and production and from surplus disposal toward full utilization of agricultural productive capacity for world food needs. In the business sector production of fertilizers, seeds, and farm machinery has been expanding along with steady growth in the food processing and service industry.

4. The churches and voluntary agencies (the World Council of Churches, the Roman Catholic Church, the National Council of the Churches of Christ in the U.S.A., the members of the American Council of Voluntary Agencies for Foreign Service, and many other groups) have been expressing their mounting concern for the hungry and conducting sizable relief and related self-help programs.

5. All these steps, however—intergovernmental, governmental, business and voluntary agency—are fragmented and inadequate. Great though the advance has been in technical skills and productive capacity, the growth in population and in need races ahead. This tragic paradox is the heart of the problem, for, despite all that is being done, it seems that our very ability to conserve and enlarge life itself only causes more misery in the end. The situation is threatening to get out of hand. On this our gaze is fixed; and to this the attention of the nations of the world and their determined will must be turned.

6. People now dimly realize that, for the first time in history, the capabilities and techniques exist to prevent the warping of lives and the deaths caused by hunger. The freedom-from-hunger campaign started a framework which, if expanded and developed, would enable the whole world to join in turning the tide. Only a coordinated program, recognizing the interrelationships of aid and trade and development and attacking the causes of hunger and enlisting the knowledge, will, and resources of every nation and of all the relevant agencies of Government, commerce, industry, the universities, the press, the churches—indeed every major human activity—will suffice. We do not pretend to suggest that U.S. resources alone can meet more than a fraction of the need. Nevertheless, thankfully recognizing all that has been done, it is our conviction as Christians and citizens of the United States that responsibility now lies on the people of this country to take every step we can, in partnership with all others who will join, to mount a massive, unified attack on this enemy of human decency, of life itself. The universal human conscience will not permit us to be silent nor fail to offer every skill and strength we have. Here lies the opportunity for humanitarian statesmanship, so to join forces as to reverse this drift toward disaster and do together what none can do separately. Men and women everywhere in all their varied pursuits, oppressed by the bleak prospects of the cold war, should embrace with relief and joy the affirmative purpose of moving toward the elimination of hunger from the world in a new cooperative enterprise.

7. For Christians the issue is clear and final. For us the issue is sharpened by the fact that for the most part the world's resources lie in areas where Christians predominate, and the world's needs in areas where Christians are fewest.

For Christians the holy gifts of knowledge and scientific skill and the needs of our neighbors lay a mandate on our conscience to which only one answer is possible. Yet we know that we are not alone either in pity or in anger at this misery. The time has fully come when the peoples and governments of the world must, together, take sides for man against the pain and death caused by our failure to use our knowledge aright, and to order our affairs so that human need and resources can go hand in hand.

8. From a material point of view, the role of the churches is small by comparison with the size of commercial and governmental activities in food and agriculture. In fact, the weight of decision clearly lies with government. Initiative by governments is essential in the marshalling of cooperative action.

III. THE RESOLUTION

1. The National Council of the Churches of Christ in the U.S.A. therefore calls on the U.S. Government acting through the President and the Congress, to take the initiative promptly in cooperation with other governments and international agencies for international action which will move toward making freedom from hunger a reality, along the lines of the following proposals:

(a) Declare as a matter of high policy that the United States is prepared to make the elimination of world hunger a major objective of our Nation working with other governments and intends to work with other governments and organizations to this end. Include as the principal components of this policy (1) that peoples everywhere should be urged to produce abundantly the basic staples of life, with appropriate regard for nutritional needs; (2) that such staples should be accessible to all without regard to race, color, creed, or politics, or to cold war considerations; (3) that family planning must be emphasized as of equal importance with food production; (4) that the dominant framework of action should be international and/or regional, since no single nation can be truly self-sufficient; (5) that special additional measures must be taken to meet the food needs of the hungry until such time as world agricultural production is greatly increased and the balance is in sight between population growth and food supply; and (6) that along with expansion of agricultural production, industrial and economic growth must take place if the world is to be fed.

(b) Seek, in concert with other nations, to have a comprehensive and effective international undertaking to determine, on a country-by-country and regional basis what can and should be done to meet world food needs both for the short run and the long run. This undertaking might focus upon a specially designed international conference of governmental and nongovernmental representatives and it should, in any case, include the fullest possible use of FAO, its responsible bodies, the continuing freedom-from-hunger campaign, and the next World Food Congress. Qualified representatives from all sectors of human activity with interests in food, agriculture, fisheries, and population problems should be included: Public and private; business and voluntary agency; production, processing, transportation, industry, commerce; education; finance; and the mass media.

(c) Shift the present emphasis in U.S. domestic farm policy from one of restriction and surplus disposal to one of utilization of agriculture productive capacity, increasingly directed toward world nutritional needs.

(d) In recognition of the necessity of family planning as an integral part of the present paradoxical situation, increase support of governmental and private programs in this field, utilizing new means that now exist, which from the point of view of technology and cost, may provide the opportunity of checking the population growth.

(e) Expand international programs in agricultural production, extension services, food processing, and distribution, as well as in general education. There is need to expand training facilities at home and abroad, and to adapt more of our courses in higher institutions to the needs abroad, not only for the training of the experts, but for young people of the United States interested in service abroad, both in governmental programs like the Peace Corps, and also under nongovernmental auspices including religious agencies.

(f) Strengthen U.S. support of the U.N. Food and Agriculture Organization, the U.N. Population Commission and other related international agencies in fulfillment of the objectives of the currently proclaimed International Cooperation Year, the World Food Congress of 1963, and other related efforts. Support in a much more substantial and significant way the renewed campaign for freedom from hunger being carried out through FAO through 1970. The World

Food program, started in 1963 for a 3-year trial, should be continued and expanded very greatly if it is to make a major contribution toward meeting world hunger needs. We urge that UNFAO develop further its role as a central clearinghouse of information as to world nutritional needs and plans and progress toward meeting them.

(g) Revise basic legislation, including Public Law 480, to authorize the provision of more food of more varied character for an adequate diet for those who do not have enough now, to stimulate agricultural production, including the conservation and development of fisheries, everywhere for the longer run and to relate these objectives to the broad considerations of economic development and trade policy. Provisions should be made to enable trained personnel in Government service to serve abroad under national and international auspices for prolonged periods of time, without losing their seniority pension rights or other benefits.

(h) As the first step toward U.S. participation in such integrated action on a world scale, convoke a preliminary consultation in Washington, also of governmental and nongovernmental representatives from as many related fields as possible, to prepare for consideration at the international conference, outlines of requirements and resources, with particular reference to U.S. capabilities, U.S. agricultural policy in relation to world needs, and consideration of Public Law 480.

(i) Should international agreement lag unduly, proceed with whatever action may be feasible on these matters, in the conviction that the needs of the hungry are so urgent as not to permit delay, and that others will come to a similar conviction as the situation deteriorates.

2. With respect to the churches, the council:

(a) Authorizes its president, in company with other council and church leaders, to present these proposals to the President and the Congress.

(b) Calls upon its member churches and their full constituency, lay and clerical, to support these proposals by letters to the President and the Congress, and by other means, and to review their overseas activities to the end of increasing, to the greatest extent practicable, efforts to help meet world hunger.

(c) Urges the members of the churches to volunteer and give of themselves in preparation and service for the manifold tasks involved in eliminating hunger with a sense of Christian commitment in fulfilling one of the moral obligations laid upon the Christian community today.

(d) Requests the World Council of Churches similarly to call upon its member churches to urge their governments to participate in this initiative, and to take all practicable actions in their own church programs to share in the enterprise.

(e) Urges the Division of Overseas Ministries to press on with its analysis of U.S. church programs abroad with the view of making recommendations as to how the churches may, more effectively and more ecumenically, play their proper role in meeting the needs of the hungry.

(f) Authorizes the Division of Overseas Ministries to enter into consultation and negotiation with representatives of the Roman Catholic Church, for the purpose of more effective and ecumenical Christian relief, welfare, and service activities throughout the world, including joint operations where appropriate. In this connection, close coordination should be maintained with the World Council of Churches in its current discussions with representatives of the Vatican on these and related matters. Appropriate coordination with churches not members of the National Council and with Jewish and other voluntary agencies, is also encouraged.

APPENDIX I

RELEVANT NCCUSA POLICY BACKGROUND

1. General board action of June 4, 1958, "Ethical Goals for Agricultural Policy."
2. General assembly action of December 9, 1960, "Ethical Issues in the International Age of Agriculture."
3. World Council of Churches Central Committee action in 1960 to support the freedom-from-hunger campaign.
4. General board action of February 23, 1961, "Responsible Parenthood."
5. Action of the general board, Des Moines, December 3, 1964:

"That the general board requests the Division of Overseas Ministries in cooperation with other units of the council to study the problem of hunger with the intent of bringing to the National Council of Churches at an early date a report with recommendations as to how the churches in cooperation with government

and other agencies may more adequately and ecumenically participate in the critical task of meeting the needs of the hungry people of the world."

6. Action of the DOM program board, February 12, 1965:

"The program board, having received the request of the general board in December concerning a report on world hunger and Christian responsibility, and a preliminary report and accompanying proposals from the staff, asks that these now be redrafted in the light of discussion, that an interim report be made to the general board in Portland, and authorized the executive committee of the program board to prepare a report and recommendations for the general board for action in June."

7. Action of the general board, February 25, 1965:

"That the board receive the progress report of the DOM (on world hunger) and that the general board express its urgent request that the subject of "The Churches and World Hunger" be presented again to the June 1965 meeting of the board with proposals for specific action by the board at that time with the understanding that present policy of the council authorizes appropriate action to be taken by the division of overseas ministries and other units of the council in the intervening period."

8. Action of the DOM executive committee, March 12, 1965:

"That the executive committee approves in principle the resolution on world hunger and requests all members to make comments with regard to it, to be put into the hands of Mr. Farley. Staff is authorized to make a second draft, to be reviewed by a small committee, and the final draft then to be sent to the general board for its June meeting."

APPENDIX II

A SELECTED BIBLIOGRAPHY ON WORLD HUNGER

1. James Norris Statement in Vatican Council II.
2. Declaration of the World Food Congress, 1963.
3. Address by Mr. B. R. Sen, Director General of the FAO, to the plenary session of the 38th International Eucharist Congress, Bombay, India, December 1964; and to the U.N. Population Commission, New York, Mar. 24, 1965.
4. Edward Rogers, *Poverty on a Small Planet*, the Macmillan Co., New York, 1965.
5. "Are We Our Brother's Keeper," by Barbara Ward in *Christianity and Crisis*, p. 3, vol. XXV, No. 1, Feb. 8, 1965.
6. The Visser 't Hooft statement before the WCC Central Committee at Enugu, Nigeria, January 1965: "In our times the basic problem of overcoming hunger or poverty and of social justice has become the issue which dominates all other issues and on the solution of which the future of mankind depends."
7. *The Commonweal*, Nov. 13, 1964 issue, on "World Poverty and the Christian."
8. The Friends Committee for National Legislation, "Washington Newsletter," November 1964.
9. Vatican Council II, "De Ecclesia."
10. "Closing the Hunger Gap," p. 6, *The New Republic*, Jan. 30, 1965.
11. Jonathan Garst, *No Need for Hunger*.
12. Ira Moonaw, *To Hunger No More*, New York, Friendship Press, 1963.
13. Senator George McGovern, *War Against Want*, New York, Walker, 1964.
14. Paul and William Paddock, *Hungry Nations*, 1964.
15. Walter Lippmann, "The Great Revolution," lecture at U.N. for International Cooperation Year, Mar. 1, 1965.

The CHAIRMAN. Thank you very much.

I now yield to Mrs. May.

Mrs. MAY. I have a couple of questions that you have already touched on, that I myself have had about the wording of the bill.

In your experience with the various groups, the voluntary agencies that you are working with, are you having any opposition in connection with these problems that you think might be useful to us to have knowledge of so that the intent of Congress might be followed out in this bill?

Mr. MACCRACKEN. Yes. I am very grateful to you for this. You heard testimony from Monsignor McCarthy of the National Catholic Relief Services who touched on this, the very difficult and complex subject of field audits. We are at the present time putting what we consider to be a nonproductive amount of time into answering related and unrelated questions of five separate audit functions. As the committee is aware, we are accountable for every pound of agricultural commodity once it is embarked on ship at U.S. ports until we can prove positively that it has been distributed to the ultimate consumer, by individuals according to criteria, according to the poundage per month, regardless of whether it is in Timbuctoo or any other far-reaching place. We deal with many people who do not read. Seventy-five percent of the people whom we touch in our program are not even of our faith. It is tremendously difficult and complex to be so accountable for every last pound through any 5-year period of history when people do not understand a single set of receipts, much less multiple receipts.

Mrs. MAY. This refers to the nature of the operation, the audit procedures which are required by the supplemental agency itself?

Mr. MACCRACKEN. Yes, we believe that the audit has a very important management operational assistance value, but carried to an illogical extreme. Then, we find ourselves in a position where many programs cannot be held up to this type of scrutiny, such as in the new countries of Africa, and it would be better done without.

Mr. MAY. You mention in your statement with respect to section 202, the language that the President shall to the maximum extent practicable make use of facilities, et cetera. We had a discussion in this the other day.

My question on that was: What do they mean by "facilities"?

What is your interpretation of this word?

Mr. MACCRACKEN. In response to this, I would say that if it means the operational integrity policy, the priority system of the separate voluntary agency, that they may coincide with the objectives of the Government of the United States, this is fine; if it means a program which would be more policy or more operationally directed by members of the Government administration, my agency would find this extremely difficult. I would hope for clarity of the language; that is, that it be spelled out in the bill, or that the phrase "facilities" could be stricken.

Mrs. MAY. What about using services for the word "facilities"? Facilities could mean actual material structures, something that you have already built—a substitution of the word "services" for that, would that cover it?

Would you have the word "facilities" spelled out or insert the word "services"?

Mr. MACCRACKEN. A redefinition would be helpful, but the one that you suggest is in the same area of confusion. At the present time, Public Law 480 program of self-help projects in Korea are such that whereby there is an agreement between the United States Government and the Government of Korea, we have been informed and have protested, that all of the voluntary agencies' self-help projects are to be turned over lock, stock, and barrel at a date convenient to those two Governments by the voluntary agencies. We feel very strongly about this, because we have made commitments, not only to the project direc-

tors and the staff, but to the people for whom these projects have been set in motion. We feel a moral responsibility to be able to complete our obligation to these people in good time.

Now, if the language is not clear, I would submit that it could be interpreted that we are under instruction by intent of Congress to release any program that any voluntary agency sets up at whatever convenience the administration would seem to feel is involved or would invoke.

Mrs. MAY. I would be the last one to want that, because you do represent, and have for many years, these organizations. I am sure that the committee will go into that.

Could this legislation affect your programs this year?

Mr. MACCRACKEN. We have already in Church World Service moved in the direction to place over 70 percent of our activities in 37 countries completely within the new dimensions of this program. We have moved from relief, because we do not believe in relief per se. And we have already in the past 3 years moved toward the root causes for hunger, food for poor, and this type of a program which is, it is my understanding, to be the heart of the new program of food for freedom.

Mrs. MAY. Thank you.

The CHAIRMAN. Mr. MacCracken, you do have offices around the world?

Mr. MACCRACKEN. Yes.

The CHAIRMAN. In various nations?

Mr. MACCRACKEN. Yes.

The CHAIRMAN. Would there not be facilities in those offices—would you not have facilities there, such as office space, and equipment, and all of that?

Mr. MACCRACKEN. Yes, sir; that could be interpreted exactly so.

The CHAIRMAN. One would not expect the Federal Government to appropriate that property.

Mr. MACCRACKEN. Mr. Chairman, you raise an excellent question. Our concern is this: We have a very important partnership between the private sector of the United States and our Government sector. This partnership does not always coincide 100 percent, either in terms of time or involvement of program or project. We are in total accord with the AID concept that the government and the community of developing nations should take on increased responsibilities in these hunger projects.

The CHAIRMAN. You mean that the people do?

Mr. MACCRACKEN. Yes.

The CHAIRMAN. How do you make it known to these people that this food and these gifts come from the American people rather than from the church?

Mr. MACCRACKEN. First of all, sir, every bag, parcel, can, and so forth, is clearly marked; but where it is impossible to do so, it is otherwise indicated.

This is in the language of the people in the country. We have posters in all of the distribution centers, and the posters say that, and they contain the emblem of AID that this is a gift of the people of the United States.

The CHAIRMAN. That is what I wanted to hear you say.

Thank you very much.

Mr. MACCRACKEN. Thank you.

The CHAIRMAN. Now, we will call on Mrs. Darrell Randall of Washington, D.C.

We are very glad to have you here, and we will be glad to hear from you now.

STATEMENT OF MRS. DARRELL D. RANDALL, REPRESENTING THE DIVISION OF PEACE AND WORLD ORDER, GENERAL BOARD OF CHRISTIAN SOCIAL CONCERNS OF THE METHODIST CHURCH; ACCOMPANIED BY D. ELLIOTT CORBETT, BOARD OF CHRISTIAN SOCIAL CONCERNS OF THE METHODIST CHURCH, WASHINGTON, D.C.

Mrs. RANDALL. Thank you very much, Mr. Chairman. In the interest of brevity, I will read just certain portions of this statement, knowing that all of the statement will be in the record.

During the past 20 years, I have made several trips to Africa and Asia, my particular interest being the problem of food.

In May 1964, the General Conference of the Methodist Church adopted the following statement concerning world economic development:

The desperate unmet needs of the people in this world are of grave concern to Christians. The economic gap between the rich nations and the poor nations is widening as time elapses. The population explosion further jeopardizes the stability and progress of many lands.

We believe that economic assistance, which seeks to make the benefits of scientific advance and industrial progress available for the improvement of underdeveloped areas, is an example of both Christian love and practical international brotherhood.

All programs of technical assistance and economic aid should be designed primarily to benefit the people of underdeveloped countries and their economies rather than to serve political or military purposes. For maximum effectiveness, it is important that these programs be on a long-range basis.

This is the official position of the Methodist Church. As an individual church member and as a public health nutritionist, I would like to make the following comments:

The biggest problem affecting the people of the world today is lack of food. To a nutritionist there are three aspects of today's food problem. The first, and most urgent, is starvation. This is undernutrition in its most severe form. Today in India alone, our experts tell us that we can expect 10,000 people a day to die for lack of food. Mr. M. G. Kaul, Minister (coordination), Embassy of India, stated on February 9 that 11 to 12 million are under 11 years of age.

It would seem appropriate for this Nation to initiate an emergency donation program for India under title II and also to cover transportation charges. Such a donation program might cost the United States about \$1 billion in foodstuffs and cash and would necessitate additional appropriations by Congress.

The United States, I believe, should also help India with its unloading and distribution problems. In January India appealed for donations of blowers, and so forth, but the United States has made no public commitment so far. Time is short if the United States is to help in this vital area.

In developing an assistance program, the United States should bear in mind that India has said it would prefer to have help channeled through international agencies like the United Nations, the world food program and the Food and Agriculture Organization.

We know there is much that other countries and even individuals can and should do to help in the famine crisis. For example, news comes from Brussels that the Belgian Red Cross is campaigning for funds to feed Indian children, young mothers and pregnant women. The Anti-Hunger Committee of Belgium has called on all Belgians to skip one meal a week this month and donate the money saved to help fight famine in India. But unless our Government offers major assistance immediately, the present starvation will continue and become more widespread. Thus, the purposes of the act before you, as stated in section 201, "to meet famine or other urgent or extraordinary relief requirements," is indeed commendable.

The second big problem is undernutrition. This term relates to the quantity of the food available to an individual. We all have experienced slight feelings of undernutrition when we have been hungry. A big helping of rice or potatoes or bread can relieve this feeling. This condition of undernutrition, or continuous hunger, exists in those areas of the world where there is the greatest political instability; namely, Africa, Asia, and Latin America. Experts tell us that in these areas, millions go to bed hungry every night. They do not achieve the full growth of well-fed people. They have a much shorter life expectancy than do those who are adequately fed. President Johnson has proposed that the United States lead the world in a war against this hunger. Among other things he has urged "expanded food shipments to countries where food needs are growing and self-help efforts are underway."

Our Methodist General Conference statement, as quoted above, does encourage the "growth of self-help institutions." Thus, it would appear that this new emphasis of the food-for-freedom program is in keeping with the Methodist position. Thus, we hope that the encouragement of self-help programs will be retained in this legislation, both for the purpose of improving the economies of recipient countries and preserving their dignity.

Hunger often precedes the third aspect of the world's food problem, malnutrition. A longtime lack of calories can produce malnutrition. On the other hand there can be an adequate number of calories present in the diet. The individual may never feel the pangs of hunger, and still he may be malnourished. This term usually refers to the quality of food eaten rather than the quantity. It is possible by merely consuming a poor choice of foods to develop malnutrition and this we sometimes see even in our abundantly supplied country and even among the children of the wealthy. There is a big difference between the nourishing qualities of cake and meat, or rice and meat, or potatoes and meat. The difference is in the protein content. The harm to a malnourished person whose body lacks protein is just as great as the harm resulting when a person is undernourished. The malnourished babies in the rice-eating areas of the world who die from kwashiorkor, a protein-deficiency disease, are the most dramatic examples of the effects of a diet which is too low in protein.

So this great problem of feeding the world's people—not just enough to subsist, but enough to live in good health mentally and physically—is one that will long outlive the tragedy of today's famine. It involves more than the United States and Europe donating food surpluses. President Johnson proposed the elimination of the surplus concept in food aid. It has been estimated that if the United States were to donate our entire food surplus for 1 year to the world's hungry, it would mean only two teacups of rice once every 17 days for each person. I assume that the President's proposal to move away from the surplus concept to one of making agricultural commodities available (sec. 301) means that we will prepare ourselves to increase production at home and abroad to meet the long-range food needs of the world's people. This would be a major step in identifying ourselves with the world community.

We also recall that Jesus, as well as other religious leaders, advocated the feeding of hungry people—neighbors, strangers, and even enemies. This would be not only a humanitarian act, but it would also be in the real national interest of the United States. I am personally disturbed that our country participates in efforts to interfere with the normal distribution of food to China and other areas of the world which would wish to trade with us. People throughout the world should be made to feel that, whatever differences may be among us, we want every child, every mother, and every person to have a chance to have enough to eat.

Our experts have long been telling us that Asia, Africa, and Latin America must become self-sufficient in food production. But even on a long-term basis, not all countries are going to be able to produce enough food for themselves. It is obvious that the long-range solution to the food needs of the world is related to the trade relations of the world. Some areas will be able to produce food abundantly. Others will produce manufactured products or raw materials to trade for food and other needs. There must be a freeing of trade among the peoples of the world. Our country, as well as others, engage in trade restrictions which hurt the countries which are most in need of food. Since we are laying stress upon self-help programs in agriculture, it would appear consistency would also call for emphasizing the kind of U.S. trade policies which will encourage the independence on the part of less developed nations seeking to help themselves through open channels of international commerce.

The General Conference of the Methodist Church expressed its official position as follows:

International trade is an important factor in sound economic development and in friendly political relations. We affirm our support of efforts to reduce or eliminate barriers to the expansions of world trade and endorse the continuance and strengthening of the reciprocal trade agreements program of the United States.

To this end the President of the United States in his food-for-freeedom message to the Congress urged that there be increased capital and technical assistance to the underdeveloped nations of the world. He also urged that there be continued expansion of markets for agricultural commodities. "Increasing purchasing power, among the hundreds of millions of consumers in developing countries," President

Johnson said, "will help them to become good customers of the American farmer."

While this is true, it is of the utmost importance that underdeveloped nations not be given the false impression that all we shall do under food-for-freedom provisions is actually subservient to the American objective of creating "good customers." Nor should our focus upon helping recipient nations develop their own agricultural vitality lead them to believe that we wish to retard their industrial development and accompanying trade potential—if this is their chosen objective.

As a member of the Methodist Church in the United States, I urge you to:

- (1) Help relieve the immediate starvation in Asia.
- (2) Support the plans to help increase the agricultural programs in all countries.
- (3) Support programs to help people limit the population explosion through birth control.
- (4) Make long-range plans to include the nations of Africa, Asia, and South America in a world market that gives them a fair chance to sell goods in exchange for needed food.

Although the statements above represent largely my own opinion, I believe they are in keeping with the tone and concern expressed in Methodist General Conference statements. Also, it would appear that the Methodist position on "World Economic Development," quoted earlier, would support the kind of purposes and programs envisioned in the food-for-freedom legislation. Therefore, we hope the House Committee on Agriculture will act favorably on this bill.

The CHAIRMAN. Thank you, Mrs. Randall, for this well prepared statement. We are delighted to have had you with us. Thank you very much.

Mr. STUBBLEFIELD. If I may, I compliment you on your very excellent paper and on your No. 3 proposition as to the population explosion. Most of those who have appeared have merely stated that they recognize that there is a population explosion, but did not say anything other than that. That is a very important part of this whole program, and a part of the hunger program. I say that to you, as a fellow Methodist.

Mrs. RANDALL. Thank you. The Methodist Church has taken a strong position on this.

The CHAIRMAN. Thank you very much.

(The prepared statement submitted by Mrs. Randall reads in full as follows:)

STATEMENT OF MRS. DARRELL D. RANDALL, REPRESENTING THE DIVISION OF PEACE AND WORLD ORDER, GENERAL BOARD OF CHRISTIAN SOCIAL CONCERNS OF THE METHODIST CHURCH

I am Mrs. Darrell Randall of Washington, D.C. I am a public health nutritionist and am serving as an assistant professor of nutrition in the School of Nursing at the American University. I served for 3 years under the Methodist Board of Missions in what was then Central Belgian Congo and the Union of South Africa. During the past 20 years I have made several trips to Africa and Asia, my particular interest being the problem of food. I am a member of the Methodist Church and I am here representing the General Board of Christian Social Concerns of the Methodist Church.

In May 1964 the General Conference of the Methodist Church adopted the following statement concerning world economic development:

"The desperate unmet needs of the people in this world are of grave concern to Christians. The economic gap between the rich nations and the poor nations is widening as time elapses. The population explosion further jeopardizes the stability and progress of many lands.

"We believe that economic assistance, which seeks to make the benefits of scientific advance and industrial progress available for the improvement of underdeveloped areas, is an example of both Christian love and practical international brotherhood.

"All programs of technical assistance and economic aid should be designed primarily to benefit the people of underdeveloped countries and their economies rather than to serve political or military purposes. For maximum effectiveness, it is important that these programs be on a long-range basis * * *"

This is the official position of the Methodist Church. As an individual church member and as a public health nutritionist, I would like to make the following comments. Feeding the hungry and being concerned for the least of these our brethern have been a part of the core of basic moral pronouncements of the Christian Church. It is only in this generation that the value of these moral commitments as basic necessities for the peace of the world has been established. Long ago the Roman philosopher, Seneca, observed, "A hungry people listens not to reason, nor cares for justice, nor is bent by any prayers." Napoleon knew that an army marches on its stomach; on the other hand, we know that a population must eat adequately if it is to remain or become politically stable.

The biggest problem affecting the people of the world today is lack of food. To a nutritionist there are three aspects of today's food problem. The first, and most urgent, is starvation. This is undernutrition in its most severe form. Today in India alone, our experts tell us that we can expect 10,000 people a day to die for lack of food. Mr. M. G. Kaul, Minister (coordination), Embassy of India, stated on February 9 that 11 to 12 million persons are in danger of starvation. Of these, about 4 million are under 11 years of age. These figures are beyond the comprehension of most of us, but it should not be difficult to mobilize our country's public opinion behind the effort to rush food to the famine areas as quickly as possible.

However, most of the grain now going to India is shipped under title I of Public Law 480, which means that the Indians pay for the grain with their own currency and pay shipping charges as well—partially in U.S. dollars. These shipping charges run to about \$12 million per million tons of grain, a small sum in U.S. Budget terms but a large sum in Indian terms. It would seem appropriate for this Nation to initiate an emergency donation program for India under title II and also to cover transportation charges. Such a donation program might cost the United States about \$1 billion in foodstuffs and cash and would necessitate additional appropriations by Congress.

The United States, I believe, should also help India with its unloading and distribution problems. In January India appealed for donations of blowers, etc., but the United States has made no public commitment so far. Time is short if the United States is to help in this vital area.

In developing an assistance program, the United States should bear in mind that India has said it would prefer to have help channeled through international agencies like the United Nations, the World Food Program, and the Food and Agriculture Organization.

We know there is much that other countries and even individuals can and should do to help in the famine crisis. For example, news comes from Brussels that the Belgian Red Cross is campaigning for funds to feed Indian children, young mothers, and pregnant women. The antihunger committee of Belgium has called on all Belgians to skip one meal a week this month and donate the money saved to help fight famine in India. But unless our Government offers major assistance immediately, the present starvation will continue and become more widespread. Thus, the purposes of the act before you, as stated in section 201—"to meet famine or other urgent or extraordinary relief requirements"—is indeed commendable.

But when famine has run its course, we shall still be left with two other serious food problems. In facing these, the populations of the fortunate nations are less likely to see the inherent danger to themselves in allowing unequal conditions to continue. This danger is indirect, though just as real; it involves the constant

threat of political instability, social unrest, and even civil war within the less developed nations.

The second big problem is undernutrition. This term relates to the quantity of the food available to an individual. We all have experienced slight feelings of undernutrition when we have been hungry. A big helping of rice or potatoes or bread can relieve this feeling. This condition of undernutrition, or continuous hunger, exists in those areas of the world where there is the greatest political instability, namely: Africa, Asia, and Latin America. Experts tell us that in these areas, millions go to bed hungry every night. They do not achieve the full growth of well-fed people. They have a much shorter life expectancy than do those who are adequately fed. President Johnson has proposed that the United States lead the world in a war against this hunger. Among other things he has urged "expanded food shipments to countries where food needs are growing and self-help efforts are underway."

Our Methodist general conference statement, as quoted above, does encourage the "growth of self-help institutions." Thus, it would appear that this new emphasis of the food-for-freedom program is in keeping with the Methodist position. Thus, we hope that the encouragement of self-help programs will be retained in this legislation, both for the purpose of improving the economies of recipient countries and preserving their dignity.

Hunger often precedes the third aspect of the world's food problem, malnutrition. A long-time lack of calories can produce malnutrition. On the other hand there can be an adequate number of calories present in the diet. The individual may never feel the pangs of hunger, and still he may be malnourished. This term usually refers to the quality of food eaten rather than the quantity. It is possible by merely consuming a poor choice of foods to develop malnutrition and this we sometimes see even in our abundantly-supplied country and even among the children of the wealthy. There is a big difference between the nourishing qualities of cake and meat, or rice and meat, or potatoes and meat. The difference is in the protein content. The harm to a malnourished person whose body lacks protein is just as great as the harm resulting when a person is undernourished. The malnourished babies in the rice-eating areas of the world who die from kwashiorkor, a protein-deficiency disease, are the most dramatic examples of the effects of a diet which is too low in protein.

For years nutritionists have talked in terms of the great harm done to a population both physically and mentally when the food supply is inadequate in quantity or quality. The most vulnerable part of the population is the preschool child. Most authorities agree that malnutrition in the very early years leaves a lasting inheritance of poor health with little resistance to infection and disease. Perhaps there is also lasting mental deficiency. Dr. Joaquin Carivioto, head of Nutrition Department II of the Hospital Infantil de Mexico presents strong evidence in his study with a Guatemalan Indian group that the nutritional state of the children may make the difference between success and failure in school.

We have much evidence that people who are perennially hungry through malnutrition or undernutrition are less able to meet the challenges inherent in self-government. In 1944 at the University of Minnesota in the Laboratory of Physical Hygiene a controlled experiment was conducted for 1 year with 36 volunteer human guinea pigs to determine the social and mental effects of hunger. After prolonged periods of little food, these 36 intelligent and highly-motivated men became suspicious, distrustful, quarrelsome, anxious, insecure, irritable, and dull. Concentration in reading or other intellectual tasks became difficult. There was a lack of motivation to undertake any form of activity or self-betterment other than how to get enough to eat.

So this great problem of feeding the world's people—not just enough to subsist—but enough to live in good health mentally and physically, is one that will long outlive the tragedy of today's famine. It involves more than the United States and Europe donating food surpluses. President Johnson proposed the elimination of the surplus concept in food aid. It has been estimated that if the United States were to donate our entire food surplus for 1 year to the world's hungry, it would mean only 2 teacups of rice once every 17 days for each person. I assume that the President's proposal to move away from the surplus concept to one of making agricultural commodities available (sec. 301) means that we will prepare ourselves to increase production at home and abroad to meet the long-range food needs of the world's people. This would be a major step in identifying ourselves with the world community.

We also recall that Jesus, as well as other religious leaders, advocated the feeding of hungry people—neighbors, strangers, and even enemies. This would be not only a humanitarian act, but it would also be in the real national interest of the United States. I am personally disturbed that our country participates in efforts to interfere with the normal distribution of food to China and other areas of the world which would wish to trade with us. People throughout the world should be made to feel that, whatever differences may be among us, we want every child, every mother, and every person to have a chance to have enough to eat.

Our experts have long been telling us that Asia, Africa, and Latin America must become self-sufficient in food production. But even on a long-term basis, not all countries are going to be able to produce enough food for themselves. It is obvious that the long-range solution to the food needs of the world is related to the trade relations of the world. Some areas will be able to produce food abundantly. Others will produce manufactured products or raw materials to trade for food and other needs. There must be a freeing of trade among the peoples of the world. Our country, as well as others, engages in trade restrictions which hurt the countries which are most in need of food. Since we are laying stress upon self-help programs in agriculture, it would appear consistency would also call for emphasizing the kind of U.S. trade policies which will encourage independence on the part of less-developed nations seeking to help themselves through open channels of international commerce.

The General Conference of the Methodist Church expressed its official position as follows:

"International trade is an important factor in sound economic development and in friendly political relations. We affirm our support of efforts to reduce or eliminate barriers to the expansion of world trade and endorse the continuance and strengthening of the reciprocal trade agreements program of the United States."

To this end the President of the United States in his food-for-freedom message to the Congress urged that there be increased capital and technical assistance to the underdeveloped nations of the world. He also urged that there be continued expansion of markets for agricultural commodities. "Increased purchasing power, among the hundreds of millions of consumers in developing countries," President Johnson said, "will help them to become good customers of the American farmer."

While this is true, it is of the utmost importance that underdeveloped nations not be given the false impression that all we shall do under food-for-freedom provisions is actually subservient to the American objective of creating good customers. Nor should our focus upon helping recipient nations develop their own agricultural vitality lead them to believe that we wish to retard their industrial development and accompanying trade potential—if this is their chosen objective.

Any food-for-freedom program requires the work of people of many disciplines, planning together. We of the churches recognize the need for population control, not only overseas but in our own country. We see clearly the need to produce more food in all the countries of the world. This involves pest control, irrigation, more fertilizer, better seed, education of farmers, and new incentives for the farmer to increase production. We also believe that we must adapt our own economic system to the world needs, or the work of legislators, of doctors, and of agriculturalists and nutritionists will be to no avail.

As a member of the Methodist Church in the United States, I urge you to:

- (1) Help relieve the immediate starvation in Asia.
- (2) Support the plans to help increase the agricultural programs in all countries.
- (3) Support programs to help people limit the population explosion through birth control.
- (4) Make long-range plans to include the nations of Africa, Asia, and South America in a world market that gives them a fair chance to sell goods in exchange for needed food.

Although the statements above represent largely my own opinion, I believe they are in keeping with the tone and concern expressed in Methodist General Conference statements. Also, it would appear that the Methodist position on "world economic development" quoted earlier, would support the kind of purposes and programs envisioned in the food-for-freedom legislation. Therefore, we hope the House Committee on Agriculture will act favorably on this bill.

The CHAIRMAN. The next witness is Mr. Bernard A. Confer, executive secretary, the Lutheran World Relief, Inc.

We will be glad to hear from you now, Mr. Confer.

**STATEMENT OF BERNARD A. CONFER, EXECUTIVE SECRETARY,
LUTHERAN WORLD RELIEF, INC., NEW YORK; ACCOMPANIED
BY REV. ROBERT E. VAN DEUSEN, WASHINGTON REPRESENTATIVE**

Mr. CONFER. Mr. Chairman and members of the committee, I would like to accept the suggestion of the chairman and ask that my full statement be accepted for the record and that I be permitted the privilege to speak on some of the points in it.

The CHAIRMAN. Without objection, your statement will be made a part of the record in its entirety.

Mr. CONFER. Thanks, Mr. Chairman.

With me today is Rev. Dr. Robert E. Van Deusen, Washington representative of the Lutheran Relief, Inc.

I am the executive secretary of the Lutheran Relief, Inc., a nonprofit agency which gathers and distributes material relief supplies and engages in other projects of social service and economic development overseas.

On a number of occasions Lutheran World Relief and the National Lutheran Council have taken official action to commend the Congress and the Government, generally, as to policies to sharing America's resources with those who are in need, and I refer particularly to the food-for-peace program and Public Law 480.

We welcome the proposal that the President has made to the Congress that the United States give leadership in a war against hunger. We are appreciatively aware that a number of Members of the Congress have spoken for programs that point in the direction of a world that is free from hunger.

I know a number of witnesses have given more authoritative testimony than I can give with regard to the population explosion and the food supply situation abroad.

Christian teaching fosters a deep concern for human values. We of the church see a tremendous urgency as we look ahead to a world in desperate need of more food. Certainly the proposal is to be welcomed that Congress declare it to be the policy of the United States "to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries." I also welcome the particular emphasis on assistance to those countries which are determined to help themselves.

We also welcome the self-help emphasis. If I may, I would draw your attention to some paragraphs on page 5 of my statement particularly, as a Lutheran to a Methodist.

At least as important as attention to agricultural programs is a forthright approach to the population problem. Population trends indicate problems ahead that are awesome. We welcome the leadership of the President toward more effective and more substantial aid in the area of population limitation. Even so, I wish the policy of our Government might be stated in more direct terms and that the

United States might provide more stimulation and leadership in this area.

At the close of this statement I am appending excerpts from documents distributed by official boards of the Lutheran churches which support Lutheran World Relief. They state clearly that God calls on men and women to be responsible parents, and they stress the value of family planning and conception control in promoting the well-being of the family.

Lutheran World Relief holds that an increased call on American agricultural production to meet world needs would not be used as a crutch to justify delay in attacking in a forthright manner the problem of spiraling population. To delay would only postpone the day of decision. Keeping in mind that citizens look to Government to exercise good stewardship of our Nation's resources, I must in all candor point out that Lutheran World Relief would be very hesitant to see our Government undertake an increased food donation program even for combating hunger unless it straightforwardly strives for progress in the control of population growth. Advance in this field is essential to sound economic and social development, to political stability and to world peace.

I assume that in projecting plans for the export of American food in increasing amounts the Government expects that the bulk of this food will reach people in the developing areas through normal marketing channels. Even so, there is bound to be call for large amounts for free distribution or use in food-for-work projects. Since it is evident that the need for such substantial shipments will continue for many years to come, we in Lutheran World Relief believe that the best policy will be for the U.S. Government to negotiate directly with governments of recipient countries for the distribution of such foods in their respective countries. It is with the government of the receiving country that primary responsibility rests for the long-range planning and execution of general or public programs of relief, supplied from abroad, for its citizens. The interposition of voluntary agencies in the process of getting U.S. Government gifts to those who need them is normally justified only in an emergency or in a transitional situation. This principle has particular force when religious agencies are involved.

We understand that there are people proposing that the Government actually increase its subsidy programs to all volunteer agencies. Lutheran World Relief continues to hold the view that the trend toward increased identification of Government with voluntary agency programs should be halted. Competent and responsible administrative procedures in this field are developed best in the course of experience for which most receiving countries have had little opportunity in the past. We believe that the U.S. Government would do well here to engage in long-range planning, making available to the governments concerned experts in social welfare. Such experts could help to establish and administer relief distribution and self-help projects, and to foster the development of indigenous voluntary agencies.

We think that the voluntary agencies' system that has developed in our country is very much to be cherished. We think that it needs to remain voluntary.

In closing, Mr. Chairman, I take opportunity to commend the Congress and the administration for their research and study and planning that has been directed to the problem of the food shortages in our world. As you set directions for years to come, we in Lutheran World Relief are very appreciative for the evidence that you place high importance on human values. Humanitarian considerations deserve to be given an important place in international planning.

Thank you.

(The prepared statement submitted by Mr. Confer reads in full as follows:)

STATEMENT BY BERNARD A. CONFER, EXECUTIVE SECRETARY, LUTHERAN WORLD RELIEF, INC.

Mr. Chairman and members of the committee, my name is Bernard A. Confer. My office is in New York City. I am the executive secretary of Lutheran World Relief, a nonprofit agency which gathers and distributes material relief supplies and engages in other projects of social service and economic development overseas. Lutheran World Relief is supported by the Lutheran churches in this country with a combined membership that exceeds 8½ million persons. Since its organization in 1945, Lutheran World Relief has shipped to 41 countries commodities valued at more than \$173 million, of which 52 percent has been donated by the U.S. Government. Forty-eight percent represents gifts from private sources, mostly members of our churches.

Since the time opportunity was afforded in 1950 to expand its distribution of food through the use of substantial amounts of Government surplus commodities, Lutheran World Relief has participated with appreciation in the development of broader programing overseas. In most cases the U.S. Government reimbursed the expense of ocean freight. From the start, and continuing today, our organization has welcomed the decision of Government to make available surplus foods to bring relief to needy people abroad. Lutheran World Relief and the National Lutheran Council have on a number of occasions taken official action to commend the Government for its policy directed to sharing America's resources with those who are in want.

We understand that this committee is giving consideration to proposals for giving new directions to international food and agricultural policies of the United States. We welcome the proposal that the President has made to the Congress that the United States give leadership in a "war against hunger." We are appreciatively aware that a number of Members of the Congress have spoken out for programs that point in the direction of a world that is free from hunger.

Despite the substantial contributions made by the United States in the past 20 years to meet human needs beyond our frontiers, and efforts on the part of other countries as well, the gap between the rich nations and the poor nations increases menacingly every year. The grim prospect before us is that within the next 20 years hundreds of millions of people will face the threat of outright starvation.

Even today the scarcity of food is becoming increasingly grave in parts of Asia, Africa, and Latin America. Population growth is outstripping the achievements of mankind in producing foodstuffs and delivering them to the places where they are needed.

The Food and Agriculture Organization of the United Nations, with supporting documentation supplied by agencies such as UNICEF, the World Health Organization, and UNESCO, has issued warnings of the impending famine. FAO reports indicate that hunger and malnutrition are, at their roots, the result of poverty and a vicious circle of underproduction, underemployment and underconsumption, and that balanced economic and social development must be the long-term goal.

The problems of this world faced by this committee are of awesome magnitude and of great complexity. In making these observations today I need to point out that Lutheran World Relief has limited competence. Even so, I am bold enough to think that you may be interested in our observations in view of our involvement in programs on four continents and our experience over the last 20 years.

Christian teaching fosters a deep concern for human values. We of the churches see a tremendous urgency as we look ahead to a world in desperate need of more food. Certainly the proposal is to be welcomed that Congress declare

it to be the policy of the United States "to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries." I also welcome the particular emphasis on assistance to those countries which are determined to help themselves.

I do want to register grave concern about the interpretation of section 306 of H.R. 12785 which reads:

"The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the foreign policy objectives and national interest of the United States."

There is a danger, it seems to me, that "foreign policy objectives and national interest of the United States" may be defined so narrowly as to allow this proposed legislation, if adopted, to be forged into an instrument for waging the cold war. Food for the hungry should not be used as a bribe for purchasing adherence to our political aims, an adherence which may be transitory at best. I believe that the purposes of this legislation and the long-term national interest of the United States will best be served by a posture of a concern for the hungry whatever the political complexion of their governments may be. It may be helpful in the future administration of this legislation if the committee's report would underscore an intent to interpret "foreign policy objectives and national interest" in such terms as to reflect the traditional concern of the American people for those who are in need, whoever they may be.

It seems to us that the approach of the United States to a world of growing food needs should be at least three pronged:

1. Assistance to other countries in economic and social development should be intensified, with particular emphasis given to increasing food production and building up distribution facilities.

2. Foreign aid programs should give special emphasis to decreasing the rate of population growth.

3. During the period other countries are striving to bring food production into balance with population, increased agricultural production in the United States should be used against hunger abroad as an interim measure.

In this context Lutheran World Relief welcomes the proposed change of policy, away from the concept of surplus disposal, to one of more substantial use of America's agricultural capabilities to meet pressing food needs abroad. It should be emphasized, however, that the other two prongs of the approach outlined above are more important and promise more longrun benefits than does the sharing of American-grown food.

In this connection I would like to commend officials of the Agency for International Development for the manual order sent to overseas missions April 13, 1965, which gave a clear call for greater priority to the problems of food supply, malnutrition and population increase.

A rising commitment of American skills and technology is needed for more rapid agricultural progress abroad. Experience has shown, however, that hunger cannot be overcome by increasing agricultural output alone. Usually the people who are the hungriest are those who do not have the money to buy the food they need. Increased general productivity is essential if buying power is to be increased so that people will be enabled to buy both more and better food. Agricultural progress needs to be linked to fundamental world economic and social development.

At least as important as attention to agricultural progress is a forthright approach to the population problem. Population trends indicate problems ahead that are awesome. We welcome the leadership of the President toward more effective and more substantial aid in the area of population limitation. Even so, I wish the policy of our Government might be stated in more direct terms and that the United States might provide more stimulation and leadership in this area.

At the close of this statement, I am appending excerpts from documents distributed by official boards of the Lutheran churches which support Lutheran World Relief. They state clearly that God calls on men and women to be responsible parents, and they stress the value of family planning and conception control in promoting the well-being of the family.

Lutheran World Relief hopes that an increased call on American agricultural productivity to meet world needs would not be used as a crutch to justify delay in attacking in a forthright manner the problem of spiraling population. To delay would only postpone the day of decision. Keeping in mind that citizens look to Government to exercise good stewardship of our Nation's resources, I must in all candor point out that Lutheran World Relief would be very hesitant

to see our Government undertake an increased food donation program, even for combating hunger, unless it straightforwardly strives for progress in the control of population growth. Advance in this field is essential to sound economic and social development, to political stability and to world peace.

I assume that in projecting plans for the export of American food in increasing amounts the Government expects that the bulk of this food will reach people in the developing areas through normal marketing channels. Even so, there is bound to be call for large amounts for free distribution or use in food-for-work projects. Since it is evident that the need for such substantial shipments will continue for many years to come, we in Lutheran World Relief believe that the best policy will be for the U.S. Government to negotiate directly with governments of recipient countries for the distribution of such foods in their respective countries. It is with the government of the receiving country that primary responsibility rests for the long-range planning and execution of general or public programs of relief, supplied from abroad, for its citizens. The interposition of voluntary agencies in the process of getting U.S. Government gifts to those who need them is normally justified only in an emergency or in a transitional situation. This principle has particular force when religious agencies are involved.

History has demonstrated that the voluntary agencies can best fill a role that is supplementary to that of government. Governments properly take a mass approach to relief problems. Voluntary agencies have shown particular competence in administering smaller programs aimed at pockets of need.

A wider role for voluntary agencies is frequently urged on the basis that the governments in overseas areas are incapable of organizing effective relief programs, or that graft and corruption are so deeply ingrained in their national life that our Government cannot be assured that the commodities would reach persons who really need them. This allegation, which has been made frequently in our presence, Lutheran World Relief rejects as a generalization which is insulting to the peoples concerned, harmful to U.S. relations to their countries, not in the best interest of either donor or recipient land, and dangerously misleading as a guide to future policy. Of course, there is a certain amount of graft and corruption everywhere, including our own country. There are also occasional taints of it in the programs of the voluntary agencies, though quite contrary to their wishes and beyond their control. Competent and responsible administrative procedures in this field are developed best in the course of experience, for which most receiving countries have had little opportunity in the past. We believe that the U.S. Government would do well here to engage in long-range planning, making available to the governments concerned experts in social welfare. Such experts could help to establish and administer relief distribution and self-help projects, and to foster the development of indigenous voluntary agencies.

Without criticizing anyone for the record of the past, and indeed applauding both government and the voluntary agencies for what has been accomplished in partnership, Lutheran World Relief continues to hold the view that the trend toward increased identification of government with voluntary agency programs should be halted in the interest of bringing back into sharp focus the now blurred line of distinction between the respective roles of private and public agencies and strengthening each in the process. We think that the voluntarism that has developed in our country is much to be cherished. We think the further development of voluntarism needs fostering. We think the voluntary agencies serve America's and their own best interests when their programs reflect in a major degree the freewill gifts of their private supporters.

The need for more food among most of the people of the world represents a challenge that cannot be met successfully by any one country or small group of countries. The combined efforts of many nations are required. On a number of occasions the National Lutheran Council has gone on record favoring increased U.S. participation in multilateral efforts. Particularly we would hope to see the United Nations development program expanded and the work of the Food and Agriculture Organization strengthened.

In closing, Mr. Chairman, I take opportunity to commend the Congress and the administration for their research and study and planning that has been directed to the problem of the food shortages in our world. As you set directions for the years to come, we in Lutheran World Relief are very appreciative for the evidence that you place high importance on human values. Humanitarian considerations deserve to be given an important place in international planning.

APPENDIX TO TESTIMONY OF BERNARD A. CONFER, LUTHERAN WORLD RELIEF, INC.

STATEMENTS ON FAMILY PLANNING

Lutheran Church in America

Adopted by its Second Biennial Convention in 1964 as part of its statement on marriage and family:

"1. Marriage is that order of creation given by God in love which binds one man and one woman in a lifelong union of the most intimate fellowship of body and life. This one-flesh relation, when properly based on fidelity and love, serves as a witness to God's grace and leads husband and wife into service one of the other. In their marriage, husband and wife are responsible to God for keeping their vows and must depend upon his love and mercy to fulfill them.

"2. God has established the sexual relation for the purpose of bringing husband and wife into full unity so that they may enrich and be a blessing to each other. Such oneness, depending upon lifelong fidelity between the marriage partners and loving service one of the other, is the essential characteristic of marriage. Marriage should be consummated in love with the intention of maintaining a permanent and responsible relation. Continence outside of marriage and fidelity within marriage are binding on all.

"3. Procreation is a gift inherent in the sex relation. In children the one-flesh idea finds embodiment. Children bring great joy to marriage and reveal how God permits men to share in his continuing creation. Married couples should seek to fulfill their responsibilities in marriage by conceiving and nurturing their children in the light of Christian faith.

"4. Husband and wife are called to exercise the power of procreation responsibly before God. This implies planning their parenthood in accordance with their ability to provide for their children and carefully nurture them in fullness of Christian faith and life. The health and welfare of the mother-wife should be a major concern in such decisions. Irresponsible conception of children up to the limit of biological capacity and selfish limitation of the number of children are equally detrimental. Choice as to means of conception control should be made upon professional medical advice."

The American Lutheran Church

The Commission on Research and Social Action has authorized official use of a statement which reads in part:

"4. To enable them the more thankfully to receive God's blessing and reward, a married couple may so plan and govern their sexual relations that any child born to their union will be desired both for itself and in relation to the time of its birth.

"5. In God's providence, and as a result of the power He gave man to subdue the earth and have dominion over it (Gen. 1:28), man has developed various means by which a married couple may control the number and the spacing of the births of their children. The means which the married pair uses to determine the number and the spacing of the births of their children are a matter for them to decide with their own consciences, on the basis of competent medical advice, and in a sense of accountability to God.

"6. So long as it causes no harm to those involved, either immediately or over an extended period, none of the methods for controlling the number and spacing of the births of children has any special moral merit or demerit. It is the spirit in which the means is used, rather than whether it is 'natural' or 'artificial,' which defines its 'rightness' or 'wrongness.' 'What ever you do, do all to the glory of God' (I Cor. 10:31) is a principle pertinent to the use of the God-given reproductive power.

"7. Scripture recognizes that a couple may wish for a limited period to practice marital continence as a religious expression, but cautions against its prolonged practice (1 Cor. 7:5). Continence in the marriage relationship, however, when its sole purpose is the selfish avoidance of pregnancy, is equally wrong as is the use of contraceptives toward this same selfish goal.

"8. An unrestrained production of children without realistic regard to God-given responsibilities involved in rearing children 'in the discipline and instruction of the Lord' (Eph. 6:4) may be as sinful and as selfish as indulgence in the lusts of the flesh as is the complete avoidance of parenthood. God does not expect a couple to produce offspring at the maximum biological capacity. The power to reproduce is His blessing, not a penalty upon the sexual relationship in marriage."

The Lutheran Church—Missouri Synod

Concordia Publishing House has distributed a pamphlet entitled "God's Plan for Parenthood", which reads in part:

"The responsible use of the power to create includes providing for the needs of children born. Children are entrusted to parents for loving care in all needs of life. God commands parents to rear children in His nurture and admonition. Parents provide for all physical needs of children. This includes health, clothing, housing, food, and education. The emotional life of children is shaped to a large extent by the mental health of parents and by the emotional climate of the home. The health of the parents may provide another factor to be weighed in the decision. All these needs may indicate some limit on the number of children in a family. Family circumstances may guide to a spacing of children for more adequate care. There is no convenient law that makes decisions about limitation or spacing of children easy. The redemptive activity of Christ in the Christian life moves the married couple to manage all gifts of God, including procreation, out of love to Him.

"The methods of conception control are not governed by moral law. The advice of a medical doctor is helpful in reaching decisions. The 'right' or 'wrong' of preventing conception depends on decisions made as Christians acting in response to God's new life in Christ.

"Parents are responsible to plan their vocation of marriage and parenthood. As intelligent human beings, they will want to acquaint themselves with the best information available. The parish pastor is a helpful counselor to searching couples. In prayerful response to God who has reclaimed us as His own by the Spirit through the work of Christ Jesus, responsible decisions can be made.

"This is God's plan for parenthood. When the selfish desire of man dominates, God's plan can be denied. Knowledge of conception control is abused and becomes sinful when employed for promiscuous relationships outside marriage. Conception control may also be misused within marriage, for selfish reasons or to avoid the responsibilities of parenthood. But the possibilities of misuse do not make conception control itself improper."

The CHAIRMAN. Thank you very much.

Our next witness is Mr. Robert C. Jackson, executive vice president of the American Textile Manufacturers Institute, Inc.

We will be very glad to hear from you now. We are very glad to have you here.

**STATEMENT OF ROBERT C. JACKSON, EXECUTIVE VICE PRESIDENT,
THE AMERICAN TEXTILE MANUFACTURERS INSTITUTE, INC.,
WASHINGTON, D.C.**

Mr. JACKSON. Mr. Chairman and gentlemen of the committee, my name is Robert C. Jackson and I am executive vice president of the American Textile Manufacturers Institute. Our Washington office is located at 1120 Connecticut Avenue NW.

I wish to thank the committee for the privilege of appearing before you and sharing with you our views on a subject of importance to both our Government and that segment of our Nation's private industry which we represent.

The domestic textile industry consists of hundreds of plants located in 43 States ranging from Maine to Texas, but concentrated on the Atlantic seaboard and in the Southeast. The ATMI membership represents approximately 85 percent of the industry, exclusive of woolen manufacturers.

The textile industry employs approximately 930,000 people. The related apparel industry has 1,300,000 workers. Together they account for about 11 percent of those employed in manufacturing in the United States.

The total annual textile payroll for 1965 is estimated at \$3.8 billion.

The industry paid or made provision for an estimated \$548 million in Federal income taxes in 1965. When it is realized that the textile industry consumes approximately two-thirds of all cotton produced in the United States, it becomes apparent that the domestic textile industry is vitally interested in all legislation which deals with cotton in the United States, including Public Law 480.

It is our understanding that from the time Public Law 480 became effective in 1954, certain products of agricultural commodities, as well as agricultural commodities, have been disposed of under the provisions of the act. However, by 1958 we had learned from experience that no cotton textile products, even in early stages of manufacture, were being exported under the act. While there was no prohibition against the inclusion of cotton textile products, it appeared to be in the best interest of cotton for the act to state specifically that it would be applied to cotton textile products, as well as to products of other agricultural commodities.

Accordingly, an amendment was passed by the Senate as follows:

* * * and products manufactured from upland or long-staple cotton shall be made available for sale pursuant to the provisions of title I of the act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the act.

It simply says that it could be applicable to products manufactured from upland or long-staple cotton, so long as cotton was in surplus supply.

It is our recollection that such language had not been considered at that time by the House.

However, when the measure went to conference, and, as we understand it, at the suggestion of the Department of Agriculture, an additional provision was added, as follows:

* * * Provided, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

In other words, if a cotton product was to be bought with Public Law 480, the funds could be used only to the extent of paying for the cotton content of the article, rather than for the article itself. This same situation, as we understand, was not applicable to products of other commodities. For example, they could buy wheat flour as well as wheat, but if they were going to buy cotton products, they could use only that portion of the funds, or they could pay only for that portion of the article that was specifically related to the cotton content.

The effect of this provision is to preclude the purchase of any cotton textile products.

This prohibition does not exist with respect to other commodities such as processing wheat into flour, corn into cornmeal, or dehydrating milk and eggs. We believe this discrimination against cotton and cotton products should be corrected.

From January 1, 1955 to February 1, 1966, approximately 10 million bales of cotton have been distributed to foreign countries under title I and title IV of the act.

Of this total, approximately 1 million bales have been processed by mills in a country other than the one which purchased the cotton from the United States. None was processed in the United States. Had this million bales been processed here, it could have meant added employment equivalent to approximately a full year's work for 50,000 people, with all of the attendant benefits to our domestic economy and the Government.

The CHAIRMAN. Let me interrupt you there, if I may. I will not take long about it.

Suppose that you have a manufactured product that contained 75 percent nylon and 25 percent cotton, do you think that we should support the nylon?

Mr. JACKSON. No, no.

The CHAIRMAN. On the other hand, if you sent out work shirts and overalls, and the like, made of cotton, then you would get full consideration, or would you not?

Mr. JACKSON. No, no. What this means is this: Let us suppose that you had a pair of overalls that you wanted to sell under Public Law 480 to some country which wanted to buy them, then under this provision, the Public Law 480 funds could not be used for the price of the pair of overalls or even for the cloth that went into them. It could be used only for the two pounds of cotton equivalent, if that is what was in the pair of overalls.

The CHAIRMAN. What goes into the preparation of overalls other than cotton?

Mr. JACKSON. Not anything. It is the labor content and the manufacturing content.

The CHAIRMAN. In other words, what you are saying is that when we export cotton, we are exporting jobs as well; in other words, you want the manufacturers in America to have a fair chance.

Mr. JACKSON. At least, a chance on it, and in the same way that the flour manufacturer has an opportunity to sell his flour under Public Law 480.

The CHAIRMAN. I understand. Proceed.

Mr. JACKSON. Now, a second consideration is that from the time this act came into being, January 1, 1955 to February 1, 1966, I attach a breakdown for that period.

This table indicates that of the approximate 10 million bales sold under titles I and IV of this act, 1,072,200 bales have been processed for the purchasing country by a third country. In terms of dollar value this cotton cost \$142,547,000.

The two principal countries in which the processing took place are: Japan, 59.71 percent; Hong Kong, 10.82 percent.

An additional 17.16 percent of the processing was accomplished in European countries. Under present law the domestic industry has not been privileged to process any of this cotton.

For example, a country like Indonesia buys cotton under Public Law 480. It does not have adequate processing facilities of its own, so that it makes a contract with some third country to do the processing of the cotton for them. None of this has been processed in the United States. We estimate of this 1 million bales processed in third countries, if it would have been processed here, it would have meant added employment here.

Japan and Hong Kong, accounting for 70 percent of the processing, it may be observed, are by a very wide margin the largest exporters of textiles to the United States. They have been treated very generously by U.S. policy and the U.S. market.

It is recommended that in lieu of the proviso—bottom of page 2—the following language be substituted:

Notwithstanding any other provision of law, it is the sense of the Congress that whenever any sales of raw cotton under this act are made to countries which do not have adequate facilities for processing the cotton into textile products, the Secretary of Agriculture is authorized to sell additional quantities of raw cotton to said countries in an amount necessary to pay for the cost of processing the textile products, and the additional cotton may be used for such payment provided that the processing is undertaken in the United States.

Should this committee and the Congress see fit to make these changes, the effect would be:

(1) To eliminate the discriminatory provision in the present law which for all purposes bars disposal of cotton products under Public Law 480. The products of cotton would then be in the same category as products of other agricultural commodities. There would be nothing mandatory, but if at some future date a foreign government wanted to explore the idea of purchasing cotton products in some stage of manufacture, the avenue would be open.

(2) In the event a foreign recipient of Public Law 480 cotton did not have adequate processing facilities and had to negotiate with a third country to process for them, they would have the choice of doing what they have been doing all along, or they could negotiate with the United States to determine whether there might be advantages in getting the job done here.

Again, there is nothing mandatory. Neither of these recommendations would force a change in procedures. Rather, they would simply open up the possibility of getting some of the business for the domestic industry.

To the extent that Public Law 480 cotton is processed in the United States it is obvious that a direct benefit would accrue to our Government and to the economy generally. Jobs, payrolls, taxes—all would increase. Since Public Law 480 transactions are financed by the U.S. Government from tax revenues, it would seem logical to take advantage of any reasonable approach that might benefit the domestic economy.

Procurement of cotton textiles and other commodities with AID funds is now tied to U.S. sources in view of the balance-of-payments situation. What we propose here would be in complete harmony with the Government's export expansion drive. Indeed, a few years back, U.S. textiles got a foothold in Tunisia as the result of an AID program. Subsequent commercial business, growing out of that situation, has been most gratifying. In many other areas of the world, Public Law 480 could make possible the introduction of U.S. cotton textiles to markets of future commercial importance.

I thank you for the privilege of appearing before you, and hope very much you will see fit to give these suggestions your favorable consideration.

(Mr. Jackson submitted a table entitled "Public Law 480 Third Country Cotton Processing Agreements, from January 1, 1955 to February 1966," reading as follows:)

*Public Law 480 third country cotton processing agreements, from Jan. 1, 1955-
Feb. 1, 1966*

[Processing country in all caps. Purchasing recipient country in lowercase]

	Value of bales purchased in thousands of dollars	Bales
UNITED KINGDOM:		
Burma.....	\$4,852	33,860
Indonesia.....	2,842	20,240
Pakistan.....	6,456	45,890
Total.....	14,150	99,990
JAPAN:		
Burma.....	21,163	158,470
Indonesia.....	53,882	429,000
Pakistan.....	8,773	47,700
Sierra Leone.....	650	5,000
Total.....	84,468	640,170
WEST GERMANY:		
Burma.....	3,096	22,070
Indonesia.....	436	3,040
Pakistan.....	1,365	7,460
Total.....	4,897	32,570
FRANCE:		
Burma.....	14	110
Pakistan.....	409	2,280
Total.....	423	2,390
INDIA:		
Burma.....	6,729	45,290
Indonesia.....	2,787	21,070
Total.....	9,516	66,360
HONG KONG:		
Burma.....	801	6,130
Indonesia.....	12,389	109,530
Pakistan.....	67	330
Total.....	13,257	115,990
NETHERLANDS:		
Burma.....	209	1,360
Pakistan.....	763	4,240
Total.....	972	5,600
PAKISTAN:		
Burma.....	586	4,400
Indonesia.....	111	850
Total.....	697	5,250
YUGOSLAVIA:		
Burma.....	328	2,650
Indonesia.....	2,962	23,970
Total.....	3,290	26,620
PHILIPPINES:		
Indonesia.....	1,254	9,820
Total.....	1,254	9,820
BELGIUM:		
Indonesia.....	434	3,080
Pakistan.....	261	1,490
Total.....	695	4,570
SINGAPORE:		
Indonesia.....	1,286	10,580
Total.....	1,286	10,580

*Public Law 480 third country cotton processing agreements, from Jan. 1, 1955–
Feb. 1, 1966—Continued*

[Processing country in all caps. Purchasing recipient country in lowercase]

	Value of bales purchased in thousands of dollars	Bales
LEBANON:		
Pakistan.....	741	4,030
Total.....	741	4,030
ITALY:		
Pakistan.....	1,174	6,640
Total.....	1,174	6,640
SWITZERLAND:		
Pakistan.....	991	5,620
Total.....	991	5,620
TAIWAN:		
Vietnam.....	4,736	36,000
Total.....	4,736	36,000
Grand total.....	142,547	1,072,200

The CHAIRMAN. Thank you very much, Mr. Jackson.

The committee I am sure will give careful consideration to your statement.

Mr. STALBAUM. You provide, Mr. Jackson, as to the processing into textile products, as to the combination of cotton and other fibers, I notice that you said, in answer to the chairman's question, that it only applied to the cotton content. I am not so sure that he proposed bill is so written.

Mr. JACKSON. That may be a good point there. That is, certainly, is the intention. I think that the Department of Agriculture would never approve a concession of a product that did not contain all cotton, but I agree that it ought to be clarified.

Mr. STALBAUM. That should be inserted, so as to be clear on that point.

Mr. JACKSON. Yes, sir.

The CHAIRMAN. Thank you again, Mr. Jackson.

Mr. JACKSON. Thank you.

The CHAIRMAN. Our next witness is Mr. Fred W. Devine, deputy executive director, Cooperative for American Relief Everywhere, Inc.

We will be glad to hear from you now.

STATEMENT OF FRED W. DEVINE, DEPUTY EXECUTIVE DIRECTOR, COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE, INC. (CARE)

Mr. DEVINE. Mr. Chairman, I am Fred W. Devine, the deputy executive director of CARE, appearing on behalf of Mr. Goffio, our executive director. I have presented my prepared statement to the recording secretary, which I would be very pleased if you would consider and accept as my presentation.

CARE at the moment is in its 20th year of programing worldwide. We are now in 33 countries. While we originally started off and still continue to some extent as a food package organization, we feel that we have made very good use of the commodities we have been receiving through the many years under Public Law 480. Primarily, those commodities are used in support of institutional feeding programs, primarily in the areas of the school-lunch programs.

Of the 35-some-odd-million people we feed a day around the world, more than two-thirds are children in the school-lunch program.

We have used the food-for-work provision primarily to develop access and feeder roles for the development of agricultural commodities within the countries that we now work in.

Our use of food under Public Law 480 has been primarily on a self-help basis, because these school-lunch programs are cooperative; they are partnership programs. The recipient government must not only provide commodities from its own resources, but also the funds for the administration and the carrying on of these programs in the areas of warehousing and internal transportation, space, as well as providing us with some of their citizens that we may train them so that when CARE leaves the country they have a cadre of trained people to carry on with their own agricultural resources as they developed.

We have a new program which I would like to announce that started 2 years ago, and that is in the area of school gardens. We have provided 600,000 vegetable-seed packages around the world, and the children in these schools have produced over 20,000 tons of fresh vegetables that have either been consumed at the schools or have been sold on the markets and the moneys received from these sales used to purchase additional food for the school-lunch program. This is not a program only for nutritional bases, it is a program since we do supply the agriculture hand tools—we supply the fertilizer, the seed, the insecticide sprayers—it is a program to educate these children so that they can improve their economy, they can improve their way of life by growing fresh vegetables where these do not exist at the present time.

In southeast Asia, and in cooperation with the Rice Institute in the Philippines, we are experimenting with, and we are very successful I think in convincing, the rice cultivators when they cannot cultivate the rice paddy, meaning after the harvest that they will use those rice paddies for vegetable cultivation. And we hope that this program will spread and be used throughout the world.

We are also using for the first time a sizable amount of cotton to be spun and woven in Vietnam for the refugees there. We hope to provide one costume cotton-pajama-type wearing apparel for about 300,000 refugees in Vietnam, using the fiber made available under Public Law 480 with CARE providing all of the findings, as well as a bar of soap, so that these people will have adequate clothing.

The CHAIRMAN. You make them into pajamas, you say?

Mr. DEVINE. That is what they wear.

Mr. GATHINGS. Are there any other garments that are furnished besides pajamas?

Mr. DEVINE. Just the pajamas. That is the national dress.

Mr. GATHINGS. Is there a need for other garments?

Mr. DEVINE. Oh, my, yes; oh, my yes. But this is one phase of our program. It is not an experiment.

In conclusion, I would like to say that we have been very, very gratified that we have received the good support from this committee, not only in allowing us to come and appear at these hearings, but also we know of your visits abroad where you have taken the time to visit our operations and to learn a little bit about what CARE as a voluntary agency is doing around the world.

Thank you.

The CHAIRMAN. Thank you very much.

Mr. HEIMBURGER. May I ask Mr. Devine one question?

The CHAIRMAN. Yes, sir.

Mr. HEIMBURGER. Have you made any use of the authority put into Public Law 480 2 years ago for the use of local currencies in buying implements and equipment and other things to assist in carrying out self-help programs in these countries?

Mr. DEVINE. Yes, we have. Our largest single program at the moment, in using section 203 funds would be in India. We are using about \$640,000 in rupees to strengthen the programs in that area, particularly logistically backup programs; for instance, in buying trucks, Jeeps, supplies for milk bottling plants, and materials of that kind. Also literature which will demonstrate the fact that this commodity is a gift from the people of the United States of America. I would like to pass around some posters which are hung up which graphically show in local language that the food commodities come from the people of the United States. I have many of these here from different countries. This, incidentally, is also being provided in India, by using some of these section 203 moneys.

Mr. HEIMBURGER. May I inquire further, the bill which has been submitted by the administration continues the level of this sort of funding at \$7,500,000 being spent a year. Do you consider this to be an adequate level for all purposes?

Mr. DEVINE. No, I would say that that probably will be, this coming year, in all of the projects coming in from all of the voluntary agencies, not enough.

Mr. HEIMBURGER. Thank you very much.

The CHAIRMAN. Thank you very much.

(The prepared statement submitted by Mr. Devine follows:)

STATEMENT OF FRED W. DEVINE, DEPUTY EXECUTIVE DIRECTOR, COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE, INC. (CARE)

Mr. Chairman and members of the committee, I would like to express my personal appreciation for the honor of being asked once again to appear before your committee, to contribute, from the sum total of CARE's experience, to the discussion of the legislation now before you.

I am Fred Devine, deputy executive director of CARE, and I am representing on this occasion Frank L. Goffio, our executive director, and the CARE board of directors, composed of representatives of the 26 member agencies of CARE.

This occasion has a twofold significance for CARE. In a few weeks it will be exactly 20 years that CARE began its operations with the dispatch of its first shipload of aid to the port of Le Havre, France. Significantly enough, the ship's cargo consisted entirely of food packages.

Since then, CARE has distributed nearly \$800 million worth of American aid—not only food, but also self-help and medical services and supplies—to 60 countries in all parts of the world. Over \$500 million—nearly two-thirds of that total—represents the value of the 5½ billion pounds—more than 2,800,000 tons—of commodities allocated by the U.S. Government to CARE under Public Law 480 for distribution among the world's hungry.

From its very beginnings, CARE's primary concern was with hunger. Yet very early in its history CARE became aware that a food package, however much needed and appreciated, could bring only temporary relief to its recipient. It was soon consumed, but the hunger remained. It occurred to us then that the most effective way to fight hunger was to put into the hands of hungry men the implements with which they could grow their own food, or other tools to secure their livelihood. That understanding gave rise to the CARE self-help concept.

The two concepts of immediate food assistance and of self-help aid are not by any means mutually exclusive. CARE in fact has been able to merge them into an even larger concept, wherein food assistance becomes a spur for the recipients to raise, with the use of CARE self-help tools and equipment, not only their food production, but their general standard of living to a point of self-sufficiency.

This "food and tools" concept found its first dramatic application almost a decade ago, when CARE took a leading part in the revival of the Korean fishing industry, which had been almost entirely destroyed by storms and natural disasters, Japanese occupation forces and the Communist invaders. It was obvious that the families of these fishermen had to be sustained by food until the men, with CARE tools, lumber, marine hardware, nets and other fishing gear, had built and equipped a new fleet and could bring in their first catch for the tables of a hungry nation.

More recently, an even more creative use of food as a spur to economic progress was made by CARE in Iran. There, under the provisions of title II, section 202 of Public Law 480, U.S. agricultural commodities were used as "wages" to several local labor forces, one of them engaged in the construction of a 1,200-kilometer road link between the major industrial and educational centers of the north and the southern ports and isles area, the poorest and most neglected section of the entire Middle East. Elsewhere in Iran, CARE's "food for work" program is devoted to the rehabilitation of drought and quake-stricken areas through the building of new roads, canals, water supply lines, schools, community centers, and so forth.

CARE has also undertaken, or is currently engaged in, similar title II programs in Ecuador, Costa Rica, Hong Kong, Korea, and the Philippines.

During the current fiscal year (1965-66), CARE commodity distributions under title II will amount to 25 million pounds. But 36 times as much, namely 900 million pounds, distributed under title III of Public Law 480 are helping to feed more than 37 million people in 33 different countries. Nearly 75 percent of the recipients of this massive American food gift are school and preschool-children. For most of them the glass of milk and the freshly baked bun provided by CARE constitute the most substantial meal of the day. For many it is the only meal. It cannot be denied that the rise in school attendance in many of these countries is entirely due to the attraction of the school lunch. Yet neither can the food fail in its effect on the individual child's learning ability, his general state of health, or his education.

Programs of such dimensions could not be carried out by a single agency like CARE until Public Law 480 in 1954 amended the earlier statute of 1949 and permitted the U.S. Government to reimburse the ocean freight charges on commodities shipped overseas by voluntary agencies. But neither could these programs be efficiently implemented without the full consent and participation of the host governments. Under special "partnership agreements," (which are true self-help programs) host governments capable of doing so are assuming to an increasing degree the internal cost and administrative responsibility for CARE school lunch and other large-scale institutional feeding programs.

These bulk distributions have their corollary in the CARE food crusade. During the current fiscal year, nearly $4\frac{1}{2}$ million food crusade packages are being distributed in 22 countries, either in addition to other programs, or in place of bulk distributions in countries which, although willing, are still unable to enter into partnership agreements with CARE, such as Afghanistan, Cyprus, Jordan, Sierra Leone and battle-torn South Vietnam.

Ever since its inception in 1949, the American people have themselves closely identified with the CARE food crusade. Literally millions of voluntary donors from all parts of the United States and Canada have contributed to the cost of packaging, processing, distribution and administration, and the occasional purchase of meat and other high-protein foods by CARE on the open market, to fit local and dietary needs and habits.

CARE's methods of distributing American abundance to the hungry of the world have created a tremendous reservoir of good will and understanding for

us as a Nation. In languages as divergent as Spanish and Swahili, Arabic and Urdu, posters in schools and hospitals proclaim that the food being served is contributed by the American people and their Government.

These CARE programs have been widely publicized in the press, radio, and other communication media of the recipient countries. CARE Mission personnel, all of them American citizens, in visiting schools and other distribution centers, uniformly stress the origin of the food and the fact that it is a gift from the American people without any strings attached.

On occasion, CARE itself has become the benefactor of that good will it helped to create. During the recent civil war in the Dominican Republic, when opposing forces sniped at each other across the square and plazas of Santo Domingo, CARE trucks moved freely from sector to sector, delivering milk and other commodities for the daily school lunch, to which the children were called without discrimination by the Government and rebel radio stations.

And again, in the India-Pakistan conflict over Kashmir, the CARE delivery service continued to function uninterruptedly in the war-torn border provinces. The four initials C-A-R-E on the side of the vehicles acted as a magic password for the CARE Mission personnel.

But our Nation's humanitarian concern for the hungry of the world could not—and should not—exhaust itself in a “giveaway” which, in the face of increasing population pressure everywhere, would be a nearly endless and hopeless task. CARE takes the larger view, which happily we find echoed in some of the pending legislation, that together with stilling the immediate hunger must go a general economic upgrading of the recipient countries until they eventually become independent of continued food assistance.

CARE finds itself in full accord with Secretary of Agriculture Orville Freeman, who recently pointed out to this committee that the battle against world hunger can be won only “by greatly accelerating the expansion of food production within the hungry nations themselves.”

Our unqualified answer to that challenge is self-help—a major part of CARE's program since 1951. Again with the support of American donors, CARE has brought substantial assistance under its self-help and MEDICO services to needy countries. Quite naturally, much of this special aid has gone to countries, communities, and institutions which already benefited from American farm productivity. CARE self-help funds, with the voluntary labor of villagers themselves swinging CARE machetes, axes, and other tools, have built schools, school kitchens, and storage sheds, and in some cases even roads, viaducts, and bridges, so that food could reach isolated communities, be safely stored, and properly prepared. Cooking utensils and preserving equipment had to be provided.

In turn such installations led to the construction of wells and pipelines to bring the boon of potable water to communities whose only water source was a contaminated stream. Sanitary facilities, irrigation ditches and other improvements followed as the people began to understand that jointly they could achieve what none of them was able to do by himself. CARE plows and garden implements led to increased food production, frequently spurred by the example set by rural youth groups organized on the pattern of our own 4-H Clubs.

As an illustration let me quote here a paragraph from a recent report by the CARE mission chief in Jordan:

“(In our seed distribution) we have concentrated lately on schools in the desert area, attended by Bedouin children who, because of their former nomadic ways, knew nothing or little about vegetable growing. Yet we continue to be awed by the variety and size of the vegetables they are raising from CARE seeds. Numerous schools and other institutions now have vegetable gardens for the first time. Distribution of agricultural hand tool packages is giving an added spur to the progress.”

More than 600,000 individual seed packets, enough to grow over 20,000 tons of vegetables, have resulted in valuable additions to school lunch and other programs.

In some countries—Colombia, Guatemala, Turkey, Sierra Leone, Pakistan—CARE has been able to tap the collective technical know-how of Peace Corps contingents for the spreading of knowledge of more efficient production methods and for rural and urban development projects. Everywhere CARE has striven to foster the manual and managerial skills, from the local to the national level, that are necessary for the task of raising food production.

The pattern for such development was set by CARE with the establishment, more than a decade ago, of the first eight community centers in the Philippine Islands. These pilot projects were designed to provide the farmers of their immediate neighborhoods with adult education in all its facets by the introduction of new and more efficient methods, a knowledge of crop rotation, irrigation, husbandry, and related subjects. Today these first eight centers have grown into a net of several hundred that are spanning the islands. Their impact on Philippine food production and economy generally has been found important enough to lead to their administration by a special officer of cabinet rank.

As one of the byproducts of the Philippine Community Center development, CARE was able to convince farmers of rice-growing sections that they need no longer depend solely on one crop. Distribution of seed packages demonstrated to them irrefutably that their paddies could bear an additional vegetable crop after the rice has been harvested. In other rice economy countries, CARE Mission personnel are engaged in similar demonstration projects.

Also in the Philippines, as well as in Panama and other countries, CARE has helped farmers and fishermen in creating their own cooperative marketing associations. In some of these countries, CARE likewise interested itself in the development of practical farm credit systems by establishing revolving loan funds into which producers turned over part of their profits to repay the original capital and to help initiate other cooperative ventures.

Even emergency aid now given by CARE to India is not extended without the ultimate benefit of increased food production in mind. Because of the prevailing famine, CARE has added another 2½ million preschool children and expectant and nursing mothers to the 10 million youngsters who have received school lunches for the past several years. In addition, under Title II of Public Law 480, CARE is planning to supply feed grains to Indian dairy farmers over a 5-year period, to secure increased milk production throughout the country.

In a similar program, appropriately called "Operation Feedbag," CARE is already distributing feed grains at a fraction of their actual cost to marginal pig-raisers in refugee-crowded Hong Kong.

In short, within the limitations of its budget, CARE has already experimented with some of the methods now proposed to increase the food production in hungry countries.

It occurs to me, and the pending legislation seems to bear me out, that we now have come to realize that the "emergency approach" toward world hunger no longer works, either for the hungry nations themselves, or for our own farmers, who for the past two decades have been persuaded not to grow more food. A substantial increase in our own agricultural production appears necessary even in view of our own domestic food needs, which are bound to double with a corresponding population increase over the next 30 or 40 years.

In line with such thinking we fully subscribe to the intent of pending legislation to drop the term "surplus" and to apply a more constructive concept under which "agricultural abundance," whether it be indeed surplus or purposefully produced, continues to be made available for the world fight against hunger.

Permit me then to draw upon 20 years of CARE's practical experience for a few added suggestions concerning the pending legislation:

1. Without any prejudice for the right of Congress for annual reevaluation of the entire "Food for Freedom" program, it appears necessary that the program be endowed with a certain permanence by putting it on a 5-year basis. Such a continued existence would permit meaningful planning of production at home as well as of consumption by recipient nations, especially in cases where food assistance is being used as a definite spur to self-help and community development efforts.

2. To assure such permanence, we suggest that a substantial portion of the approximately 60 million acres of cropland now retired in the soil bank be brought back into active production, permitting outright Government purchases of farm produce at competitive prices.

3. Since milk constitutes the main and irreplaceable ingredient of all overseas school lunch and other feeding programs, the worldwide war on hunger appears seriously endangered by repeated shortages of American milk, such as occurred in 1959 and again 2 years ago. It may be deemed wise to continue and even to broaden governmental purchases of milk solids and their donation to voluntary agencies such as CARE.

4. If the milk shortage continues, it may become necessary to substitute vegetable proteins, such as a soybean-base beverage for the milk.

5. We also would like to suggest a strengthening of the packaging material for our commodities, to reduce spoilage and waste.

6. We further recommend a wider use and greater flexibility of 203 funds in providing materials to strengthen ongoing programs or to help in the newly developing countries of Africa.

7. Above all, we recommend that pending legislation make provisions for an even broader utilization of the delivery and distribution methods developed by voluntary agencies. As the 20-year history of CARE has shown again and again, the support which voluntary agencies have received from individual and civic groups in every walk of life has been the most convincing expression of our national concern with the poor and hungry of the world. The good will thus earned appears to us at CARE as the most substantial gain that we, as a nation, have derived from our foreign aid programs.

The CHAIRMAN. We will now call on Mr. I. W. Moomaw, Agricultural Missions, Inc.

STATEMENT OF I. W. MOOMAW, REPRESENTING AGRICULTURAL MISSIONS, INC.

Mr. MOOMAW. Mr. Chairman, because of the lateness of the hour, may I submit my prepared statement and merely outline it. I have left a copy with the secretary which I hope can be placed in the record.

The CHAIRMAN. Without objection, that may be done.

Mr. MOOMAW. Agricultural Missions, Inc., was formed in 1930 and is a service consisting of between 380 and 400 workers under church and volunteer agencies. My testimony is based on the experience of those people. They work as a career in various countries, learning the language, helping to create the attitude of self-help, and the climate in which we feel food production can best take place.

I served for 16 years as the executive secretary of the organization. Before that time, I spent 20 years as an agriculturalist for the churches in India.

In general, during recent years I came in touch with foreign aid workers, with government leaders as well as their own workers, and we have come to see the very close relationship and the value to our own program of a well ordered, well administered foreign aid program. So, I would like to direct my very brief comments not toward our own work, which you will have to wait for until another time, but a few comments toward a more effective foreign aid program with which we could work more fruitfully and which we believe would more clearly fulfill the hopes of the American people and the needs for the governments abroad.

I shall offer only four suggestions which we believe would be useful toward our foreign aid program to become more effective. They represent the views of our board of directors. I will present them very briefly, and, perhaps, almost crudely, in such a short time, and if I do, I do so only because the comments are spelled out in quite minute detail in this book which has just been released by Frederick A. Fraeger & Co., on March 28. It is a program for more effective foreign aid. There are suggestions based on rather long experience with foreign aid programs abroad.

May I merely name the four comments we mention, briefly?

First, we feel that we should stick to the original program of foreign aid as announced in the beginning, as spelled out by Gen.

George C. Marshall when he said: "Our policy is directed not against any country or doctrine but against poverty, hunger, and chaos."

President Truman uttered almost those same words in his inaugural address, and the late President Kennedy also commented that we do these things because they are right.

We have been troubled because of utterances that tend to picture foreign aid as being in our own self-interest. Let us face it. It is. It is a good effective foreign aid program, which is in our own national interest. But let us be cautious about spelling it out as a basis for our foreign aid efforts, because so many other factors come in.

Our former executive secretary made this statement:

A strong country like ours needs to set before the world, at least, one example of disinterested service. Under present world conditions this is also the best way to advance our own political and economic interests.

I will pass through these other points very briefly.

It is our suggestion that we should separate the military component from economic aid. We are not speaking as military strategists at all, but we believe that the foreign aid food-for-peace program to be really effective should stand on its own feet as a program designed to meet the economic needs for which it was originally set up, when point 4 was announced.

One of our own members said to us:

To use technical assistance to gain defense or political objectives is the best way to destroy its usefulness in creating good will, international understanding, and cooperation in establishing democratic procedures.

I believe that we could say safely that 12 percent of the experience tends to confirm the wisdom of that statement made before the House Committee on Foreign Affairs on June 3, 1953.

We still take our stand on that statement, that it would be highly desirable to separate the military component from the economic or the agricultural component. Each must operate according to a separate set of ground rules.

I cannot go into that here in brevity, but foreign aid must take time; it must work for economy; it must seek the full cooperation of the people, move slowly, and for that reason, to confuse the two has tended to confuse the people abroad, and I think that it has undercut the confidence of the American, the taxpayers, in the foreign aid program.

I would like to comment further on that, but in brief may one say that we do not believe that foreign aid can serve two masters. We have two programs, each recognized as being valid, but the foreign aid component we believe should stand on its feet, if it is to meet the very crucial and acute hunger problems that we face.

I have stated it very carefully, because I realize here again that I am touching on delicate points, but we have come to believe that we need a much more careful personnel policy for foreign aid. We find the church boards are forced by reasons of economy to screen and sift, select, and reject, and they are working on people for longer periods of time. But here we find that having sent out some 10,000 technical assistants, workers, abroad, and spent something like \$112 billion on foreign aid—and I say this carefully—we still lack an integrated, clear personnel policy for the organization—short terms, not too careful

selection, partially because of projects being on a year-to-year basis, and it is difficult for the U.S. AID people to get the type of people they need. We take our position with Arnold J. Toynbee, the historian, who suggests that perhaps we should take a leaf from Gideon's experience as recorded in the Old Testament and send fewer people with the highest qualifications possible, and that this might result in a more effective and a larger output than to have too many people sent over not carefully screened for a short time.

I do want to step back and say that through the years I have met many of America's finest technicians working in difficult positions overseas, and what I say is not to reflect at all on the character of these many people who have been sent abroad. We have had five different personnel directors for the programs since it began, and the present Administrator, Mr. Bell, we admire very much—he is the 10th Administrator that we have had, and those who have studied those programs carefully, and we, who are so eager to have all possible help, do hope and pray for the most effective foreign aid program possible.

Finally, I suggest very briefly, merely to name it—it is spelled out in the whole chapter in this book—we believe that perhaps the best service that this committee, the Congress, the President and the Department of State might make would be to consider the transferring of the administration to a board, an American board, International Development, that might be appointed by the President, by the Congress, subject to their approval, and all to report back to them. It is our belief, having watched the program of Norway, of voluntary agencies, various foundations, that this work is of such tremendous importance that it calls for constant unflagging impartial administration all through the years, and we believe that this committee and the Congress might be much better served if a private board could be set up, selected, and answerable to the Congress and to the Chief Executive.

I greatly appreciate this privilege of bringing these few points to you. I apologize to you for expressing so many important points so briefly. My only justification is that they are spelled out in the paper, and it will be in the print later.

I thank you very much.

The CHAIRMAN. Thank you very much.

(The prepared statement submitted by Mr. Moomaw reads in full as follows:)

STATEMENT BY I. W. MOOMAW, REPRESENTING AGRICULTURAL MISSIONS, INC.

Since the early days of point 4, Agricultural Missions, Inc. has been one of foreign aid's best friends and one of its most exacting critics. From time to time we have offered criticisms designed to bring the program more in line with the wishes of American taxpayers and the real needs of recipient nations.

Now, because of the lateness of the hour in world affairs, and the rising cloud of massive world hunger, I welcome this opportunity to spell out some of our criticisms more clearly than we have done before.

I base my comments on field observations during the years, and conversations with foreign aid workers themselves, with lowly peasants, and with responsible Government leaders in the developing Nations.

The future success of Public Law 480, or of our food for freedom effort depends to a large degree upon the effectiveness of our foreign aid program—U.S. AID.

What are our foreign aid objectives? How well are they understood abroad? How successful are we in working toward their achievement? It is here where we come to grips with the causes of world hunger and political unrest.

It is difficult to consider world hunger apart from our foreign economic aid effort. May I offer four suggestions for making the program more effective. I hope that the offering of these will not obscure our appreciation for some of the fine things the aid program has done.

1. *We should stick to our original statement of the purpose of foreign aid.*—When the original point IV program was announced it was acclaimed at home and overseas as the “finest foreign policy gesture in our history.” It is now one of the most controversial issues. People are confused. Many in the United States and in other countries are cool toward it. Not a few are embittered. What has happened?

General George C. Marshall spoke clearly in his Harvard address on June 15, 1947. He said:

“Our policy is directed not against any country or doctrine, but against poverty, hunger, and chaos.”

President Truman proclaimed in his January 20, 1949, inaugural address:

“We call for triumphant action against the ancient enemies of hunger, misery, and despair.”

But, from 1952 on, when reports of early failures had begun to filter back, Congress rightly began to ask questions.

From then on, spokesmen for aid began to alter our original statement of purpose and to speak of it in terms of our own self-interest.

Two Secretaries of State spoke:

Said one, “There is hardheaded self-interest in this program.”

Said another, “Whether we make friends I do not care * * *. We are doing these things because it will serve the interest of the United States.”

The outside world heard those statements. Proud people in the developing nations were puzzled that the richest and strongest nation in the world should proclaim self-interest as its motive for extending aid to them.

The statements were confusing to American taxpayers who had supported the original point IV idea. They were losing for us the respect and friendship of millions of people abroad.

In an effort to counteract the ill effect, the late John H. Reisner, then executive secretary of Agricultural Missions, Inc., testified before the House Committee on Appropriations:

“A strong country like ours needs to set before the world at least one example of disinterested service. Under present world conditions this is also the best way to advance our own political and economic interests.”

But the devastating statements of our self-interest still continue. In June 1964, U.S. AID announced the formation of the National Committee for International Development. A key statement in the press release was, “The overall objective is to tell of the importance of the U.S. military and economic aid to the Nation’s prosperity.”

Perhaps no aspect of foreign aid has cost us so much in destroyed confidence and actual financial loss abroad as those galling and discordant proclamations concerning our purpose.

We of Agricultural Missions, Inc. support the position taken by Msgr. L. G. Ligutti, permanent Catholic Church observer to the FAO. He said:

“We accept foreign aid as part of our obligation to emerging peoples and not on the basis of what we are going to get out of it.”

My appeal is that we avoid the wasteful and offensive illusions to our self-interest and stick to the original declaration of our purpose, as outlined by Gen. George C. Marshall, President Truman, and, indeed, the late President Kennedy who in his inaugural address declared, “We do these things because they are right.”

2. *Separate the military component from economic aid.*—On June 3, 1953, Raymond W. Miller of our board of directors testified before the House Committee on Foreign Affairs as follows:

“To use technical assistance to gain defense or political objectives is the best way to destroy its usefulness in creating good will, international understanding, and cooperation in establishing democratic procedures.”

Twelve years of experience confirms the wisdom of that testimony. We believe more strongly than ever before that if our foreign aid program is to succeed it should be separated from the cold war or its military component and be carried forward as a separate program designed to do the specific job for which it was originally intended.

Some of our greatest diplomatic and foreign aid setbacks have come where we have applied a confusing patchwork of military and economic aid in cultures that are alien to such a procedure.

Of necessity, military aid and economic aid must operate under different sets of ground rules. For the one, heavy expenditures of funds, the requisitioning of land and the routing of highways may be routine procedure.

On the other hand, economic aid requires patience, deliberate consultation with the people, the orderly development of local resources, the voluntary co-operation of the farmers, whose stiff backbones will ultimately dictate the success or failure of our adventure.

It is our firm belief that foreign aid cannot serve two masters.

3. *We should have a more effective personnel policy for foreign aid.*—President Eisenhower's Draper Committee spoke plainly: "In the end success depends on personnel."

Through the years I have met many of America's finest technicians and administrators in some of the world's most difficult places. Undaunted by heat, sickness, or baffling problems they were striving to live up to high standards of public service.

It is quite shocking to find that even though we have sent more than 10,000 men and women to do a wide variety of jobs in 92 countries and have expended over \$110 billion, we still do not have adequate methods for securing, training, and using personnel.

Since foreign aid began it has had five personnel directors. In Washington the rapid turnover is a waste of valuable manpower. Abroad it defrauds poor countries which have a right to expect persons professionally qualified who can help them to analyze their problems and remain on the scene long enough to assure success. In general, our aid is not reaching the poor, those at the bottom of the economic ladder.

Too many short-term assignments are a luxury ill-suited to the acute problems of social and economic development. While there is no easy solution to this matter, our penchant for keeping foreign aid on a year-to-year basis is partly responsible. The historian, Arnold J. Toynbee, suggests that perhaps we should take a leaf from Gideon's experience as recorded in the Old Testament and send fewer people with the highest qualifications possible. This would imply stricter screening, specialized training, and longer assignments abroad.

4. *We Must Face the Question of Administration.*—Presidential and private studies of our foreign aid program are in agreement on one point. All say, "We must firm up administration."

The course that has been pursued up until now, however, renders this next to impossible. Unlike other departments of Government, AID's life has been kept under constant jeopardy, on a shaky year-to-year basis. The present Administrator, David E. Bell, who joined in 1962, is the 10th in 15 years of the Agency's existence.

Responsibility for the program during the years has seemed to shift back and forth between the Congress, the Department of State, and the Chief Executive himself. This form of administration is ill-suited to a program of this kind which demands unflagging attention throughout the year. A new and fresh approach to the problem seems necessary.

Our proposal is that the Government set up a quasi-independent, nonpartisan board of directors. Members might be appointed by the President and the Congress, and answerable to them.

Such a board of perhaps 36 would consist of men and women of national reputation, representing the Nation's best experience in government, administration, science, and education. The relationship between the board and the AID administrator would be similar to that between the board of trustees and the president of a university, or the board of directors and the head of a great corporation. The board could be readily accountable to the Congress and to the President in matters of program, budget, and evaluation.

We find a solid precedent for this in Norway where the Government has set up the Foundation for Assistance to Underdeveloped Countries. This mechanism is said to be highly successful in implementing the Government's policies.

Foreign aid will probably be with us as a world responsibility for many years. The need will likely be for a larger and more effectively administered program. The demand for larger appropriations may be only part of the program which will require a larger number of our best technicians, both in permanent employ and on a voluntary basis. It is difficult to see how the demands of the future

can be met without a more effective mechanism for developing and administering the program.¹

BACKGROUND OF WITNESS—DR. I. W. MOOMAW

I was born on a farm near Canton, Ohio, and attended Ohio State University. From 1924-44 I worked in India as an agricultural missionary.

In 1946, I was called to the staff of Agricultural Missions, Inc., in New York. My work there as executive secretary required much field consultation in the developing nations with which we now have foreign aid relationships. This kept me in touch with many agricultural missionaries and foreign aid personnel.

Since my retirement in 1963, I serve on the Board of Agricultural Missions, Inc., and continue writing and field program consultation.

Today, I represent J. Benton Rhoades, executive secretary of Agricultural Missions, Inc. He is currently in India on a mission for the churches in view of the critical food problem there.

The CHAIRMAN. The next witness is Dwight D. Townsend, director of the Washington office of the Cooperative League of the United States of America.

We will be glad to hear from you now, Mr. Townsend.

STATEMENT OF DWIGHT D. TOWNSEND, DIRECTOR, WASHINGTON
OFFICE OF THE COOPERATIVE LEAGUE OF THE U.S.A., WASHINGTON, D.C.

Mr. TOWNSEND. I think that I can probably do this quicker by reading it.

Mr. Chairman and members of the committee.

As spokesman for the Cooperative League of the U.S.A. I wish to express our thanks for the privilege of being heard on the important subjects covered by the several pieces of legislation pending before your committee. Since organizations which make up the Cooperative League of the U.S.A. include millions of members in the farm marketing and farm supply business, we have a special and particular interest in basic agricultural policy. But others in our membership who live in town and city, related to us through housing, credit, union, health, or grocery cooperatives, have substantial interest, too, as consumers and concerned and active citizens interested in helping to create conditions that will lead to a more peaceful world.

We think that some of the emphases found in the President's message to the Congress relating to food for freedom which set this program apart from earlier efforts to use our farm abundance, are not as new in cooperative circles as in other great sectors of the American public. We find ourselves easily at home with the newer concepts in that message. After all these years of stressing surpluses and how to control them, the farm policy of the United States is turning toward the use of this productive potential in a worldwide context, as a weapon in our war on hunger, poverty, and ignorance.

Measured against the world's need the 6 percent of the world's population who live in this fortunate land have never had a surplus. We are reaching a watershed in American agricultural history when we frankly face up to this situation, with its moral imperative that we use and not suppress our God-given power to help feed and clothe

¹ The points mentioned above and others are spelled out in more detail in the forthcoming book: "The Challenge of Hunger"—a program for more effective foreign aid, by I. W. Moomaw. The book is being published by Frederick A. Praeger, Inc., and will be released on Mar. 28, 1966.

the millions who now shiver and go to bed hungry all around the world.

Five years ago President Kennedy chose a former president of our cooperative league, Mr. Murray Lincoln, to head a special task force to develop a new food-for-peace policy—a task force which also included the then Senator, and now Vice President, Hubert Humphrey. The program which Mr. Lincoln and Mr. Humphrey helped to draft in the earliest days of that new administration foreshadowed and pointed the way logically to this call in President Johnson's food-for-freedom message. They said then that our capacity to produce food and fiber spelled, not problems, but opportunity, if we but have the imagination and will to use it.

The time has come to prove that we possess both those qualities: First, the imagination to devise a public policy that will move some of our food resources, but more importantly our agricultural know-how, into areas where the sort of farm abundance we enjoy is a distant goal; and second, an ability to inform our own people as to why this is more than a moral mandate—that it is also preeminently in our self-interest to help these restless new nations along the road to self-sufficiency.

The cooperative leadership in this country is glad the President puts such emphasis in his agricultural message on giving the most help to people who show signs of wanting to help themselves. The bill of Senator McGovern makes the same distinction. It is important, too, that this new and more flexible approach to farm policy have some elbow room for planning. The request for a new 5-year program asked by the President to replace the present food-for-peace activity under Public Law 480 is a precondition to its greater success. The many fine accomplishments of the present food-for-peace program would have been even more impressive if its planners could have broken out of the year-to-year planning cycle and taken the longer look down the road any good manager wants to take. We hope whatever program wins the stamp of approval of your committee will include this 5-year feature.

If the self-help provision is to be meaningful in the food-for-freedom program, its directors must be able to make and keep promises that are contingent on the recipient countries keeping some of their promises. The promissmaking and promisekeeping on both sides inevitably extends over more than a single year and often takes as many as 3 or 4. Thus the self-help feature is closely tied to the provision for planning up to 5 years ahead.

If we are realistic in fashioning new programs, we must face frankly that lack of initial development capital in the overseas areas can become the bottleneck dooming many promising proposals before they ever get started. As an example, cooperatives have been involved in the fertilizer business a long time, so by now we think we know something about it. Some time ago one of our directors presented the idea for building cooperative fertilizer plants in developing countries by means of \$100 million in loans or stock investments. Mr. Howard Cowden of Kansas City, whose proposal it was, suggested that the basic criteria for feasibility include (1) need; (2) available raw material; and (3) use of, if and when possible, the local currencies generated through Public Law 480 to pay the cost of building these plants.

Mr. Cowden estimates that \$100 million would build at least 10 new plants which would produce 3,000 tons of anhydrous ammonia per day. Agronomists tell us that \$1 worth of nitrogen, applied where nitrogen is a limiting factor, will produce \$4 in additional crops. Interpreted in the light of this specific suggestion, the fertilizer produced under this program with a value of \$270,000 per day could create new foodstuffs totaling \$1,080,000 per day. Fertilizer produced in 320 days per year could create new wealth valued at \$345 million in 1 year with a \$100 million investment.

These plants would yield about 30 percent on their sales and would, therefore, pay for themselves in approximately 3 years of operation.

Through this technique the U.S. investments in fertilizer plants on a loan basis would increase the farmer's income on wheat, corn and other products very substantially putting them in a better position to pay their own way economically. In the long run these investments could repay themselves with interest while performing a national and international service.

The Cooperative League would like, Mr. Chairman, to give specific endorsement to expanded food shipments and greater credit assistance to those areas where it can be demonstrated that significant self-help programs are underway.

The elimination of the surplus concept in food aid gives the program new dignity and—what is more important—promises to make it work better, because it will lead more surely to cash-paying customers for our farm products later, when those we help climb to a level where they can pay for what they get.

It follows that we are also in favor of the increasing emphasis the framers of this program are putting on nutrition and on building adequate reserves of essential food commodities. It is late enough to plan for adequate food and fiber for a domestic population that may double by the year 2000.

If we do not include here our own views on the impact of the population explosion on this subject, it is not lack of interest, but because we feel no special competence in this area. Even without expert knowledge, we feel convinced that unless the population explosion is defused this threat will make a mockery of the best conceived food program directed by the wisest of men.

I would like to take a moment of the committee's time, Mr. Chairman, to describe some specific things the cooperatives of the United States are doing in this area on their own. The members of the organizations which make up the league now have their own program to give direct financial impetus to the achievement of the food-for-freedom objectives. They call it "Worldwide Co-op Partners." Through it, using the league as their clearinghouse, members are giving individually thousands of dollars annually of their own money. This money is used particularly in doing those things out of reach of Government efforts for administrative or other reasons having to do with expenditure of public funds. But American cooperators do not limit their contribution to money. It is a constantly inspiring experience to see how the members of U.S. cooperatives give of their time, travel long distances, and open up their homes to further the program of getting visitors from abroad acquainted with rural America.

The agricultural picture in the countries to be reached by food for freedom is still primitive. It resembles in many particulars the situation in the United States at the turn of the century. As boys many of us recall the scattered patches of stumpy new ground that passed for farms, and how in our own lifetimes and that of our fathers these low-yield farms have been transformed into units of exploding productivity making American agriculture the envy of the world. Though the results approach the miraculous, it was no miracle which brought this about. Here is how it was done:

The mixture of a superb farm-credit system, cooperatively oriented land-grant colleges, electric cooperatives, farm extension agents and demonstration workers, Future Farmers and 4-H programs for the young people—all of them infused by a spirit of cooperation and community pride—and grounded in solid self-reliance—these are the factors which transformed subsistence agriculture into such an abundance that we can paraphrase Churchill to say that “Never have so few produced so much for so many—at such low cost,” until our biggest farm problem has been ironically our surpluses.

Through the cooperative method skillfully applied, this miracle can begin to happen in the lands where four out of five still till the soil. If our food-for-freedom efforts are to pay off big, it is to this situation that we must steadily address our efforts—for a backward agriculture is at the bottom of almost every problem—hunger, political unrest, lack of capital—faced by the developing nations.

Mr. Chairman, at a membership meeting of the Cooperative League on February 7, 1966, a great deal of discussion resolved around our responsibility in connection with the world food crisis and the foreign aid program. The following is an excerpt from minutes of that meeting:

In addition to our standing resolution in support of the special and economic portion of the foreign aid program, the Cooperative League urges specific support to that part of foreign aid, related to: Food for Peace, Freedom from Hunger, and programs against famine and poverty in all 54 countries now receiving U.S. aid. Categorically we should support:

1. Provision of food where needed to alleviate starvation with adequate payment to American farmers.
2. Assistance to recipient countries for food handling viz transportation, storage, processing, and distribution.
3. Assistance to developing countries in increasing their own production—through the expertise of extension agents, experienced farmers, farm machinery, irrigation, improved seeds, insecticides, and fertilizers.
4. The size of this effort should be on sufficiently long-range terms in whatever phases of each country that can absorb usefully such assistance.

Following these four points, a motion was made to amend the resolution to include a proposal to try to obtain equity capital for “Fertilizer plants in India and like countries.” The resolution was approved unanimously.

This concludes my formal statement. I want to thank the committee for hearing me and to suggest to each of its members our willingness to be of whatever further service or assistance that may be required of the Cooperative League of the U.S.A.

The CHAIRMAN. Thank you.

Mr. HEIMBURGER. May I ask one question?

The CHAIRMAN. Yes.

Mr. HEIMBURGER. You stress in your statement the value which could be derived from using local currencies on a loan basis to establish fertilizer plants. Have you discussed this with the representatives of the administration and does the bill which they have presented to the committee make a provision for this kind of use of local currencies?

Mr. TOWNSEND. It is my understanding that it does not sufficiently provide the whole answer. We have discussed this since we made this recommendation—since it was passed as a resolution before our board of directors, and they have the feeling, having discussed it with some of the Embassy people of India, too, for example, we find that it is not a practical thing for us to depend on—the accumulated rupees, for example. We think that we have to be more practical about it, and that it might be done through the Export-Import Bank, or through some other source, to arrange it as a business proposition, and that it will liquidate itself.

Mr. HEIMBURGER. Do you think that it possible to devise some legislative language or law which will permit the use of local currencies under Public Law 480 for this purpose?

Mr. TOWNSEND. Again, referring to the representative from India, who indicated that this would be something that the Indian Government would have to view with considerable concern. And, of course, we can make our own arrangements but we can't predict the attitude of the Indian Government who have their own fiscal policy to think about.

Mr. HEIMBURGER. Thank you very much.

The CHAIRMAN. Thank you, again.

Let us go off the record.

(Discussion was had outside the record.)

The CHAIRMAN. Back on the record.

We will next hear from the Reverend James L. Vizzard, director of the Washington office of the National Catholic Rural Life Conference.

We shall be glad to hear from you now.

STATEMENT OF REV. JAMES L. VIZZARD, S.J., DIRECTOR, WASHINGTON OFFICE, NATIONAL CATHOLIC RURAL LIFE CONFERENCE, WASHINGTON, D.C.

Reverend VIZZARD. Mr. Chairman, I feel under no compulsion whatever to read anything in my statement, as long as I am assured that it will be part of the record.

The CHAIRMAN. Yes, it will be made a part of the record.

Reverend VIZZARD. I should like to call to your attention the last paragraph of the statement, it says:

In conclusion, one final point should be made. We fully realize that there is the other side of the food-population equation. At this time, however, the NCRLC has no official policy statement on proposals relating to population control. Neither, as you know, is there any clear-cut Catholic consensus on this issue. We would hope that at some later date it might be possible to come up here to present some views and recommendations on this overriding issue which might be helpful.

Thank you, Mr. Chairman.

The CHAIRMAN. May I ask you a question?

Reverend VIZZARD. Yes, sir.

The CHAIRMAN. Are you ready to give us your views on this subject of population explosion?

Reverend VIZZARD. I will undertake it, so long as it is clearly understood that in any comments I might make on the population side of the food-population crisis it must be made absolutely clear that I am speaking only for myself. The National Catholic Rural Life Conference has no official policy statement on the matter. Neither at this point does the Catholic Church itself although the official documents of the Second Vatican Council, particularly that on religious freedom and that on the church in the modern world, could appropriately be used to develop such a statement.

If it is sufficiently clear, therefore, that what I say represents only my personal convictions and not official views either of the conference or the church, I am prepared to present some observations.

I do have some views and convictions which have been devolved over more than 20 years of intensive study of the issues of population. I have written and lectured extensively on this issue.

I have some small acquaintance with the problem and competence in commenting on it.

It seems to me that in this whole area of general concern, there seems to be agreement that:

- (1) In many areas of the world there is a problem of population.
- (2) Where this problem exists it is a legitimate concern of governments.

(3) Government action will be needed if the problem is to be solved.

Now, disagreement begins and hopefully ends over what kind of government action may and should be undertaken.

- (1) There would be no Catholic opposition if (a) government programs involved only those means of birth control which the Catholic Church accepts; that is, continence (sic abstinence) either total or periodic, and (b) if every element of compulsion were eliminated from the program.
- (2) While there would be a general, though perhaps not universal, consensus on the second condition, that is, lack of compulsion, very few outside of the Catholic community would accept it. They would consider it an unwarranted limitation on their freedom of conscience which would allow and perhaps even urge the use of other means. Thus, an impasse seems to be reached.

I would hope that elements of the consensus might be found in the following considerations:

- (1) The Catholic conscience must condemn those means which it is convinced are immoral. It must moreover condemn Government promotion of such means. But the dictates of the same conscience demand an equal respect for other consciences which have different convictions. Every individual person has the inviolable right and duty to form and follow his own conscience.

Catholics, therefore, have no right whatever to attempt to force others to conform to their views of morality and, it should be said, vice versa.

- (2) A government as such has neither the means nor the right to decide the truth in conflicting moral claims. Recognizing its own incompetence in this field, therefore; and when faced with the necessity of effective action to deal with the pressing problems of popula-

tion, the government, I would judge, may make funds, information, and materials available in such a way as to assure full freedom of moral choice to each citizen. In that kind of a program, I believe that no informed and responsible Catholic could raise objection.

The CHAIRMAN. You used the word "continence"?

Reverend VIZZARD. Yes, sir.

The CHAIRMAN. What is your definition of "continence," abstinence?

Reverend VIZZARD. Abstinence—technically, the term commonly is rhythm.

The CHAIRMAN. Rhythm?

Reverend VIZZARD. Yes.

The CHAIRMAN. Thank you.

Mr. JONES of Missouri. I have done a lot of reading about this, and without trying to embarrass you in any way—I would not do that—recognizing the teachings of the church, and that there are certain objections to some things, but over the past say 5 years has there not been quite a wide variance of opinion within the church itself?

I do not know whether you want to answer this or not.

Is there not within the church the knowledge that many of the members of the church do practice birth control, more so than was true a few years ago?

Reverend VIZZARD. I am willing to try to answer that.

In the first place, I think the distinction needs to be made between what might be called "private morality" and "public policy."

A Catholic, what he may hold as binding on him in his private moral practice may not be applicable to public policy. You are quite right, there has been considerable discussion which has resulted in considerable confusion, and to some degree even controversy within the Catholic community on what is the appropriate step for the church to take on the question of private morality, and that has not yet been resolved.

There has been a very high level authoritative study commission appointed by the Pope that has been agonizing over this for 2 years, and only recently that commission was reorganized in an attempt to get some results from it in the way of authoritative directions which the Pope may use in making a final statement on the issue.

In other words, on the question of private morality, there is still some confusion. There is no clear-cut consensus in existence now.

On the matter of public policy, that is another issue entirely. Here we get into the realm of the religious freedom. Our position, as you know, firmly and loudly proclaimed in Rome just late last year, is that every man has the right, and a duty to perform, to follow his own conscience, and in our Catholic convictions we cannot and must not try to impose them on others who have different convictions. Many people have the conviction that the contraceptive birth control is not only morally licit but in some cases morally obligatory. They have a right to those viewpoints, and we have no right to attempt to prevent them from following those viewpoints. That is the basis of the comments here.

As you will notice, I do not direct myself, in the comments that I have made, to the question of private morality, but the question of public policy.

Mr. JONES of Missouri. The reason I am asking that is that for several years I have had on my desk a proposed bill dealing with illegitimacies that have mushroomed in connection with aid to dependent children, and I have followed some of the pronouncements of individual officials in the church; at least, I think when I am approaching a time where I may have some luck in getting that bill in, because I have been greatly incensed at the great number of illegitimacies that have crept up and up, and I do try to keep up with what is going on, and I have some hope, at least, that the time is coming when I can, at least, get some Catholic support on the bill that I shall offer.

Reverend VIZZARD. If I may make a comment on that, sir, the political problem that you have run up against in that issue is because legislation such as you are discussing almost inevitably carries some element of compulsion—psychological compulsion if none other—and that is what, more than anything else I believe, makes not only the Catholics but many others besides back away from that kind of a proposal.

Mr. JONES of Missouri. What I am trying to do is, in other words, to make something that would be voluntary if they wanted to get the thing, that they would have to do something and then they do not have to do something as they desire—they can refrain from accepting the aid. That is what I am getting at.

Thank you.

The CHAIRMAN. We thank you very much for your statement which will become a part of the record.

We appreciate your appearance here today.

(The prepared statement submitted by Reverend Vizzard follows:)

STATEMENT OF REV. JAMES L. VIZZARD, S.J., DIRECTOR, WASHINGTON OFFICE,
NATIONAL CATHOLIC RURAL LIFE CONFERENCE

Mr. Chairman and members of the committee, my name is Father James L. Vizzard, S.J. I am director of the Washington office of the National Catholic Rural Life Conference with offices at 1312 Massachusetts Avenue NW., Washington, D.C., 20005.

This committee knows well that for many years the National Catholic Rural Life Conference has been among the religious agencies speaking strongly and constantly of the moral obligation to use our abundance to meet the necessities of the poor. For more than a decade I have myself been appearing before Senate and House committees when they were considering, as is this committee today, how, as a nation, we might best fulfill this obligation. I'd like briefly to quote here from "A Program for Shared Abundance," an NCRLC policy statement of exactly 10 years ago which I had the honor to draft and later to present in part to this committee:

"Never before in history has a nation found itself so blessed with plenty * * *.

"We are convinced that at this time in history Almighty God in His providence has given us the opportunity to enjoy prosperity so that we can share it. We believe that our very abundance confronts us with a moral challenge and a responsibility we cannot ignore.

"The basic problem is not simply that of sharing the results of our wealth. That, certainly, must be done. But more important is the unique opportunity of sharing the causes of our wealth.

"If we dedicate ourselves to a program for shared abundance we may never again be called upon to dedicate our lives and our wealth to a program of shared disaster. For, surely, unless we use our abundance in accord with the demands of our own enlightened self-interest as well as the dictates of our conscience, we must rightly expect judgment to descend upon us from God and from the disappointed and angry peoples of the world."

Though that policy statement was adopted 10 years ago, one would hardly have to change a word in the passages quoted or even in the whole document to make it entirely applicable today.

I have no intention to inundate this committee with a flood of quotations from Catholic sources which might bear on the issue at hand. Still, I think it would be valuable for you and for our fellow citizens to be aware of the principles and teachings which help form the conscience of the citizen and taxpayer who is a well-informed and responsible Catholic.

The first source of all Christian thinking, of course, is the Gospels. There are too many well-informed Christians here—and it isn't Sunday—for me to preach a Gospel sermon on what our common faith demands of us as followers of Jesus Christ. Was anything more emphatic in His life and words than the works of love and mercy? Indeed, in one of the most striking passages in all of the Scriptures He gave us a vivid portrayal of the final judgment in which the eternal fate of each man is determined. And what is the norm which the Judge will use. Did you feed the hungry? Did you clothe the naked? At the risk of his own salvation no Christian can take those questions lightly.

Throughout the centuries this central theme of Christianity has been re-emphasized again and again. One perennial source of Catholic thought, for instance, is Thomas Aquinas. In his well-reasoned and authoritative "Summa Theologica" he had this to say about the wealthy and the poor:

"Man's laws cannot stand in the way of the natural law or the divine law. Now according to the natural law set down by God's providence, material things are meant for this purpose: That from them man's necessities might be provided for. Therefore, the division and the actual appropriation of material things which results from human law must not prevent them from fulfilling their purpose of providing for man's necessities. And therefore, *those things which some possess beyond reasonable needs are owed by natural law to the sustenance of the poor * * ** If * * * a particular necessity is so evident and urgent and immediate that it must be met with whatever is at hand (when, for instance, there is imminent danger to one's life and no other help is available), then one can lawfully satisfy that need from the goods of another either openly or secretly; and *this is not theft or robbery.*" [Emphasis added.]

Of course, one does not need to reach back 700 years to find Catholic teaching on such matters. Only 3 months ago today, at the end of the Second Vatican Council, the *Constitution on the Church in the Modern World* was promulgated and thus became the newest and most solemnly authoritative Catholic statement. In that document we find the following:

"* * * The fathers and doctors of the church held this opinion * * * that men are obliged to come to the relief of the poor and to do so not merely out of their superfluous goods. If it is in extreme necessity, he has the *right* to procure for himself what he needs out of the riches of others. *Since there are so many people prostrate with hunger in the world, this sacred council urges all, both individuals and governments, to remember the aphorism of the Fathers, 'Feed the man dying of hunger, because if you have not fed him, you have killed him,'* and really to share * * * their earthly goods, according to the ability of each, especially by supporting individuals or peoples with the aid by which they may be able to help and develop themselves." [Emphasis added.]

In the light of these statements it is not difficult to conclude what is our position on the legislation now before you. We are for it. We strongly urge its passage. We respectfully suggest that the programs and expenditures envisioned in this legislation be even strengthened and enlarged.

But we do not think it satisfactory for us to come up here and simply state basic Catholic teachings and let it go at that. We feel we should make some more specific comments on our understanding of the current food crisis and of the means proposed in this legislation to meet it.

Before this knowledgeable committee there is no need for us to sketch the details of the present and developing world food crisis. Others more competent than we have dealt with these facts in stark and scientific terms. Those facts seem to us to demonstrate beyond argument that in India today literally tens of millions of people are facing severe malnutrition of whom perhaps as many as 10 million might die this year of outright starvation. The facts seem further to demonstrate that with current and foreseeable rates of population growth and food production, not only in India but also in other major parts of the world, it may not be long before those suffering from malnutrition and dying of starva-

tion may be 10 times or more as many as today. Thus the current food crisis in India becomes the opening scene in a dread and tragic real-life drama which may occupy much of the world's stage for at least the next decade or even generation. In this threatening disaster the one ray of justifiable hope is that we do seem still to have time to rewrite the script if we act now with vigor and determination.

Everyone here knows that no serious scientist doubts but that the knowledge and resources do exist to meet this challenge. What is in doubt is our understanding of the urgency, our full acceptance of the responsibility and our will to pay the full price. The price will indeed be high. As much as any way, this war against hunger will test our people and our resources.

We must give it a priority second to no other cause. Victories in other contests whether of arms or of science, whether on earth or in space, will turn into ashes if the urgent human needs of the food-deficit areas are not met. One need not be a prophet to foretell that unless we act quickly and effectively in these 1960's the scattered food riots of this decade will turn into full-scale, bloody revolt in the 1970's and 1980's. Individuals or small groups may die quietly of starvation; but when tens of millions face this common fate, when vast numbers of parents see their children weak and dying of hunger, only a spark will be required to start a conflagration which would be almost impossible to extinguish.

But for us to act out of fear would be demeaning. We have higher, more honorable motives. The hungry of the world are our brethren. Justice and love and human compassion compel us to do more than fear might suggest and to do it with a more generous spirit.

About the specifics of this bill and its implications we have the following to say:

(1) We approve the proposal that the food-for-freedom program be placed on a 5-year basis. Although appropriations will be a yearly affair and thus provide ample opportunity for congressional evaluation it is most necessary both for our own agricultural planning and for the planning of the recipient nations to have a commitment to at least a 5-year program.

(2) We are much heartened by the elimination of the so-called surplus concept. The National Catholic Rural Life Conference has always held the position as stated before this committee in 1961:

"* * * There is a considerable difference of opinion about what that term ['surplus'] means. To some it means anything beyond commercial market needs, i.e., what can be sold at home or abroad for dollars. The NCRLC cannot accept that viewpoint. We are convinced that as long as there are great masses of hungry and malnourished, both in this country and abroad, there can be no such thing as a surplus."

We are delighted, therefore, that this proposed legislation eliminates that untenable and objectionable concept and shifts to the very constructive concept of production and purchase for human need whether or not that need can be expressed through the usual commercial channels. As this committee knows, outside the sheer need for adequate calories the greatest need of the hungry peoples is for protein, particularly animal protein, as well as for the minerals and vitamins necessary for a well-balanced and healthy diet. We support, therefore the provision for enrichment of the food we send overseas. We strongly hope for an early Food and Drug Administration approval of fish protein concentrate for domestic use, for without that approval it is hardly possible to incorporate this highly valuable and reasonably priced food supplyment in our overseas programs. In other words, we approved amendment No. 485 which would include domestic fishery products particularly though not exclusively in the form of fish protein concentrate among the commodities to be purchased by the Commodity Credit Corporation for use in the food-for-freedom program.

(3) In order to increase our capacity to meet the short-range needs of the food-deficit areas of the world, we urge carefully planned restoration of production on the millions of acres in the United States now lying idle. Such a restoration, of course, should not be precipitous or indiscriminate. Only those acres should now be restored which can produce needed products such a wheat, rice, and soybeans. It would be no help for American farmers, in fact it could be severely harmful, completely to remove the lid on production. Our farmers are suffering enough already from inadequate income. In decency and equity they should not be asked to make additional sacrifices to meet respon-

sibilities which belong to us all. But with this caution it seems obvious to us that it is directly and inexcusably immoral for this Nation to hold idle resources which might produce the urgent necessities of life for people in desperate need.

(4) We judge it to be the part of wisdom for this Nation to determine and maintain a necessary level of reserves. We have been fortunate indeed in having more than 7 fat years. But does not wisdom and experience teach us to anticipate and prepare for lean years? We have no reason to believe that our advances in knowledge and technology can entirely eliminate the possibility of natural or manmade disaster. We and those who may depend on us need the insurance of adequate reserves.

(5) We applaud the increased emphasis on self-help and increased productivity in the food-deficit areas. It must be evident by now to everybody that over the long run the United States and other nations with a high rate of agricultural productivity cannot count indefinitely on supplying the food deficits of the rest of the world. What we can do and must do is take up the slack while an all-out effort is being made to increase productivity in the food-deficit areas.

No one should imagine that this effort will be easy or cheap or will produce results overnight. It will be a long, hard, and costly struggle. In fact, we have serious doubts that the level of appropriations suggested for the food-for-freedom program is anywhere near adequate. We would like to see our commitments increased. We would also like to see other developed and prosperous nations greatly increase their contributions to this effort. It seems to us that the measure of our giving must be the capacity of the poor and hungry to receive. If even one person, let alone millions, should die of preventable disease or starvation because we have done less than we could, then we would deserve to belong in the hell of eternal fires with Dives (whose name, you know, translates simply as "the Rich Man") who refused to share his abundance with his needy neighbor.

(6) The capacity of the agriculturally productive nations to supply the interim needs of the hungry nations is presently sharply limited by the inadequate and inefficient physical facilities for handling, storing, and distributing food. We believe, however, that if this Nation and the importing nations are determined to do so, these facilities can be quickly and greatly expanded. Witness what we have been able to do in such short order in expanding and improving the docking, storing, and transporting facilities in Vietnam. Soon that job will be completed. Why could we not immediately transfer that corps of experts who have wrought that miracle from Vietnam to India and to other not war—but hunger-stricken areas whose handling facilities may need a Vietnam-type miracle? Or do we put a higher premium on the means of death than on the necessities of life?

(7) This proposed legislation continues the emphasis on the maximum feasible participation of the voluntary agencies. This committee knows well that the record of these agencies is one of which this Nation can be proud. With compassion and efficiency they have, over the years, distributed millions of tons of relief necessities to the poor and hungry in scores of nations without any regard to race, religion, or color. In recent years, their activities have shifted significantly from the handout to the hand up. Self-help programs such as food for work have increasingly become their preferred mode of operation. The religious and humanitarian motives which characterize these voluntary agencies have been the best expression of our Nation's practical concern for the poor and hungry. We would like to urge an even larger role for voluntary agencies in the food-for-freedom program. We would hope, for instance, that a much larger proportion of counterpart funds would be released for use by these agencies.

In conclusion, one final point should be made. We fully realize that there is the other side of the food-population equation. At this time, however, the NCRLC has no official policy statement on proposals relating to population control. Neither, as you know, is there any clear-cut Catholic consensus on this issue. We would hope that at some later date it might be possible to come up here to present some views and recommendations on this overriding issue which might be helpful.

The CHAIRMAN. The committee stands adjourned, subject to the call of the Chair.

(Whereupon, at 12:35 p.m., the committee adjourned, subject to the call of the Chair.)

WORLD WAR ON HUNGER

TUESDAY, MARCH 22, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Jones of Missouri, Stubblefield, Purcell, Olson, Matsunaga, Foley, Stalbaum, de la Garza, Redlin, Greigg, Callan, Dague, Teague of California, Mrs. May, Findley, Dole, Burton of Utah, Hansen of Idaho, and Resident Commissioner Polanco-Abreu.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbürger, general counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The hearing will please come to order.

We have scheduled for today many prominent witnesses. The first is Mr. Nelson C. White, president, International Minerals & Chemical Corp., who is accompanied by Mr. Joseph McGarry, vice president of that company.

We shall be glad to hear from you now.

We are pleased to have you here, Mr. White. We appreciate your coming here and giving us the benefit of your views concerning this important subject which we are considering.

STATEMENT OF NELSON C. WHITE, PRESIDENT; ACCOMPANIED BY JOSEPH McGARRY, VICE PRESIDENT, INTERNATIONAL MIN- ERALS & CHEMICAL CORP., CHICAGO, ILL.

Mr. WHITE. Mr. Chairman and members of the committee.

My name is Nelson C. White. I am president of International Minerals & Chemical Corp., of Chicago. IMC is a major world supplier of fertilizers and fertilizer materials. These products constitute some two-thirds of our annual sales, which this year will be approximately \$300 million.

I want to express my appreciation for the opportunity to testify before this Committee and to put before you my views on certain aspects of the matter under consideration here.

It is readily apparent, from testimony previously presented here by various experts, that the committee is completely knowledgeable on the problem of world hunger, particularly in the developing countries, and that you recognize the urgency attached to its solution. There

would seem to be no reason then to restate the magnitude of the problem, the reasons for its existence, or the maze of its complexities.

In the next few minutes, I will address my remarks to certain other phases of the proposed legislation upon which I feel, by reason of our company's experience and direct relation to the problems involved, that I am qualified to comment.

First, may I say that I am completely in accord with basic purposes of the legislation as it is now proposed. The President has called this a "war against hunger." He has described it as a war in which the "key to victory is self-help." He has proposed that, until that self-help can become self-sufficiency, our own country expand "food shipments to countries where food needs are growing * * *" He has qualified this statement by applying it only to countries where "self-help efforts are apparent."

I endorse heartily the balance between aid and self-help, and recognition of self-sufficiency of developing nations as the ultimate goal. Our highly productive agricultural machine, great as its contribution can be as a stopgap, must not be considered in any sense a permanent or continuing solution.

This is obvious for two reasons. The need for food far outstrips our potential production in the long-range view. More important, perhaps, as the President stated, increased aid without regard to measures for self-help would tend to undermine self-sufficiency. In his words "economic incentives for higher production would disappear * * * and local agriculture would decline as dependence upon U.S. food increased."

There are those who maintain that self-sufficiency, or at least a self-sustaining agricultural economy is an unattainable goal despite the best combined efforts of those who would provide aid and the self-help efforts of the recipients.

I do not hold with that view. True, there may well be countries or areas which can never attain self-sufficiency in its fullest sense.

But I submit that there have been too many examples of a successful marriage of aid and self-help for any such generalized pessimism to be valid.

Taiwan, Greece, Italy, Japan—all these are countries which have received aid and who, by combining it with self-help, have become self-sustaining.

Agricultural advances in these countries have been more than encouraging. In some they have been fantastic. Even Japan's sensational ability to produce three croppings per season is being surpassed. Farmers in Taiwan have now begun successfully to grow and harvest five crops per season.

These stand as shining examples of what can be done, with improved fertilizers and fertilizing practices; with improved seeds, herbicides, and pesticides; with improved irrigation, and with improvement in general farming practices and equipment.

All of these inputs made effective contributions to the food production successes of these countries.

But in all these success stories there was a common ingredient, the very important element of self-help.

I think it would be hard to get an argument against the principle

of self-help. It is a vital ingredient in any plan for solution of the world's food problem.

I do fear, however, that there is not sufficient recognition of the meaning of self-help in its truest, most comprehensive interpretation. Such a recognition of all facets of self-help is fundamental.

Self-help means much more than launching and encouraging the simple cycle of food production which runs only from the seed in the soil to the crop above ground.

The principles of self-help and individual initiative must be understood and encouraged through every level of the developing country's citizenry, from the peasant farmer right on up to the highest echelons of government.

It is to the decisionmaking level of government that I wish to direct my remarks today.

It goes without saying that the government of a developing country, seeking to improve its agricultural economy, its food output, will first have to consider the means for providing all of the inputs toward that development. A most vital one of these inputs, it is recognized, is fertilizer. Others are pesticides, herbicides, implements, agronomical know-how—the overall agricultural technology.

The means for providing these inputs must, in most countries, come from plants within the country itself. These plants will require capital investment, both domestic and foreign, and in most cases, obviously, such investments will have to come from outside the country.

A large part of this capital must come from the private sector, and the developing countries' willingness to accept and encourage private enterprise is a prime requisite to the success of their agricultural development programs.

This is not to suggest arrangements which would raise the spectre of old-time exploitation in any sense or form. It is rather an appeal for our Government to recognize, and to expect other governments to recognize, that the private sector can and must be an essential part of these development efforts; and that the private sector cannot be expected to participate effectively without some incentives and at least enough latitude to operate efficiently.

All of us realize that government programs alone cannot solve the tremendous problems of the approaching world food crisis. Neither the government of the recipient nation, the government of the assisting nation, nor even those governments acting in concert, can meet the needs of agricultural development—not without the element of private enterprise.

At the same time, I am certain the private sector is rapidly coming to realize that the needs of the hour will require unusual efforts on its part. Only the full combination of enlightened government and enterprise will suffice.

Therefore, I recommend that, as U.S. aid plans are being formulated, our Government take every reasonable step to convince governments of the recipient countries not only to accept, but to encourage the fullest participation by private enterprise.

Those countries who would seek such capital investment are competing against far more attractive risk situations. They must recognize, realistically, that their possible sources of capital investment should be given every encouragement instead of being viewed with

suspicion over a maze of deliberate and/or unconsciously erected obstacles.

More to the immediate point, those countries which have already attracted capital investment for their self-help programs should bend every effort to make themselves showcases of cooperation if further foreign investment is to be expected.

The demands for such capital investment will snowball as more and more developing countries recognize the necessity and the opportunity for self-development. Bidders for capital will be participating in an increasingly competitive market, and those who have not demonstrated a capacity for this type of self-help in their initial effort will find the going tougher the second time around.

It can be readily documented that belief in private industry to provide self-help capacity at the government level often does not exist. Too many times private enterprise has not been able to function to the extent of its capabilities, has not been able to give the developing country the production, the technology, the marketing, and distribution assets the country needs, and, in many cases, wants but will not allow.

Such situations are often understandable to some degree. Nonetheless they constitute a frustrating, vitiating, discouraging, and defeating experience, the record of which becomes a stern deterrent to future potential investors.

Obstacles in the way of the private investor in developing countries take many forms.

There may be, to list a few:

Failure of government planners to follow through, on schedule, with planned infra structure relating to a projected plant—electricity, rail lines, water, and so forth—or to assume that the full burden of their cost should be borne by the plant;

Limitations on the employment of foreign personnel and prohibitive personal income tax provisions;

Unreasonably high taxes on the earnings of foreign-owned companies;

High import duties on capital goods required and not available locally, and

Bureaucratic delays in the approval of construction and manufacturing plans.

Many of these obstacles can be ascribed to a lack of understanding of the fundamentals involved in private investment in an industry.

In some cases, they can be traced to an inbred fear, in the developing country, the absentee ownership phase of colonialism. In other efforts there can even be an understandable reluctance to see the individual government's own efforts improved upon; or they can spring from an understandable lack of knowledge of the investor's advanced methods which may be, in some cases, completely alien to the developing country's established culture.

These are some of the common obstacles. Self-help, interpreted in its fullest sense and that interpretation communicated properly to the governments of developing countries, could eliminate or alleviate many of these deterrents.

This proposed program of combined aid and self-help has been set forth as one of long tenure, and I view that with relief.

It is not a job that can be accomplished overnight or even in a few years. It must be long term.

But I submit that if corrections to enhance the effectiveness of capital investment in these countries are made, that the time for correction is now, immediately. It is the responsibility of our Government, I feel, as it makes arrangements for aid, to take into consideration this particular area of self-help and do what can be done to alleviate the problems which hamper the effectiveness of capital investment, whether domestic or foreign.

Certainly, removal of such impediments is a requisite for effective self-help in its truest sense.

Our Government, in its implementation of this overall effort, should also recognize the need for facilitating and encouraging investment in the developing countries.

It is obvious that there is a high demand for capital investment in many developed areas, where the risk is much less than in developing countries.

So, it would seem, a step-up in investment in developing countries would require inducements beyond those we now have—such as loan guarantees and insurance against expropriation.

These are helps and inducement to be sure, but I question that they are enough when placed against the long-term tie-up of capital and the other risks and deterrents I have listed.

Other inducements have been recommended and should be considered.

You are probably aware of a recent talk by David Rockefeller, president of the Chase Manhattan Bank, made before the Detroit Economic Club. His recommendation was definite and to the point "that Congress adopt a proposal * * * which would give a 30-percent tax credit in the first year on investments in developing countries."

This kind of inducement would lower the barriers, overcoming the natural reluctance to participate in such investment. It would tend to offset—for a potential investor making up his mind—the costly obstacles, frustrations, and disadvantages I mentioned previously.

I join in recommending such a proposal.

May I now take this last minute to commend you, Chairman Cooley, and the members of this committee for your most productive efforts to build a comprehensive store of knowledge on this all-important subject of improving the world food supply and for the very thoughtful and very thorough way in which these hearings have been conducted.

Thank you.

The CHAIRMAN. Mr. White, I want to thank you again for this splendid statement. It will be reviewed by the members of the committee who are not present at the moment.

I read Mr. David Rockefeller's speech in the Congressional Record, and your statement to the effect that there are obstacles and barriers that are put in the way of these potential investors is very interesting.

Your company has been operating abroad?

Mr. WHITE. Yes, it has been operating abroad for many years and has run across the type of frustrations that I mentioned in this statement. One, in particular, is a tendency on the part of governments

in the underdeveloped countries to load a project which is conceived for that country with some of the burdens which I have mentioned which tends to destroy the entire idea.

Certainly, in the matter of production, agricultural chemicals, agriculture equipment, those industries are not high-profit industries, to begin with, and in developing countries, of course it is essential that they may be as efficient as possible and produce at as low a cost as possible; otherwise, the whole purpose of the venture is destroyed.

But there seems to be a characteristic tendency on the part of governments, as I said, to load these projects with shortsighted ideas of using them to gain some of their other ends, the revenue from the taxes on imports, for instance, which passes on in, without regard for the fact that they tend to destroy the thing that they need most, to build up their agriculture economy.

The CHAIRMAN. Did your company not participate in the Indian fertilizer plant construction?

Mr. WHITE. We have been participating for a period of approximately 6 years in attempting to build a plant which in this country we would build and have operating in 18 months.

The CHAIRMAN. Have you got it in operation yet?

Mr. WHITE. No, but with luck we will have it in operation next year. But the probabilities are that it will not have sufficient power, sufficient water, or sufficient transportation, and hence the project will be slow in coming into doing what it is supposed to do, both for the country in producing materials which are badly needed and also in getting to the point where it is not a drain on the investors.

The CHAIRMAN. Well, under those circumstances, it does not appear that American capital could be induced to make investments in foreign countries, if they are not going to receive the cooperation they should receive in expediting the completion of these projects.

Mr. WHITE. Certainly, those projects with which we have been associated with our own AID agencies, AID to be specific being involved, they attempted to do everything possible to assist the private investor to get what he needs, but without a very well developed policy and some assurance that the policy will be enforced by the Government, they are not as effective as they could be. So, the words that we are going to rely on, self-help, in a nation, as a standard for giving them assistance, are most welcome and, certainly, will be of great assistance in everything that this Government does which is devoted to enforcing that idea.

The CHAIRMAN. Did the representatives of our Government cooperate with you in connection with these fertilizer plants?

Mr. WHITE. Yes, sir. Within the limits of their ability to influence the other foreign governments.

The CHAIRMAN. And even with the cooperation of our officials you still have not been able to complete the construction of that plant?

Mr. WHITE. No.

The CHAIRMAN. And you say that it took you 6 years to work up to this point?

Mr. WHITE. Yes, sir.

The CHAIRMAN. How long would it take to build it in this country?

Mr. WHITE. Eighteen months.

The CHAIRMAN. That is discouraging.

Do you think it will take a couple more years before you get the plant going?

Mr. WHITE. No, I think that the plant itself will be constructed by next year.

The CHAIRMAN. And that is one of the largest loans or the largest of its kind?

Mr. WHITE. It is a pretty good sized one.

The CHAIRMAN. And the loan that was made was the largest of its kind that has been made; is it not?

Mr. WHITE. It is \$45 million in Government money.

The CHAIRMAN. \$45 million?

Mr. WHITE. Yes, sir, what was intended to be a \$60-million-some project. That is due to increased import taxes and all other devices by which the Indian Government could get its hands on additional funds which it needs so badly, and with that, why, there will be a substantial overrun in addition to the automatic cost that goes with a delay of tying money up over such a long period of time.

The CHAIRMAN. One transaction with India involved \$2,200 million, and we gave them 45 percent of it, and loaned them 45 percent of it, and then you say that there is a tax on these developments?

Mr. WHITE. Yes. There, sir, is a complete lack of understanding on the part of many of these governments of these countries, as to what the United States is trying to do with this combination of government and private capital.

The CHAIRMAN. Thank you.

Are there any further questions?

Mr. TEAGUE of California. Mr. White, I am in sympathy with the objectives of this legislative proposal and with most of what you have had to say.

I am a little curious, though, how we can square the tax advantages in encouraging investment overseas with the appeal that the President has made to keep dollars at home because of our gold problem.

Mr. WHITE. I think the President has expressly exempted these underdeveloped countries as a target for savings funds, recognizing the absolute necessity for investing in these areas if they are to be pulled out of their situation.

Mr. TEAGUE of California. I suppose that must be the answer. Thank you.

The CHAIRMAN. Mr. Poage?

Mr. POAGE. There is a question that I want to raise with you. Just how do you reconcile these conflicting interests of the American Government? I recognize full well the desirability of developing the agriculture in these other countries, but I also recognize that we are faced with an unfavorable balance of trade. This cannot go on forever. There simply has to be a change in our dollar balances. I suppose that we can draw a line arbitrarily and say that we want you to invest here, and we do not want you to invest here, but I have observed that those kind of arbitrary lines established by any government on earth always very shortly fall victim to selfish interests seeking to establish an economy in one area and one in another area depending upon what they wanted at the moment, and I think that our own Government need not feel that it is so blessed by the Lord that it will be different from all

of the other governments of the world. I think that we have got to watch this. I do not have much confidence in either the Executive or the Congress or any of the agencies naming a bunch of countries and saying "You are to receive benefits, and you are not to receive benefits." I am not one of those who voted to say that in certain States in this Union one kind of law would be enforced and that the other States in the Union should have another kind of treatment. I am in favor of the same kind of treatment for all of our States. I doubt if we can apply a different rule to our neighbors. What do you think about that?

Mr. WHITE. Well, I would not argue very strenuously with the principle you have espoused, but as between the stick and the carrot, it is certainly possible with a combination of the good use of both in what you are trying to accomplish to lead toward it, and if there are no inducements other than those offered by normal opportunities in some countries and you do produce and do business in areas where it is obvious that help is needed, I think that you can get the correction, although I presume that you could still argue that it requires selection on the part of the Congress and the Executive to decide where these inducements will be made. Some of them, though, I think, are fairly obvious. India is one. I cannot see how we can afford not to do everything possible to pull them out of their problems, if they will show the inclination to help pull themselves out.

Mr. POAGE. Thank you.

The CHAIRMAN. Are there any further questions?

Mr. GATHINGS?

Mr. GATHINGS. On page 2 of your statement, Mr. White, you make reference to the advances in agriculture in Taiwan. Madam Chiang Kai-shek was in Washington a few months ago, and she made reference to the forward stride that Taiwan agriculture has made.

What crops were you referring to? Can they plant five crops a year?

Mr. WHITE. Much of their dependence is on rice, and I think that you have to consider rice as being the product for Taiwan.

Mr. GATHINGS. They can plant several crops of rice per year?

Mr. WHITE. Yes, as in Japan, too.

Mr. GATHINGS. That is the only one that you are referring to?

Mr. WHITE. Yes.

Mr. GATHINGS. Thank you.

The CHAIRMAN. Mr. Callan?

Mr. CALLAN. What is the cost of ammonium nitrate to the farmer?

Mr. WHITE. I cannot answer that. I would not dare to try to answer it. The prices are Government controlled, have been up to now, which provided another squeeze.

Mr. CALLAN. Have you any idea of the price comparison in dollars in the United States?

Mr. WHITE. No, I do not.

Mr. CALLAN. Thank you.

The CHAIRMAN. Mr. Purcell?

Mr. PURCELL. Your statement has been very interesting. It has been very revealing, so far as I am concerned. Do you have any information regarding the attitude of the Indian Government, say, since the time your company has been there, and if there are any changes

from that time up to now, particularly when they began to realize that they are in a really desperate situation and are we doing what we can to suggest to them that they must put more money into agriculture? Can you give us any indication that this is happening, as compared to back a few years ago?

Mr. WHITE. Yes, sir; I do not think there is any doubt but what the point of view that has been expressed by this country requiring self-help as a standard has permeated the Indian Government and its attitude is to accept this and to attempt to do something about it. I am skeptical of their ability to do anything in a hurry. And comes back to what I said, that this had to be a very long-term program. We have to insist that there are signs of more than acceptance of the principle—actual compliance with it. I think that they will attempt to comply. I am sure that the top Government officials are attempting to comply, but the Indian bureaucracy will make many other bureaucracies look pretty pallid, and it will take a long time before it permeates down to the working level, but I think we should be encouraged by a very pronounced change in the attitude in that instance in which the other country stood by a firm conviction of our Government, very thoroughly communicated to that Government.

Mr. PURCELL. Thank you.

The CHAIRMAN. Mr. Matsunaga?

Mr. MATSUNAGA. Mr. White, is this a fertilizer plant which you are constructing in India now?

Mr. WHITE. Yes.

Mr. MATSUNAGA. What part of India is it in?

Mr. WHITE. In Viskapatman. This is on the coast, just about half way between Calcutta and Madras, located there because there is a Cal-Tex refinery which can provide feed stocks for the ammonia production.

Mr. MATSUNAGA. What will be the capacity of production?

Mr. WHITE. 350,000 tons of fertilizer per year—enough to do a tremendous improvement job in the province or the state where it is located.

Mr. MATSUNAGA. What is the the present production of fertilizer in India, do you know?

Mr. WHITE. No, I do not.

Mr. MATSUNAGA. I was told that it was 500,000 tons, so that this would almost double their capacity?

Mr. WHITE. Yes.

Mr. MATSUNAGA. And you say that the completion date is next year?

Mr. WHITE. 1967.

Mr. MATSUNAGA. Thank you very much. That is all.

The CHAIRMAN. Thank you very much, Mr. White.

Mr. WHITE. Thank you.

The CHAIRMAN. We will next hear from Mr. N. R. Danielien, president, International Economic Policy Association, accompanied by Mr. Joseph R. Barse, trade economist, and John Wise, assistant to the president.

We will be very glad to hear from you now.

STATEMENT OF N. R. DANIELIAN, PRESIDENT, INTERNATIONAL ECONOMIC POLICY ASSOCIATION; ACCOMPANIED BY JOSEPH R. BARSE, TRADE ECONOMIST, AND JOHN WISE, ASSISTANT TO THE PRESIDENT

Mr. DANIELIAN. Mr. Chairman and members of the committee, my name is N. R. Danielian. I am an economist by training. I travel in many countries trying to learn something about their problems, and in the past 2 years I have been all around South America, all around the world, and stopped at some length in Japan and India. Only 3 months ago I was behind the Iron Curtain, and I learned something about their agricultural problems. In all of these travels I have had the good fortune to be advised by our own embassy people and by the local government officials responsible for their particular areas of work.

I appear here as president of the International Economics Policy Association which represents a group of American international business corporations vitally concerned with the success of our foreign economic policies, in the interest of the free world security and prosperity, and in the advancement of the concepts of private ownership of property and private enterprise as the best means toward economic and social development and the raising of the standards of living of all peoples.

These corporations comprise a substantial segment of the American economy, productivity, and employment. Their combined net sales in 1964 were in excess of \$26 billion, with a combined capital investment of over \$12 billion.

If any member of the committee wishes to stop me in the process of this discussion, I will be glad to entertain questions.

The International Economic Policy Association is in full accord with the basic objectives behind Public Law 480 and the new food-for-freedom program. We understand these objectives to be the relieving of hunger and malnutrition, the fostering of economic development through food aid, assisting U.S. farmers to market their commodities through both commercial and food-aid channels, and the furthering of specific U.S. foreign policy objectives. Public Law 480 has proved itself a vital and flexible instrument in working toward these objectives. The association has given and will continue to give its full support to food-for-peace and food-for-freedom programs.

History will surely judge this undertaking not merely as an act of self-interest on the part of the United States, but also as an act of true generosity for the benefit of mankind. The world's judgment today can hardly be different. The food-for-peace program is one of the most effective methods we know of for projecting a positive American image in foreign lands.

In his food-for-freedom message, President Johnson has proposed that existing objectives be pursued with new vigor. We join him wholeheartedly when he proposes that, "The United States lead the world in a war against hunger." The President then goes on to say—and we heartily endorse his words—"There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us." Unfortunately, most food surplus countries are intent upon earning all

they can and would rather sell for cash to Communist China than provide food to India on concessional terms. It is to be hoped that there will be a change of attitude on the part of these countries.

In no other area of human endeavor has there been better demonstration of America's technical competence, matched in equal measure with generosity, to assist needy countries, than in food production and distribution. In no other field has there been better demonstration of progress under conditions of private ownership and incentives than in agricultural production in the United States. This knowledge we must make available to the rest of the world.

We agree with the President also in his conclusion that ultimately the world's need for food must be met by self-help measures. There will not be enough surplus in traditional food exporting countries to meet the needs of a growing world population. We also agree that the channels of private trade should be used to the maximum practicable extent in procuring and handling agricultural commodities for use in this program, as provided in Public Law 480, section 101(b), and in H.R. 12785, section 103(d), as proposed by the administration.

The association believes that the President's objectives can be fully met through appropriate amendments to present legislation. We believe that the public interest would best be served through a 1-year extension of the present legislation, with amendments to bring it more in line with the President's objectives.

If it is necessary for Congress to establish certain guidelines for program administration in order to promote self-help abroad, appropriate amendments to present legislation would surely suffice.

The following (which was prepared by a committee of our organization) are some specific self-help measures which this committee may wish to consider adopting as part of the food for freedom legislation:

Before entering into agreements with less developed countries for the sale of U.S. agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking the following self-help measures, wherever practicable, to increase per capita agricultural production and improve the means for storage and distribution of agricultural commodities by:

(1) Creating an environment for private investment, both domestic and foreign, and utilizing available technical know-how;

(2) Providing adequate protection of industrial property rights to attract private domestic and foreign investment;

(3) Development of the agricultural, chemical, farm machinery and equipment, transportation, and other necessary industries through private enterprise;

(4) Training and instructing farmers in agricultural methods and techniques;

(5) Constructing adequate storage facilities;

(6) Improving marketing channels; and

(7) Allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral, and consortium aid programs) and local currency resources (resulting from loans to recipient governments of the proceeds of local currency sales).

Another objective, with which we are in accord, is the elimination of the "surplus" criterion for commodity availability. We recognize that, by eliminating this criterion, it would be possible to increase production and procure certain high protein foods under the program in order to promote better nutrition abroad. However, eliminating the "surplus" requirement and procuring higher quality food can be ac-

complished through very simple amendments of the present legislation, Public Law 480.

If an increase in authorization for food shipments is desirable, the amount of authorization in section 103(b) of Public Law 480 may simply be increased. Or, alternatively, an overall authorization of \$3.3 billion may be applied on all titles. This is the figure recommended by the President.

The President has stated in his food for freedom message, another primary objective is to “* * * emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years.” This objective is given form in section 103(b) of H.R. 12785 which states that the President shall take steps to assure a progressive transition from sales for foreign currencies to sales for dollars. Before commenting on this objective, it is merely noted that such a transition can be satisfactorily accomplished under the present legislation. If, in the future, the administration wishes to conclude a much larger volume of dollar credit sales than sales for foreign currencies, it can easily do so under the present title IV of Public Law 480. There is no annual ceiling for agreements concluded under this title.

However, the real issue is not whether the administration now has the authority to conclude a substantial transition from foreign currency sales to dollar credit sales, but whether such a transition should be undertaken at all under the terms which would be permitted by the Food for Freedom Act of 1966. Under this Act, the administration is given the authority to make these terms substantially more lenient than under the present law.

In Public Law 480, title IV, section 403, the terms for concluding dollar credit sales are specified. The maximum period for which credit can be extended is 20 years and the maximum grace period which can elapse before dollar payments must begin is 2 years from the last shipment. Our organization believes that these terms are satisfactory, very liberal, and should not be relaxed further.

Accordingly, the association strongly opposes the provision in section 104 of H.R. 12785 which would permit both the maximum payment period and the grace period to be lengthened at the discretion of the President. Under section 104 the credit terms would be made the same as the terms for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. Section 201 permits the President to select these terms at his discretion. In actual practice, the terms selected for the least developed countries have specified a maximum payment period of 40 years and a grace period of 10 years.

Dollar credits for food aid on softest development loan terms would not be credits at all. Under such circumstances, “sales” of commodities, in reality, would become outright grants. After 10, 20, 30, or 40 years, the disposition, willingness, or ability of most of the countries to repay massive amounts of dollar obligations for food consumed long ago, would be problematical. We do not need to hide our generosity under a banker's facade.

Is it realistic to think of the dollar sales program as a way station to commercial sales when, under the administration's proposals, 10 years hence, India, for example, might find itself in the position of

owing the United States several billion dollars for food received under 40-year dollar terms? We need not change our appearance from Uncle Sam to Uncle Scrooge in order to achieve our noble objectives.

The United States is confronted, of course, with a balance-of-payments problem which requires that we secure as much dollar income as we can from any source. This, however, is an immediate need and cannot be satisfied by converting the present program into a 40-year dollar credit sales program.

The association recommends, therefore, that the present title I of Public Law 480 be amended to provide for the immediate repayment in dollars to the United States of 5 percent of title I sales concluded in 1967, unless the President makes a determination that a recipient country's foreign exchange resources make this impossible. In subsequent years, the percentage should be gradually increased until, by 1971, 25 percent of the sales would be in hard currency. We believe that this approach would help the United States in its balance-of-payments position immediately, would put pressure on the recipient country to undertake self-help measures, and would lead to a gradual transition to commercial sales much more effectively than 40-year dollar credit sales. We also believe that some control over the local currency counterpart would make it possible to allocate resources to agricultural development, a degree of control which would not exist in the case of very long term dollar credit sales.

In 1964, the association recommended that greater amounts of local currencies generated under title I agreements be allocated for Cooley loans to private enterprise. Congress voted to remove the former 25-percent ceiling on allocations under title I for Cooley loan purposes and amended section 104(e) to read that "currencies shall also be available to the maximum usable extent" for Cooley loans.

Both the Senate and House Agriculture Committee reports (which are reproduced in the appendix) had extensive explanation of congressional intent in amending section 104(e)—the Cooley loan section.

The House Agriculture Committee report stated on pages 29, 30, and 34, the following:

In some countries there is little or no demand from private business for these loans. In other countries, the requests for loans substantially exceed the amount of currency available for this use. The committee believes that in some of these countries a higher proportion than 25 percent of the Public Law 480 currencies could profitably be used for Cooley loans and it has, therefore, included in this bill an amendment removing the 25-percent ceiling, with the expectation that this expanded authority will be used in proper cases.

The committee notes with disapproval that there are a few countries where the amount of currency reserved for such loans in the country agreements is less than the maximum authorized by present law and apparently less than the amount which could profitably be used for this purpose, as measured by business demand for such loans. Neither the business community nor the committee understands why this should be.

The committee suggests, therefore, (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for the use of local currencies for section 104(e) loans up to the maximum which he estimates may reasonably be used profitably in that country and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement informing the business community and the committee why the amount is less than 25 percent.

At the same time, the committee is aware that in a few instances, notably Brazil, no funds have been reserved for Cooley loan purposes. It is the expectation of the committee that this practice will not continue where funds can be used effectively to promote private enterprise.

It is the understanding of the association that negotiations are presently underway for a sixth Public Law 480 agreement with Brazil. Brazil is a country where there is a great demand among U.S. business firms for local currency financing and our association recommends that the AID negotiate, at the very minimum, a 25-percent allocation for Cooley loans.

As can be clearly seen from table I, in no agreement signed since the amendment to the Cooley loan provision went into effect on October 31, 1964, has more than 15 percent been allocated for Cooley loans to private enterprise. I am not aware that these actual allocations were listed in any means of communication to the Congress or to the business community as suggested by the committee. In two specific instances, namely, Chile and the Philippines, the demand for Cooley funds exceeds the supply. A much greater percentage than the 15 and 10 percent respectively allocated in these two countries could have been used for private industrial development.

In the Philippine agreement, signed on April 23, 1965, only 10 percent (\$1.2 million) was allocated for Cooley loans, while pending applications for local currency funds amounted to approximately \$10 million. In the Philippine agreement, 40 percent was set aside for U.S. uses; 20 percent for common defense purposes; 30 percent for 104(g) loans to the Philippine Government; and only 10 percent for Cooley purposes. It seems to us that it was the intent of Congress that if a choice were to be made between allocations for loans of local currency to the recipient government and Cooley loans, that the latter would have priority.

The language of the statute reads that "currencies shall also be available to the maximum usable extent" for Cooley loans. The law places no such emphasis on section 104(g) loans to recipient governments. On the contrary, such section 104(g) loans to recipient governments, generally on 40-year terms with a 10-year grace period and no maintenance-of-value clause, are just one of some 20 other permissible uses for local currencies generated from title I sales. In the case of the 104(g) loans to the Philippine Government, the term was 30 years with a 4-year grace period.

We feel that since the demand for Cooley funds by U.S. business was clearly present that AID under the law, had an obligation to allocate more funds than it did and that it was not justified in allocating 30 percent to the local government on soft terms while limiting Cooley funds to 10 percent.

The Chilean agreement shows a similar disregard for congressional intent. Demand for local currency loans in Chile is substantial because, among other factors, there were not title I sales to Chile between 1961 and 1965. Since the announcement in January this year that some cooley funds will be available in Chile, applications have been very brisk, far beyond the prospectively available funds. Yet AID negotiated a 50 percent allocation of the local currencies under the new agreement for section 104(g) loans to be made to the Chilean Government on very "soft" terms, but allocated only 15 percent for

Cooley loan purposes, although there was clearly greater demand for such funds. This just does not meet the legal requirement that local "currencies are to be available to the maximum useable extent" for Cooley loans. If there were any doubt as to what those words "maximum useable extent" meant, the committee reports clarify this. The report makes it clear that Congress expected AID to establish a means to ascertain the approximate demand for Cooley funds and to satisfy it.

There are a number of countries which have been and probably will continue to be active participants in the food-for-peace program, where there is substantial demand by U.S. business for local currency loans. As far as we can determine, they are Brazil, Colombia, Chile, Peru, Greece, Turkey, and the Philippines. There may be others. Perhaps this committee will want to make clearer congressional intent with regard to the allocation of funds for Cooley loan purposes, particularly in regard to the above-mentioned countries.

The administration bill, H.R. 12785, omits the legislative restrictions on foreign currency and dollar credit sales to certain Communist countries, which are found in sections 107, 304, 401, and 402 of Public Law 480. These restrictions are valuable safeguards and also express the intent of the Congress on the policies which govern our food aid program. The Association favors U.S. trade in agricultural products with the Communist countries of Eastern Europe on normal commercial terms, except that it also supports the provisions of the present law, defined in the sections listed above.

It would be unwise at this time to eliminate the present restrictions on concessional sales to these Communist countries indirectly. Any changes in the authorizing legislation ought to be considered only in connection with the policies on East-West trade which it is expected that the President will recommend to the Congress. Eliminating the present restrictions could cause confusion at home and abroad about our policy toward concessional sales to Eastern Europe, and could interfere with commercial sales.

It is our understanding that the administration does not, in fact, intend to change its policy toward these sales. However, in order to avoid any possible misinterpretations, we believe that the legislative restrictions on East-West trade and concessional sales to these countries should not be removed at this time, and should be reenacted as part of an amended Public Law 480.

In addition, the International Economic Policy Association is impressed with the value of retaining appropriate congressional review of the program. As specified in Section 104 of Public Law 480, an Advisory Committee has been established with congressional participation. The administration bill does not provide for such congressional review. The Association believes that the benefits of congressional scrutiny can best be retained by extending the present legislation.

Nevertheless, despite the various objections which we have raised to H.R. 12785, there are undoubtedly some very good reasons for proposing the bill in its present form. The association believes that the administration's case should be thoroughly discussed and examined for at least a full year, both within the Congress and among public-spirited citizens and organizations. All the ramifications of adopting

a completely new food-for-freedom law should be explored in great detail throughout the country during the coming year. In particular, it should be ascertained why the authority for the legislation needs to run for 5 years, as stipulated in section 309 of H.R. 12785, at a stipulated cost of \$16 billion.

It is to facilitate a comprehensive and searching examination of the administration's proposal that the International Economic Policy Association advocates the 1-year extension of the present Public Law 480, appropriately amended. If, after a year's examination, it becomes clear that there are positive benefits to be gained from discarding the existing legislation and starting anew, our organization at that time would be prepared to support a new bill to run for a period longer than 1 year. At the present time, however, we cannot support H.R. 12785. We suggest the extension of Public Law 480 for 1 year, with increased appropriation authority under title I, and with a requirement of partial hard currency repayment, where possible. A strengthening of Cooley loan provisions is also advocated.

In conclusion, I wish to repeat that members of our organization are unanimous in their desire and commitment to do everything within the power of the United States to help alleviate conditions which threaten famine and malnutrition. Many of our member corporations are technically competent to give such help as our Government and other countries may require. There is no nobler cause to which the combined efforts of both Government and private business need to be directed at this time.

(Table I and appendix submitted by Mr. Danielian follow:)

TABLE 1.—Public Law 480 title I agreements and amendments, signed from Nov. 1, 1964–Dec. 31, 1965

Country	Date signed	Total amount of agreement (thousands of dollars)	Percentage allocation 104(e) "Cooley" loans to private enterprise
Greece (amendment)	Nov. 16, 1964	2, 500	-----
Congo	Dec. 9, 1964	4, 050	-----
Pakistan	Dec. 11, 1964	7, 700	5
Guinea	Dec. 21, 1964	5, 420	10
Israel	Dec. 22, 1964	17, 400	15
Morocco	Dec. 29, 1964	7, 800	10
China (Taiwan)	Dec. 31, 1964	18, 550	5
India (amendment)	Dec. 31, 1964	28, 400	10
Korea	Dec. 31, 1964	45, 000	1
Tunisia	Feb. 17, 1965	14, 686	10
Morocco	Apr. 23, 1965	9, 450	10
Philippines	Apr. 23, 1965	12, 570	10
Bolivia	May 12, 1965	3, 830	5
Afghanistan	May 22, 1965	1, 000	-----
Vietnam	May 26, 1965 ¹	38, 740	-----
Mali	July 14, 1965	580	15
Congo	July 19, 1965	12, 000	-----
India	July 26, 1965 ¹	205, 220	5
Chile	July 27, 1965	19, 750	15

¹ Date of original agreement; there were subsequent amendments in 1965.

Source: Food for Peace 1964 Annual Report on Public Law 480, pp. 100 and 116, and preliminary table 12 of the Food for Peace 1965 Annual Report on Public Law 480.

APPENDIX

HOUSE REPORT No. 1767, 88TH CONGRESS

Pages 29-30

COOLEY LOANS

Although not usually listed as a "U.S.-use," foreign currency loans to private business firms authorized in section 104(e) of Public Law 480 are high in priority of uses which return a tangible benefit to the United States. Popularly called Cooley loans after the author of the amendment, they are of two general types: (1) To U.S. private business firms or affiliates for business development in a foreign country that will not compete with U.S. products or agricultural exports, and (2) to domestic or foreign private business firms for facilities which will expand the export of U.S. agricultural products.

The loans are made in and repaid in foreign currencies generated from the sale of agricultural surpluses, at interest rates comparable to prudent business loans in the country involved. Loan repayments and interest go into the U.S. Treasury and are available for other uses, including the direct U.S. uses by Government agencies discussed above.

The Cooley loans program has been one of the most popular and constructive parts of the Public Law 480 operation. A recent development, which the committee strongly commends, is the use of the loan funds to help finance low-cost housing developments in other countries by U.S. firms.

The present law has a ceiling of 25 percent on the amount of foreign currency which may be allotted for such loans in the agreement covering any single sale. Under this limitation, the amount authorized for such use in the agreements entered into since the enactment of the provision has averaged about 7.5 percent.

In some countries there is little or no demand from private business for these loans. In other countries, the requests for loans substantially exceeds the amount of currency available for this use. The committee believes that in some of these countries a higher proportion than 25 percent of the Public Law 480 currencies could profitably be used for Cooley loans and it has, therefore, included in this bill an amendment removing the 25 percent ceiling, with the exception that this expanded authority will be used in proper cases.

The committee notes with disapproval that there are a few countries where the amount of currency reserved for such loans in the country agreements is less than the maximum authorized by present law and apparently less than the amount which could profitably be used for this purpose, as measured by business demand for such loans. Neither the business community nor the committee understands why this should be.

The committee suggests, therefore, (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for the use of local currencies for section 104(e) loans up to the maximum which he estimates may reasonably be used profitably in that country and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement informing the business community and the committee why the amount is less than 25 percent.

Page 34

(3) Section 104(e) of the Act is amended to remove the 25-percent limitation on Cooley amendment loans of foreign currencies to private business firms. The amendment would add a requirement that foreign currencies be available for such purposes to the maximum usable extent consistent with the purposes of title I of Public Law 480. In taking this action the committee notes with approval the fact that in the last few years an increase of funds have been made available to U.S. private enterprise through the Cooley loan program. This increase has, however, given rise to increased demand by American business for these funds. To the extent possible this demand should be met. At the same time, the committee is aware that in a few instances, notably Brazil, no funds

have been reserved for Cooley loan purposes. It is the expectation of the committee that this practice will not continue where funds can be used effectively to promote private enterprise.

SENATE REPORT No. 1467, 88TH CONGRESS

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Pages 27-28

Cooley loans.—Paragraph (7) amends section 104(e) of the act to strike out the 25-percent maximum limit previously imposed on the use of currencies generated from title I sales for so-called Cooley loans (loans to U.S. business firms for business development and trade expansion in friendly countries and loans to foreign firms engaged in further utilization of U.S. agricultural products). The committee feels that private business can and should play a much greater role in the economic development of friendly countries being assisted by Public Law 480, Title I programs, and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives.

Section 104(e) of Public Law 480 formerly provided that "not more than 25 percent" of the proceeds of title I sales "shall be available for" loans to private U.S. business for use in economic development in recipient countries and to other private businesses for development of the U.S. agricultural markets. The statistical analysis of the administration of this section indicates that since 1957, out of \$5,728,655,000 title I sales only \$405,675,000 (7.08 percent) as of December 31, 1963, had been set aside for this purpose and of this amount only \$179,300,000 (3.1 percent) had actually been lent as of that date. This record is not responsive to the committee's original expectations and not consistent with the policy of the administration to encourage economic development through private enterprise.

The committee expects the responsible agency to accept, tabulate, and process all properly executed loan applications for Cooley funds. The responsible agency shall then take whatever steps necessary to provide the funds needed to satisfy all loan requests which are likely to bring about "business development and trade expansion" in the recipient countries and which the agency, applying normal commercial banking standards, has reasonable assurance will be repaid.

The committee notes that the AID agency has established the policy that in some countries Cooley funds are to be available only for fixed investments and not for working capital requirements. Loans for working capital requirements of existing productive facilities, especially in the countries of Latin America, where it is difficult to obtain funds on reasonable terms, contribute greatly to economic development. The committee is informed that the aforementioned AID agency policy has been necessitated by an insufficient amount of local currency being allocated for Cooley loans. It will, therefore, be necessary for the responsible agency to establish an adequate reserve of Cooley funds to meet the requirements—both for fixed assets investment and working capital needs—reasonably to be anticipated in each recipient country.

The CHAIRMAN. We thank you very much for your fine statement. You advocate extending Public Law 480 for 1 year. What would you do in the meantime?

Mr. DANIELIAN. We would just extend Public Law 480 for 1 year, eliminate the word "surplus" from the title, that is, from the various titles, and also spell out "self-help." All the provisions of the President's program can be fulfilled with that.

The other important thing left in the President's proposal is the gradual shift from Title I sales to Title IV sales, with an extension to 40-year terms, and we disapprove of any 40-year dollar loans on food. Under present Title IV, you can accomplish all that the President wishes.

The CHAIRMAN. What do you propose to do with starvation in the next 12 months?

Mr. DANIELIAN. The President has included \$1.6 billion in his budget for that purpose. We heartily endorse that and expect that it will be appropriated. That is the only concrete proposal which covers any of the period prior to the expiration of Public Law 480.

The CHAIRMAN. What if we run out of surpluses?

Mr. DANIELIAN. That is the subject of another bill. I believe it is the Food Reserve bill, which is not in this legislation. What you do about the Food Reserve bill, I do not know.

The CHAIRMAN. I know that it is not in this legislation.

Mr. DANIELIAN. In amount of money, so far as fiscal 1967 is concerned, the only thing that is asked for is \$1.6 billion from the Congress. The maximum authorization in H.R. 12785 is \$3.3 billion per year, but they are not necessarily planning to use all that in calendar year 1967, so that the program as it is at present, and has been with us for some time, will continue at about the same level.

With regard to the reserve program, that is the subject of another bill before this committee.

The CHAIRMAN. That is the bill providing for food reserves; is that what you mean?

Mr. DANIELIAN. Yes.

The CHAIRMAN. This bill contemplates the expansion of food production in the country. If you eliminate the word "surplus," we can embark upon a program to increase the production of food.

Mr. DANIELIAN. If the other program is started, there would be more food available in the United States, and then you would be able to authorize and appropriate more money to make the food available for foreign aid or trade, but as of this year, I am not aware of any radical change either in the amount of money requested from the Congress or in increased production goals set by the Department of Agriculture. This, I expect, will happen next year.

The CHAIRMAN. Thank you very much.

Mr. Findley?

Mr. FINDLEY. I would like to compliment you on your statement. You have made some very excellent points. In regard to the problem raised by the possibility that the Commodity Credit Corporation stocks might not be sufficient to meet the needs of this program, would you approve including in this legislation, authority to make direct market purchases to meet those needs that may not be fully covered by the Commodity Credit Corporation stocks?

Mr. DANIELIAN. Our organization has not considered it. As to the availability of stocks, certainly the authority could be granted. I assume you mean in the United States.

Mr. FINDLEY. Yes.

Mr. DANIELIAN. You do not mean to use dollars to purchase food from other countries. Yes, the authority could be increased, and, perhaps, that would serve the purpose of encouraging the production.

Mr. FINDLEY. Thus, there would be no need for the Commodity Credit Corporation to own certain minimum stockpiles in order to carry on this program. Would that follow?

Mr. DANIELIAN. Well, the stockpiles are for several purposes, the most important I suppose being the availability for meeting U.S. needs in the case of emergency or shortfall of supplies.

Mr. FINDLEY. Certainly, if authority to make open market purchases were made a part of the legislation, there would be no excuse for minimum stockpiles by the Commodity Credit Corporation in order to carry forward with the food-for-freedom program, would there?

Mr. DANIELIAN. Well, you are assuming that the Commodity Credit Corporation stockpile was for the purpose of this program, and I am not sure that is correct. I think that the price-support program, plus the need for a reserve for U.S. consumption, U.S. needs, have been the two basic aspects of it. Of course, the existence of Public Law 480 has tended to encourage a turnover in some commodity inventories.

Mr. FINDLEY. In my question to you, I assumed we would change the program, Public Law 480, by eliminating the word "surplus," as you suggest.

Mr. DANIELIAN. If you eliminate the word "surplus," I think that you will accomplish that purpose.

Mr. FINDLEY. Another point. I was very gratified to hear your statement on page 13 in regard to the restriction of sales to Communist countries, because I have had something to do with getting the language in the law as it now exists, and I hope that it will stay there.

Do you know of anyone who has advocated eliminating this restriction on sales to Communist countries?

Mr. DANIELIAN. Anyone where?

Mr. FINDLEY. In the United States, who has advocated the elimination of this provision?

Mr. DANIELIAN. Well, of course, it has been done in this legislation offered to the Congress.

Mr. FINDLEY. I realize that.

Mr. DANIELIAN. Outside of that, I am not aware of it.

Mr. FINDLEY. I am not aware of any request for the elimination, either. I was wondering if you were.

Mr. DANIELIAN. Although, when I was in Hungary, for instance, an official said that they would appreciate some Public Law 480, title I sales.

Mr. FINDLEY. I am sure of that.

I have one further question.

In suggesting that we continue sales of agricultural products to the Communist countries of Eastern Europe, did you intend to include the Soviet Union? You do not mention the Soviet Union.

Mr. DANIELIAN. Yes; 2½ years ago when the matter was under very active consideration, and recommended by President Kennedy, we took a look at the situation. We approved of the transactions, but purely on a cash or a short-term credit basis. The sales were actually on a cash basis. One of our considerations, of course, is our balance-of-payments position. Any sales for cash or gold would help us at the present time.

Mr. FINDLEY. The problem, as I see it, for our Government's policy, is that it weakens our position when we try to complain about West Germany selling a steel mill to Red China. The Soviet Union, obviously, is sending war materials to Vietnam. If we insist upon the wisdom of making cash sales to the Soviet Union we are hardly in a strong position to complain about West Germany selling a steel plant to China.

Mr. DANIELIAN. Food is a product which is consumed very quickly. I do not think that it has the same significance with respect to adding to the warmaking capacity of a country as a steel mill.

Mr. FINDLEY. Thank you. That is all.

The CHAIRMAN. Thank you very much.

Mr. DANIELIAN. Thank you.

The CHAIRMAN. We will next hear from Mr. John Lee, president of the International Development Services, Inc., Washington, D.C.

Mr. CALLAN. Could we find out the names of these corporations that comprise the Economic Policy Association?

The names of the corporations that were mentioned?

The CHAIRMAN. You mean from the previous witness?

Mr. CALLAN. He said that it applies to all corporations. I was wondering about that.

Mr. DANIELIAN. I will be glad to supply it for the record.

The CHAIRMAN. Will you please do so?

(The information referred to follows:)

INTERNATIONAL ECONOMIC POLICY ASSOCIATION

MEMBER COMPANIES, MARCH 1966

American Cyanamid Co.
Aluminum Co. of America
Armstrong Cork Co.
Cargill, Inc.
Chrysler Corp.
Continental Grain Co.
Deere & Co.
Ford Motor Co.
Goodyear International Corp.
The Hanna Mining Co.

International Telephone & Telegraph Corp.
Koppers Co., Inc.
Merck & Co., Inc.
Monsanto Co.
Owens-Corning Fiberglas Corp.
Owens-Illinois Glass Co.
Pfizer International, Inc.
The Procter & Gamble Co.
Smith Kline & French Overseas Co.
Upjohn International, Inc.

The CHAIRMAN. We will now hear from you, Mr. Lee.

STATEMENT OF JOHN F. LEE, PRESIDENT, INTERNATIONAL DEVELOPMENT SERVICES, INC., WASHINGTON, D.C.

Mr. LEE. Mr. Chairman and members of the committee. I am John F. Lee, and I am president of the International Development Services, Inc., Washington, D.C.

I should like to express my appreciation for the invitation to appear before this committee. And with the chairman's permission, I shall read directly from my statement, with the understanding that I may be interrupted by any member of the committee at any time.

The CHAIRMAN. All right. You may proceed.

Mr. LEE. The remarks in this statement are not directed toward any specific legislation being considered by the Congress. Instead this statement is concerned with several facets of the opportunity and the attendant problems associated with the wise use of American agricultural resources as a dynamic for winning a world war on hunger. The many vital considerations already discussed in detail by the distinguished witnesses who have preceded me will not be dealt with in this statement in order to avoid repetition and to focus on some other important aspects which may deserve the attention of the committee.

We are entering a new era in which food may be a more decisive factor in winning world peace than the weapons of war. We enter this era with 60 million acres of fertile land in retirement and the prospect of another 40 million going into retirement in the United States. Our arsenal of food to fight the war on hunger has been severely depleted. The situation is analogous to retiring industrial capacity and depleting our stockpiles of strategic materials at a time when we face a shooting war. Of course, if this analogy is to hold it will be necessary to give consideration to which types of farmers and which types of agricultural production are germane to the world war on hunger. We are not now dealing with spontaneous surplus but with a deliberate program to raise food in excess of our needs as a basic weapon in a world war on hunger.

Why should we fight a world war on hunger? These days it appears unfashionable to consider our own self-interest but in my opinion a realistic program must begin there. The long tradition of American humanitarian concern for suffering people requires no extensive exposition here or abroad. Here, I am speaking of famine such as we are witnessing in India, the hunger of helpless children and the inhuman suffering of the poorest in the underdeveloped areas of the world. American humanitarianism will be disillusioned if strict measures are not taken to insure that donated food reaches the stomachs of the very poorest of the sufferers.

We do not need to be told by either friend or adversary that we cannot be safe in our abundance while vast areas of this world face starvation and the debilitating ruin of hunger.

In our own self-interest it is imperative that we consider our present food reserves in terms of our international commitments, poverty at home and the possibility of emergencies which might impair our productive capacity. While it is possible to bank acres of fertile land we cannot bank farmers in the same fashion. As we turn farmers away from the land we must be concerned about the quality of our rural life, the effect on our cities by mass migrations from the countryside, and the human degradation when a farmer learns his skill and way of life are worthless in a strange environment. Would it not be more sensible in our own interests to attune a dual program of phasing people out of farming as we phase out of our need to supply food to the underdeveloped areas of the world?

Turning now to the goals of a world war on hunger we must face the fact that the food production of the entire developed world is not sufficient to the task of feeding the people of the underdeveloped world in accordance with any acceptable standard of nutrition. Even if it were possible to do so such a permanent international dole would in time be violently rejected both at home and abroad. The mutual respect of donor and recipient would be destroyed. Yet food can be more powerful than money as an incentive for the peoples of the underdeveloped world to help themselves. When we make it clear that we are not merely dumping embarrassing surpluses but that American farmers are deliberately producing food to feed the world's hungry we shall have a powerful psychological force working in our behalf. To provide food from our substance is much more impressive since it relates people to people, than loaning or giving away dollars. Therefore, the primary goal of using food in the world war on hunger is to

promote self-sufficiency in food in the underdeveloped areas. Except in cases of famine and other disasters food should be provided in direct proportion to the willingness of the recipient nations to work seriously on solutions to their food problems.

This brings us to the problem of the race between food production and exploding populations discussed in considerable detail by some of the other witnesses. It would be futile to base a world war on hunger on increased agricultural production alone since such a war would result in failure. Therefore, an important measure of self-help in the recipient nations is their willingness to take necessary steps in controlling the population spiral. Some of the proceeds from the sale of food should be allocated to education in birth control and supporting programs.

We have already seen that millions will probably starve in India because of the inadequacy of food storage and transport facilities. The simple availability of food will not necessarily relieve hunger or save people from starvation. Much of what is produced is often lost due to spoilage because storage, distribution, processing, and marketing facilities are inadequate. For example, in northeast Brazil more than 40 percent of food produced on the farm never reaches the consumer because of the inadequacy of these facilities. If we measure food quantities in terms of its reaching peoples' stomachs it is clear that some of the proceeds from the sale of food under a world war on hunger program should be dedicated to improving facilities for the storage, processing, distribution, and marketing of food. A recipient nation's success in meeting these problems could be another measure of its self-help seriousness.

The food needs of the underdeveloped areas of the world cannot be measured in tons. We are not speaking of food as a bulk commodity, but food in terms of nutrition and the real capability, both physically and psychologically, of people to adopt to strange foods. The scholarly statement by Dr. Rose Frisch of Harvard University and the cogent remarks by Dr. Sebrell of Columbia University go to the heart of these problems. Education and adaptation of some of the feed we export is required to increase acceptability in form and taste among certain peoples. For example, real efforts need to be made to enable a rice-eating people to adjust to wheat as a staple. Education is needed at the village level to instruct people in the most nutritive combinations of the food we provide and their own foods. Then, we need to enrich through the addition of vitamins and amino acids the foods we provide in the realization that the prospects for adequate supplies of animal protein in many of the developing countries are not reassuring. In other words, the components foods in our well-balanced diet may lack sufficient nutritive value when taken out of context and placed in primitive diets. The contribution of the American food industry as well as that of the American farmer should be considered as an integral part of the world war on hunger.

Finally, we come to a very difficult aspect of a world war on hunger program. Virtually all the underdeveloped countries have economies based on agriculture. Many of these countries have placed heavy emphasis on import-substitution industry development often at the expense of the agricultural sector of the economy. Exports of agricultural products have been encouraged to provide the earnings for

industrial development. Thus, we see exportations of sugar and cotton from famine-stricken India; sugar, cotton, and animal protein from food-deficit Latin American countries, and tobacco from African countries. We have seen the effects of these exportations on our domestic market while observing that land which could be utilized for production of food for domestic consumption in underdeveloped countries is diverted to the export market. One can argue with sound logic that an agriculturally based economy must export agricultural products to maintain any semblance of viability in terms of balance of payments. All that can be said here is that this problem merits careful study to insure that those countries which receive American food are doing all they can to meet their own domestic needs and that some of our overzealous specialists are not merely transferring their technology without sufficient regard to the broad objectives of fighting a war on hunger.

The development of industry and agriculture must go hand in hand if developing countries are ever to achieve balanced economies. Decades will be required before many of these countries can develop an industrial complex oriented to export. Yet there exists ample opportunity to develop industries based on agriculture meeting important domestic markets. Such industries need not require the levels of sophistication demanded for successful competition in the international marketplace. Food processing, packaging, and preservation industries could do much to overcome problems of storage, enrichment, and transportation of food. They could be an important force in changing food habits and promoting better balanced diets with available foods which may now be seasonable.

While there have been some bright spots in our efforts to assist the underdeveloped countries in improving their agriculture—our program cannot be described as a notable success. Yet failure in the world war on hunger is a certainty unless we couple technical assistance with food. As our technical assistance pays off we can expect to phase out of providing food. If we continue with our present emphasis in technical assistance we can expect the program of providing food will be with us for decades. We shall need to enlist both our private and public resources in nutrition, economics, transportation, medicine, sociology, engineering, food technology, community development, research, and agriculture in a coordinated effort. We must realize that we are dealing with problems of a complexity we have never faced at home, that our knowledge is not adequate in its present state to meet the problems, that much of our know-how requires extensive adaptation to be applied overseas and that many of our agricultural institutions and organizations are both too expensive and too sophisticated to be applied at this time in many underdeveloped parts of the world.

We should keep clearly in mind the evolution of our land-grant colleges, especially during the past 20 years. These institutions have traditionally focused on research largely associated with temperate zone agriculture within their jurisdictions. To a lesser degree do these institutions teach future farmers. We are confronted with the need for basic research in new strains and varieties of even temperate zone crops suitable to conditions in parts of the world with which we are not really familiar; in new techniques in the use of fertilizers in soils which do not retain them and in different contexts of economy

and cultivation; in subtropical and tropical agriculture scarcely known on our continent; in new techniques in the use of pesticides and fungicides; in nutritional research in terms of primitive diets; and in methods of adaptation of agriculture, institutions, and communication skills to transfer knowledge effectively in terms of the recipient. It is noteworthy that the most significant achievements in adaptive research in agriculture in underdeveloped countries has been made by such private organizations as the Ford Foundation and the Rockefeller Foundation in Mexico, Colombia, Chile, the Philippines, India, and my own organization in Western Nigeria.

Our land-grant colleges are fully aware of the need for basic research if hunger is to be banished through the self-sufficiency of the present food-deficit countries. They have made many pleas for the funds to support such research but have been largely restricted to short-term contracts for what amount to crash programs. It would appear to be infinitely sensible to utilize some of the proceeds from the sale of food under a world war on hunger program to support a national center for research in tropical agriculture at the University of Hawaii as an interdisciplinary institution independent of traditional matrix of agricultural research in a land-grant college. Such a center should merit the support of both Government and private sources such as the foundations. A similar center for adaptive research in temperate zone agriculture, with specific attention to the needs of the underdeveloped countries located in continental United States also merits consideration. Both centers should provide for the training of overseas scientists to assume major responsibilities in the development of research institutions in their own lands. It would be a wise use of the proceeds from the sale of our food to insist that an adequate portion be dedicated in the recipient countries for the support of their own research institutions. Research institutions such as those described would work on long-range solutions to the basic problems of agriculture and rural society in the underdeveloped countries. They should not be cluttered with the tasks of meeting the short-range needs for training technicians and carrying out projects overseas related to more primitive immediate needs.

Turning now to the more immediate requirements of agriculture in the underdeveloped countries we need to keep clearly in mind that we are dealing with an agriculture more primitive than any we have witnessed in this country. Thus attempts to transfer our agricultural organization, such as the premature introduction of extension services, are bound to fail. Our organization is too expensive and too sophisticated to be germane under present conditions in most of the underdeveloped countries. When our experts depart and our pipeline of funds is closed all returns to the previous state. As one travels through the backlands of the underdeveloped countries he becomes more convinced that many of our specialists are overeducated and too middle-class oriented to reach the farmers who need their help. Furthermore, this level of technical assistance costs the American taxpayer from \$35,000 to \$40,000 per man-year. Even at that, it is highly improbable that we can find the required 10 to 14 thousand experts at this level of training to meet the needs overseas. On the other hand, we have farmers leaving the land in this country with much to offer their less fortunate counterparts overseas. We also have the good

experience of the Peace Corps and the private institutions working with the Peace Corps overseas in helping the dirt farmer increase his output, improve his diet and more successfully market his products. A cooperative effort on the part of the Peace Corps and private institutions could mount an impressive program for the training and utilization of graduates of vocational agriculture schools and ex-farmers in technical assistance to overseas farmers confronted with rudimentary problems.

Other human resources should be considered in meeting the problems of food deficits in the underdeveloped areas. Present regulations restrict the use of U.S. grant and loan funds to the employment of citizens of the United States or citizens of the host country. Some of the food deficit regions have achieved notable success in producing certain crops such as, for example, rice. Utilizing local currencies it should be possible to use some of this expertise without disturbing our gold balances. Another important source of human resources to accelerate the development of agriculture is the skilled immigrant. In a real sense the skilled immigrant represents a permanent form of technical assistance. The contribution of the Dutch and Japanese immigrants to Brazilian agriculture is a good example. The Intergovernmental Committee for European Migration is operating a highly successful program assisting the migration of skilled people from Europe to Latin America. The United States is one of the 30 member nations in this organization and is a major contributor to the Latin America program. Some of the proceeds from the sale of American food overseas could be used to expand this program and initiate others.

No American farmer needs to be told that agriculture cannot develop, regardless of technical improvement, if credit and incentives do not exist. If there is any commonality in world agriculture it rests in the necessity for credit on reasonable terms and the incentive to produce for the market. Supervised agricultural credit is essential if illiterate farmers are to join the money economy of their countries and become a force for progress. Supervision of credit gives incentive to the productive farmers who are otherwise stymied because of the lack of credit under other than confiscation terms. This does not mean that the system of supervised credit developed in this country in the 1930's without modification and adaptation will suffice. It is too expensive. The approach used by my organization in collaboration with the Ford Foundation in Burma placed greater responsibility on local talent in a credit cooperative to make the system feasible from the standpoint of cost. Another problem associated with the incentives is the price paid farmers for their produce in relation to the use of imported fertilizers, pesticides and fungicides as well as the investment in improvement of drainage and irrigation. Furthermore, in some areas smaller and simpler mechanized implements could be used to advantage to relieve the pressure on the land for feeding draft animals. In many places agricultural production can increase only if the government subsidizes farmers' purchases of fertilizers, pesticides, and fungicides and also provides long-term cheap credit for capital investment related to increased productivity. A system of bonuses or credits for sustained production at higher levels might be another form of incentive. The whole problem of credit and incentives requires

thorough examination. Proceeds from the sale of American food could be wisely used to support well considered incentive and credit programs.

No consideration of the problems of food production in the underdeveloped countries would be complete without taking into account the special problems of large nonproductive landholdings and agrarian reform. No country should expect other countries to feed its hungry when fertile land is permitted to be unproductive. On the other hand the decimation of productive holdings, no matter how large, among unproductive farmers cannot be justified in the face of food shortages regardless of social desirability. When hunger is rampant first consideration should be given to the production of food. Unfortunately, too many agrarian reform programs have resulted in subdivisions too small to sustain the individual farmer at much more than a subsistence level. Local political expedient has motivated the palliative of giving ownership a small tract to unselected farmers only to have them learn later that pride in ownership pales in the face of a permanent level of poverty. Agrarian reform attuned to agricultural production goals and social justice is vital to rural security in many of the underdeveloped countries. Proceeds from the sale of American food could very wisely be used to provide training, technical assistance and credit to farmers acquiring land under agrarian reform programs when such programs provide sufficient land to offer an advancing economic level for the farmer.

No more than an outline of the general directions of a world war on hunger can be offered in a brief statement. As we have seen, the problems are complex involving many interrelated factors, which must be taken into account in a well coordinated effort to conquer hunger.

The CHAIRMAN. We thank you very much for your fine statement. We appreciate your appearance here.

If there are no questions, I will call next Mr. Ben Neufeld, of the American Veterans Committee.

We will be pleased to hear you now, Mr. Neufeld.

STATEMENT OF BEN NEUFELD, NATIONAL VICE CHAIRMAN, AMERICAN VETERANS COMMITTEE, INC., WASHINGTON, D.C.

Mr. NEUFELD. Mr. Chairman and members of the committee, I appear on behalf of the American Veterans Committee (AVC) of which I am national vice chairman. We appreciate this opportunity to appear before the committee as it deliberates on the food-for-freeedom program.

Representing, as I do, an organization composed of veterans of World Wars I and II and Korea, and having just last month opened our membership to Vietnam veterans, our fondest hope would be that veteran organizations eventually went out of existence because there were no more veterans, because there were no more wars. Our goal has long been stated simply as "a more democratic and prosperous America in a more stable world."

We believe a major and vital contribution to "no more wars" can be the struggle against hunger today.

Space probes have their place—in our struggle against totalitarianism in the world, we find that Communist Russia and the other totalitarian nations headline the fact that they are exploring space. But the uncommitted underdeveloped nations of the world are a lot more impressed with the fact that we can grow enough to feed our people as well as make contributions to feeding the hungry of the world. Even though they may know and discuss the fact that Russia has made a soft landing on the moon, because they are hungry, they are a lot more concerned about where their next meal will come from.

The American Veterans Committee supports the food-for-freedom program and particularly endorses its proposed extension for a period of 5 years. The hungry of the world have enough problems without the annual debate in this country about whether we will or will not continue our efforts to feed the needy people. I believe also that the 5-year extension will mean much to those in this country who provide the food, the transportation, the other elements necessary to see that our world food programs are carried forward. It will give our own people a better chance for long-range planning particularly and it will give the Federal Government a chance to develop even longer range plans to make better and more adequate use of our food abundance.

We also want to express endorsement of the self-help features as set forth in the food-for-freedom bill. As I have studied the program set forth by the President and introduced in the Congress, the underdeveloped nations of the world must begin to expand their agricultural production. Our Nation can continue effectively to feed them for a few years, but the time will come when—even if we have our every acre in full production; even if we continue to increase the yield of American agriculture; and even if we could begin to make rapid progress against the population explosion; because of that population explosion so far, we are not going to be able to close the world food gap with our agricultural production alone. The time has come when there must be agricultural production in the underdeveloped nations if the world is not to starve.

This is going to require effort on the part of the underdeveloped nations. It is also going to require our help and that of every other high-production agricultural nation, in providing seed, fertilizer, machinery, technical assistance, and other items to them as they begin to develop their agriculture. There may even be a time when we have some continued restriction on production in this country at the same time we are helping to build competitive production overseas. I realize that this could be a difficult political problem but the alternative could well be a starving world which, in its misery, would turn to communism or some other kind of totalitarianism.

Furthermore, our joint effort must not be half-hearted lest our victory over hunger be marginal. In the context of the "revolution of rising expectations," it has been pointed out, and we would emphasize, that it is not the literally starving who riot and revolt to demand more food, for they lack the physical strength. It is those who enjoy bare adequate diets or a little better whose pictures appear in the newspapers as threats to governments.

We must assist the underdeveloped nations in the distribution as well as the production of food. Our Government working with the Indian Government, I understand, has helped the ability of the

Indian ports to handle increasing amounts of food, and together are making rapid strides forward in other aspects of transportation. I have been told that we may soon be at the point where the Indian ports may be able to handle as much as a million or more tons of food a month, a considerable increase from previous levels. Much of this is due to new machinery that we have been helping them obtain. We must expand this part of our effort.

We must also help expand distribution and storage facilities, so that once the food reaches a nation it can go out of the port areas and the large cities to the rural areas where the greatest need often is felt.

We must make sure that food storage facilities are modern and will keep the food in usable condition for as long a time as possible. It is a crime to ship needed food to foreign nations and then have it spoil, rot, be consumed by rodents, or become contaminated because of poor storage facilities. If the accomplishment of this purpose requires amendment to the legislation, it should be amended.

We should for all of these purposes make maximum use of counter-part funds that we may have built up in these nations. If this requires amendment to the legislation, such amendments should be made.

In particular, we believe the United States should take the lead in creating an international agency which will make use of these and other funds of this country and other nations to finance solutions to what is really an international problem. We do not see this as a device for limiting U.S. effort in this area.

May I expand this point? We would see this international agency actually producing food itself wherever it would be appropriate.

I also want to express our support for the food reserve which is part of the administration's food-for-freedom program. We need to make sure that in our necessary efforts to feed the world that we do not reduce the needed reserves of food in this country below the point where drought, flood, or other emergency situations might bring about chaos in food supply. We would hope that, pending a final victory in our domestic crusade against poverty, we could continue to make a healthy variety of foods available to our own people through existing and new programs.

Finally, I would like to express our hope that in enacting the food-for-freedom program, the Congress would not hamper unduly existing farm programs. These farm programs seem to be proving increasingly successful. At the same time, we are fulfilling our commitments in meeting world food needs.

Farm income is up, unneeded and wasteful surpluses are down, the taxpayers are benefiting, the consumers are being provided a stable supply of food. Only hired farmworkers and their families are left out.

If we were to do away with farm programs and return to completely free market conditions, we might well again bring about chaos in the rural areas. Agriculture would suffer, and when agriculture is in serious economic difficulty, the entire Nation suffers.

Present farm programs have a great deal of flexibility written into them; they can be expanded and contracted as necessary to meet ours and the world's food needs. They are, in a sense, analogous to production line controls of big industry which can speed up production to meet increasing demand or slow down production when demands

diminish, taking up a good deal of the slack caused by the length of growing periods in agriculture and the large number of independent operators.

Our Nation has many things of which to be proud, but probably no effort that we make in the world should bring us greater pride than the tremendous job we have done in providing the needy with food. We should not relax our efforts in this area at all. Rather, we should expand this program whenever and wherever we can. There is no excuse for one person in the world to go to bed hungry tonight or wake up tomorrow morning without knowing that he will have enough food to live through the day.

The CHAIRMAN. Thank you very much for your fine statement.

Mr. NEUFELD. Thank you, sir.

The CHAIRMAN. If there are no questions, the committee stands adjourned.

(Whereupon, at 12 noon, the committee adjourned.)

(The following letters and statements were also submitted to the committee:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 16, 1966.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: It has come to my attention that your committee is conducting hearings on the world food situation and I would appreciate it if my remarks on the subject could be inserted in the record of your hearings. This is a matter in which I have a great deal of interest and I shall be glad to receive a copy of the hearings when they are printed.

With kind regards, I am,

Sincerely yours,

RICHARD T. HANNA.

[From the Congressional Record of Wednesday, Jan. 12, 1966]

Mr. HANNA. Mr. Chairman, the world in general, with the leadership of the United States in particular, has right now the potential to feed 10 times the present population of the earth or 30 billion people.

Such a statement, by many, will be branded as extravagant. Even as winter now comes the grim prospect is for a rising tide of hunger. In all underdeveloped countries grave concern is constantly expressed over a growing population which exceeds the available food supply. Yet we maintain that the contention there is not enough food for the growing masses of people is false. It is predicated on the presence of unnecessary and undesirable restraints on production, processing, and distribution. It rests on inefficient methods of providing protein; it exists because of unjustifiable waste, spoilage, and deterioration.

We have, in the United States, developed the greatest agri-business combination in the world's history. It must now be restricted in its output by artificial farm policy. Wedded to this giant we have in the food industry of America a tremendous team of processors, packagers, distributors, and retailers. These, working together, have produced a confusion of food variety and an embarrassment of food abundance. We challenge the world, therefore, to call on the full strength of this existing combination. The truth is that not only does this existing team work now at half power, but the food technologists who stand behind this team have a scientific potential or building a bigger potpie or a larger bowl of rice, or whatever is required by the table of man. Bring the full force of our scientific advances to bear on the food shortage and all must see at once the positive proof of our original proposition. We can feed 30 billion people.

Two-thirds of the world, or 2 billion people, are chronically undernourished, lacking both in quantity and quality of food. This hunger means death for some, poor health, and physical weakness for many, and lack of vigor and intelligent response for all. Virtually two-thirds of the earth's inhabitants are operating at a sublevel of potential because of lack of protein. Protein malnutrition is primarily due to an inadequate consumption of animal protein. The world's deficit in this valuable food item today is estimated at 40 billion pounds. At the same time there exists in the untapped resources of the sea a sufficient yield of protein to feed 30 billion people a year, 10 times the world's present population. In addition to this we lose, through inefficiency, spoilage, and waste, one-half, or more, of our present large protein production, that is why we believe that all too many people in this world are starving in the midst of abundance. Within a 10-year span we could easily supply a protein sufficient diet for 12 to 15 times the present world's population—estimated at 3 billion. We face frustration in feeding the world's multitudes simply from a lack of political motivation to bring to bear on the problem of food shortage the resources and the knowledge readily at hand. The irony is that food technology now holds out, to a yet ignoring world, ready answers for this problem. There are three fronts in particular where food technology now stands on the frontier of a fantastic new development which can produce protein foods high in quality, low in price, and easily distributed. We will discuss these three food frontiers in the following sections.

PASTEURIZATION OF FOOD PRODUCTS

One of the grave limiting factors faced in the distribution of foodstuffs arises from deterioration and decay. There are two new emerging treatment methods by which deterioration can be stopped and decay substantially delayed. The first of these new methods arises from the scientific application of atomic energy. Some time ago it was discovered that treatment by radiation rays of certain active elements would lengthen the shelf life or storage and distribution life of foods. These experiments started some years ago and are now at a stage for dramatic application for food processing. This procedure will have dynamic and far-reaching effects in many lands. A paper published by the Department of the Interior in October 1965 demonstrates this fact.

Louis J. Ronsivalte and J. W. Slavin, working at the Technological Laboratory, U.S. Bureau of Commercial Fisheries, reported that fresh, frozen, or refrigerated fish, treated by low doses of gamma rays from a cobalt 60 source, increased storage life 1 month. The report states:

"The value of fishery products as a source of protein is well known and since man's dependence on them is anticipated to increase it is inevitable that he apply his latest technology to the sea. In general fishery products are relatively perishable and consequently distribution of fresh fish and shellfish is limited to coastal areas. Wider distribution is possible."

The report then goes on to show how fresh fish treated by the gamma rays reduced by 99 percent the deteriorating bacteria which causes decay, and in this sterilized condition such fish could maintain their fresh state over a sustained period without measurable loss of flavor or food quality.

Such a discovery applied to a country like Peru could have a phenomenal effect. The coast of that country is rich and abundant in fish life, yet the Indians of the interior, located just a few miles from the coast, are suffering from serious protein deficiency. Cheap fish products in great quantities could be made available inland if a treatment plant was installed in one or more of the port cities of Peru. This would be true, also, in India and Africa where great untapped fisheries are available for exploitation. Further studies and research carried out by and between our Government and our great food industry can, and should, widen to the greatest extent the varieties of fish and foodstuff which respond well to this radiation pasteurization. Government research should establish maximum storage times; test and select most efficient packaging and conduct economic feasibility studies for broadening the market of foods thus treated.

Another promising approach to food pasteurization and sterilization lies in recent experiments being conducted with high frequency waves varying from the ultrasonic to the X-ray. Such electronic treatments have destroyed insect life in tropical fruits. These pests destroy countless tons of otherwise consumable fresh food product. There is, in other experiments, the unfolding possibility of other stages of pasteurization and sterilization against destructive organic bodies and bacterial growth. These advances are not as well published and, perhaps, not as fully developed as the irradiation processes. They are, however, another

of the emerging methods to increase the effective life of food products and thus widen the time range of distribution and storage of food.

PROTEIN CONCENTRATES

Another technological breakthrough is occurring in the development of protein concentrates. The experiments in this technology have been occurring in both cereal grains and in fish products. These developments not only show us new source for protein but also indicate increases by a factor of substantial proportions in our efficiency in producing concentrated protein. The present food chain process for concentrating protein is to feed fish and cereal products to chicken, swine, and beef to produce animal protein. Animal meat building processes concentrate the proteins of vegetables, fish, grasses, and cereal grains. This is a very inefficient method of concentrating protein as these are all warm-blooded creatures and they burn more protein in keeping warm than they store in the live tissue which builds meat. Let us see how this works in fish. Quoting from a recent memorandum done by W. M. Chapman, of the Van Camp Sea Food Co., the story is told as follows:

"The discovery of the nutritional benefits of a 2- to 7-percent fishmeal addition to the diet of chicken, swine, and cattle in making them grow and produce better has led to a most enormous growth of world fisheries for the kind of fish that did not accommodate themselves well or cheaply to generally direct human food. Taking out most of the oil and most of the water resulted in a nutritionally beneficial product with good stability."

The use of fish for this purpose on a worldwide basis has risen from about 590 metric tons of meal in 1948 to 3,500,000 tons in 1964. Converted to round weight of fish, this means an increase in use from about 3.4 million tons of raw fish for this purpose in 1948, to about 20 million tons—approximately 40 percent of all of the fish caught in all of the world—in 1964.

Why should chicken, swine, and cattle in the United States eat better than two-thirds of the world population? An obviously desirable objective is to skip the chicken, pig, or cattle step, where much protein is burned up to keep the animal warm, and produce a defatted, dehydrated, stable fish protein concentrate under hygienic conditions suitable for human consumption. The Congress has provided the Bureau of Commercial Fisheries with funds to tackle the technological problem of doing this and the research is not only promising but already is being carried out on a pilot plant scale. This new processing technology could have a revolutionary effect on the domestic fisheries. Its advocates and proponents claim it will. Viobin Corp. of Massachusetts is already a major private producer of fish powder which when ultimately refined is an odorless, tasteless white powder compound. The president of the Viobin Corp. had this to say:

"A new food has been created made from the fish of the sea. The new food is as nutritious as milk or meat and will cost one-third to one-fifth the cost of milk. The new food can be made anywhere in the world; it does not spoil: does not change; keeps indefinitely until used. The new food can wipe out chronic protein starvation plaguing 2 out of 3 people on earth. The new food can solve the problem of the world's terrifying exploding population."

The powder can be made of many varieties of fish, including many of the so-called scrap fish. Four or five hundred-pound sacks of this powder would deliver more concentrated protein than a full cattle boat loaded with beef—and without the losses from heat generation, the losses of time, the losses of expense in raising and handling the cattle. The shipping weight and the ultimate handling weight of the end product are greatly reduced.

The powder can be added to any indigenous staple such as rice, beans, or corn flour and thus the problem of acceptance in the variety of food cultures around the world is quickly overcome. One teaspoon of the powder concentrate provides all the protein required for 1 day.

At the same time, protein concentrates from cereal are also being developed that have all of the advantages claimed for fish protein concentrates. The most successful practical breakthrough has come in Guatemala in Central America. There, an institute of nutrition, called INCAP, originally founded by the Kellogg Foundation and now funded by all the Central American countries, has produced a product called "Incaparina." After a series of experiments, starting in 1950, a vegetable mixture designated No. 9B was derived. It consists of 29 percent ground maize, 29 percent ground sorghum, 38 percent cottonseed flour, 3 percent tortula yeast, and 1 percent calcium carbonate with vitamin A added. The

generic name mentioned above, "Incaparina," was given to this mixture. In 1962 a report on this product states as follows:

"Numerous laboratory trials of Incaparina have clearly proved that its protein, quantitatively and qualitatively, closely approaches that of milk, a food in short supply and expensive to buy in Central America. Incaparina is easy to prepare and when cooked, sweetened and flavored, closely resembles the "atole" so savored by a majority in this area."

Incaparina is now licensed for production in Central America to Quaker Oats Corp. and it produces, when mixed with water, a fluid equal or superior to milk for less than 1 cent a glass. It is used widely in school food programs and is available for purchase in most stores in Central America. The United States should turn its technological know-how immediately to similar protein concentrates, using excess and spoiling grains. This flour product, like the fish flour previously discussed, has a long storage life and is easily transported with little likelihood of loss from spoilage. Think of the vast good our surplus cereals could do if used in this way.

Purdue University recently developed a new hybrid corn high in protein. Plant pathologists have long realized that normal corn is low in amino acid content, the essential ingredient of protein. What the botanists and plant specialists in La Fayette, Ill., have done is to breed into the corn this absence of amino acid. Such a new corn will be important to animal feeders but more highly significant in those lands in Latin America and Africa where corn is the principal staple in the diet.

The most interesting and dramatic development for protein concentrate is in the pure chemical approach. Announced from Holland not long ago has been the isolation of a natural protein called lysine. Lysine has been derived from coal, a heat energy source gradually losing the battle to electrical and atomic power. The Dutch claim they could revolutionize the world's food problem with the new process.

Lysine is an orderless, white powder with a slightly salty taste. It is the most important of the 18 amino acids necessary for building body protein in man and animals. A Dutch spokesman states that since animal foods such as meat, eggs, and dairy products are in such short supply, especially in emerging countries, lysine could be the immediate and ready answer. It can be made in unlimited quantities and at an attractive price, the spokesman said. Large-scale production is predicted in the very near future.

FREEZE-DRY FOOD PROCESSING

The third and final new frontier in food technology is the freeze-dry method. In this process the food product is first frozen then all the water is extracted under very critical vacuum conditions. The product resulting, when packaged to prevent penetration of either moisture or air, will preserve perfectly for from 3 to 5 years. With the introduction of fresh water the food becomes reconstituted as when it was itself fresh.

This process produces a food output which is extremely light of weight. Most of the living tissue of animal and food products from the land have a greater percentage of their weight in water. This process has now been perfected to the point where integrity of the food quality is assured. The resulting food product needs none of the expensive refrigeration other fresh food distribution requires. Already numerous plants in the United States are processing chicken, shrimp, and coffee by the freeze-dry method. Combination foods, such as soup, are also in the production stage. With the help of purchases by the U.S. Army, by AID missions, and by other Government agencies, a volume operation would be possible to put into the market in places all over the world a competitive food product that would have an impact equal to that provided by frozen foods or by the discovery of canning. Although the process is, at this time, slightly more expensive than these other methods, the resulting product is so light in weight and has such a long shelf life and is capable of delivering such a superior product that it certainly deserves the support of any forward-looking nation.

A FISCAL POLICY FOR FOOD

It needs to be noted that no substantial progress in developing food potential will come without a commitment of substantial funds by our Government. Why, we ask, is it not as reasonable for Government to combine with the food industry for dramatic advance in the weaponry against hunger as for the Government to

spend billions with the airframe and electronic industry in the race into space. We are buying the same basic governmental objectives. National security, national prestige, and national good will is what we get each time we shoot out into space a rocket on a several-hundred-million-dollar mission. We would score in each of these areas with a meaningful advance in producing, preserving, or distributing food to the starving millions who share this globe with us. A dollar invested in the food industry by Government would be a greater multiplier in the economic machine than the dollar spent in space. The food industry is as diverse as any in our economy so the effect of dollar input would spread. Each dollar would buy more action than it does in the expensive sophisticated and specialized space industry. Of course we do not suggest reducing our effort in space.

We believe, that an invitation by the Department of Agriculture and the Department of Interior to offer mission oriented projects for bid to the combined skills of the food industry and food scientists would amaze the world and greatly strengthen our country, just as such an invitation by the Defense Department and its partnership with the missile and space industry and its scientists has done in that area. After all, we only build bullets and bombs, missiles and rockets, to either store them or to destroy them. They have no productive place in our society or in our lives. Why can we not then afford to create food for distribution without too great a concern for the ability to make immediate or direct profit. Remember, that before men can increase standards of living such as will make them consumers of our goods, they must be educated. Before men can be educated they must be fed sufficiently well to provide an intelligent response to the teaching effort.

The first step toward a market of almost 2 billion people must be an improvement in diet. This is the fact that deserves, and should hold, our respectful attention. It is also a fact that justifies a reasonable investment.

May we point out that the thrust of this paper has avoided a damaging conflict with the distribution of other countries' food products. We have also been mindful of the restricting and frustrating limitations of food cultures, we have, therefore, suggested lines of endeavor which would, first, preserve foods and widen their arc of distribution, whatever the kind and quality in a given country; second, develop protein additives which can be assimilated and adapted to any class of food preference; third, encourage a processing method which reduces the weight, which is the principal cost factor in distribution, and lengthen the shelf life of food without expensive refrigeration and, finally, maintain the fresh quality of the food item or the combination being processed.

The great opportunity of the United States and its most promising contribution to its good will and to the world's peace is to push forward with all haste and vigor the advent of the day of plenty for all peoples.

With the resources committed to the war in Vietnam for 1 year, we could hasten that day's arrival to within the next 10 years' span. Can we neglect the effort?

The great hope, the great challenge of our time, is to strike from the neck of mankind the tyrannical and demeaning yolk of hunger. The voice of Pope Paul VI rings with this message in his historical address to the United Nations:

"You must strive to multiply bread so that it suffices for the tables of mankind."

Here then lies the proven path to peace. Summons an arsenal of effective weaponry against the common enemy of man, hunger. It has been truly said that peace cannot come to a world one-third well fed and two-thirds ill fed. It was the Prince of Peace himself who said:

"If you love Me, feed My sheep."

CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,

Washington, D.C., March 14, 1966.

HON. HAROLD D. COOLEY,
*Chairman, House Committee on Agriculture,
Longworth House Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: The President's food-for-freedom proposal now before you does not include fishery products. However, in my view, this or any plan to replace or alter our existing food-for-peace program should not omit fishery

products, and I respectfully request that you amend the proposal to include them. A group of Senators have made a similar request with regard to the Senate bill.

In the last session of Congress, Public Law 480 was broadened to include fishery products and fish protein concentrate when it was approved. There is no reason to discontinue this policy now that we are moving into a new phase of our program of food shipments abroad.

If we are truly trying to feed the people of underdeveloped nations, we cannot close our eyes to the fact that for many of them protein malnutrition is the major problem—and this cannot be attacked with agricultural commodities alone. They must be supplemented with high quality protein such as in fish to give adequate nourishment.

If we are trying to increase export markets for this country in areas where we have a potential to produce more than we now are, we cannot neglect fishery products. It is estimated that our own coastal waters alone could sustain an annual catch of 28.5 billion pounds—only about 5 billion pounds of which are now being used. Since approval of fish protein concentrate is now, hopefully, imminent, much of this fish could be put to immediate use and be of great value in the food-for-freedom program.

There should be no question that fish protein concentrate and other fish products can be sold abroad for long-term dollar credits or local currency sales without having to be first declared surplus. Under the President's bill, Public Law 480 would be allowed to lapse, and as a result fish products would no longer be part of our food-for-peace program. These high protein products would appropriately complement the agricultural commodities that this bill would enable us to send abroad in our efforts to help the hungry peoples of the world.

The amendment to H.R. 12785 that I suggest is as follows:

At the appropriate place, amend section 302 to add after the word "commodity" and before the period the phrase "or any domestic fishery product."

I would like permission to submit for the record in a few days a list of any Members who would like to joint with me in urging this amendment.

Thank you for your consideration.

Sincerely,

HASTINGS KEITH,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 23, 1966.

Hon. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of March 22 about the amendment I suggested to include fish in the food-for-freedom program. I am pleased to hear that you anticipate its inclusion in the bill to be reported from the committee.

Since my letter of March 14, Representatives Otis Pike, of New York, Ralph Rivers, of Alaska, and John Dingell, of Michigan, have indicated that they wish to join me in my request. I will appreciate you including this information along with my original letter in the record.

With best regards.

Sincerely,

HASTINGS KEITH,
Member of Congress.

P.S.—I have just heard that Representatives William Bates, of Massachusetts, and Don H. Clausen, of California, would also like to be on record in support of my request.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 29, 1966.

HON. HAROLD D. COOLEY,
Chairman, Agriculture Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As the Representative from Virginia's coastal district, I am being contacted by a number of my constituents who are hopeful that the food-for-freedom bill can be amended to include fisheries products.

I understand you and your committee will be drafting the final food-for-free-
dom bill within the very near future and I would be most appreciative if you
would give consideration to amending the existing legislation to include fisheries
products.

With best wishes, I am.

Sincerely,

THOMAS N. DOWNING.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 1, 1966.

HON. HAROLD COOLEY,
Chairman, House Agriculture Committee,
Longworth House Office Building.

DEAR MR. CHAIRMAN: I would appreciate your including the enclosed letter
from Mr. Jim Eggert, a young Peace Corps worker in Kenya, Africa, in the
hearings on the "war against hunger" legislation.

Thank you.

Sincerely,

JOHN C. MACKIE,
Member of Congress.

KENYA, EAST AFRICA,
February 16, 1966.

HON. JOHN C. MACKIE,
House of Representatives,
Washington, D.C.

DEAR SIR: I have just finished reading a photostat copy of your letter to my
father of November 3, 1965, as well as a copy of your bill H.R. 11122. It is a
truly exciting idea. During my college days at Lawrence, we discussed the so-
called farm problem in our economics class. At the time it seemed like
a perpetual, unsoluble dilemma and a tremendous waste of the taxpayers' money.

I arrived in Kenya on Peace Corps duty in December 1964. Since then, we
have had a severe famine condition resulting from a drought which, as I am sure
you have read about, affected most of this continent. Now after seeing people lit-
erally starving, the idea of spending millions to purposely decrease food produc-
tion seems as insane as some of the more horrible crimes in history. To describe
our farm problem to hungry people (hunger has lost its meaning in the United
States is a far more difficult task than explaining the Watts crisis (and that is
nearly impossible). How could such international blindness exist on our part?
Please accept a photograph I took of Kikuyu squatters getting their weekly ration
(14 pounds of American corn). Without this help * * * I would hate to predict
the consequences.

May I make a small suggestion? I do not personally believe that retired farm-
ers would make effective Peace Corps volunteers. First of all, most of our suc-
cess in underdeveloped countries is more understanding and friendliness than
technical. And too (and here I may be making a hasty generalization), almost
all the retired farmers who I know are unduly conservative. Finally, due to their
seemingly willing immobility, they might not be too keen on accepting the rigors
and physical-psychological adjustments that this type of life requires.

If possible, please keep me informed on the progress of your bill. I might add
that I am very proud to have such a forward-looking man as my Representative.

With sincere thanks, I remain,

Yours faithfully,

J. E. EGGERT.

NORTHWEST COUNTY ELEVATOR ASSOCIATION,
Minneapolis, Minn., February 28, 1966.

HON. ANCHER NELSEN,
*House of Representatives,
 House Office Building, Washington, D.C.*

DEAR ANCHER: The House Committee on Agriculture is currently holding hearings on H.R. 12784—a bill to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities, and H.R. 12785—a bill which would provide for expansion of international trade in agricultural commodities.

The purpose of this letter is to advise you of our position on H.R. 12784. We agree that a policy regarding goals for reserves of agricultural commodities should be established. We further believe this ought to be done by the Congress of the United States and not left to the discretion of one man, the Secretary of Agriculture. We believe the Congress should establish minimum and maximum limits for the reserve and spell out the conditions under which supplies from this reserve can be used, inasmuch as we consider it absolutely essential to retain free competitive markets and this can be done only if the actions of the Commodity Credit Corporation are predictable.

Section 2 of the bill reads as follows:

"Sec. 2. Notwithstanding the provisions of any other law, the Commodity Credit Corporation shall—

"(a) reserve under this Act such quantities of agricultural commodities and products thereof acquired by it through price-support operations as the Secretary may direct;

"(b) procure for purposes of this Act such quantities of agricultural commodities and products thereof as the Secretary may direct through purchases or through exchanges of other commodities held by the Commodity Credit Corporation;

"(c) process, exchange, or package any agricultural commodity or products thereof as the Secretary may determine desirable for storage and disposal under this Act; and

"(d) dispose of agricultural commodities and products from the reserves as provided in section 3 of this Act."

The very broad grant of authority contained in section 2 would permit and actually appears to direct the Secretary to go into any type business he might wish. It is our understanding that Secretary of Agriculture Freeman has testified that he will use normal channels of trade and commercial facilities to the greatest extent practicable. Since this is what he plans on doing, would it not be desirable to incorporate such safeguards in the legislation?

There are other parts of this bill which, in our opinion, confer too much authority on the Secretary of Agriculture. We feel the bill must be modified if the grain trade is to continue to serve this Nation efficiently and maintain our open competitive markets which are essential to the Nation.

Sincerely yours,

PETE STALLCOP,
Executive Vice President.

(The following letter was also submitted for the record by Congressmen W. R. Poage, and Albert H. Quie:)

HOLSTEIN-FRIESIAN ASSOCIATION OF AMERICA,
Brattleboro, Vt., March 7, 1966.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
 House Office Building,
 Washington, D.C.*

DEAR MR. COOLEY: Inasmuch as it will not be possible for Holstein-Friesian Association of America to be represented before the joint committee hearing on the market development section, Public Law 480, on Wednesday, March 8 and 9, I would like to state briefly for the record the position of this association with respect to the continuation of section 104(a) of Public Law 480 as it now exists.

For a decade our association, representing over 40,000 breeders of registered Holstein cattle, has been vitally concerned with the development of foreign

markets for U.S. dairy cattle with special emphasis on the registered Holstein-Friesian segment. Shortly following the Second World War, this association, to the limit of its financial capability, sent representatives to Latin America to help reorganize the chaotic dairy situation and to help establish—or reestablish—the herd books for Holstein-Friesian cattle in several countries.

Our association, a nonprofit membership corporation, had only limited funds with which to conduct the technical assistance and market development program on which it embarked.

With the inception of Public Law 480, section 104(a), the association immediately took steps to cooperate with the U.S. Government to broaden its activities and to complement the activities of our Government representatives both here and abroad. Through worldwide cooperation with third parties, notably, Holstein or Friesian societies, the image of U.S. dairy cattle has markedly increased with the further result that demand for U.S. dairy cattle has increased sharply in terms of increased sales of breeding stock and commercial dairy cattle as well.

In 1965, in excess of 22,000 head of dairy cattle were exported, an approximate increase of 33 percent over 1964 alone.

Our association's record of animals transferred to foreign buyers increased 73 percent in 1965 over 1964 with a sevenfold increase in a 5-year period. The value of registered breeding stock alone transferred on association's records would be somewhere between \$1½ and \$2 million.

Representatives of our association have participated in nearly 100 projects for purposes of judging and classification of dairy cattle for body type as a means of making contacts for market development work—the majority of which were in cooperation with the Foreign Agricultural Service making use of section 104(a) Public Law 480 funds.

In our opinion, the small expenditure of available Public Law 480 funds, plus this association's investment in a ratio of approximately 10 to 1 Government dollars has resulted in placing the United States in a very enviable position from the standpoints of both the acceptability and demand for its dairy cattle. In a small way this helps us to be competitive with Canadian interests that are strongly and proportionately supported to a much greater degree than is the case in our country under the Public Law 480 program.

Cooperative planning and execution of these projects by both Government and private organizations with the private organizations providing a high proportion of the effort is a concrete way to enhance the U.S. image overseas and to develop markets for exportable items.

We urge favorable consideration be given to continuing section 104(a), Public Law 480, as it now is written so that Government and private resources will be directed along common channels with related goals.

Yours truly,

ROBERT H. RUMLER,
Executive Secretary.

OVERSEAS COMMITTEE OF COMMUNITY SERVICE, INC.,
Annandale, Va., March 8, 1966.

Mrs. CHRISTINE GALLAGHER,
Clerk, House Agriculture Committee,
Longworth Building,
Washington, D.C.

DEAR Mrs. GALLAGHER: Our committee is much interested in the use of counterpart funds for the establishment and support of binational foundations in the developing countries. I understand that your committee is now considering relevant legislation. In lieu of my personal appearance I should be grateful if you would arrange to have the following statement offered to the committee at the proper time. If you can also arrange for me to get a copy of the proceedings and committee report it will be much appreciated.

Sincerely,

DAVID H. SCULL, *Chairman.*

STATEMENT BY DAVID H. SCULL, CHAIRMAN, OVERSEAS COMMITTEE OF
COMMUNITY SERVICE, INC.

Mr. Chairman, my name is David H. Scull, I am a businessman of Annandale, Va., and am chairman of the Overseas Committee of Community Service, Inc. The founder and president of the parent organization is the distinguished engineer and educator, Dr. Arthur E. Morgan, former president of Antioch College and first chairman of the Tennessee Valley Authority.

Our committee is interested in support for activities in the developing nations which will enable them to become more fully self-sufficient in a material sense, and more self-reliant in terms of the ability of their own people to cope effectively with their own problems. One of our major interests is in a school and community development project in the State of Kerala, in India, currently one of the focal points in the food crisis in that country. I had the inspiring experience of spending a week last fall in the rural village of Velland, not far from the capital of Trivandrum, observing what is going on there.

This project, named Mitraniketan, is a good example of efforts which have been undertaken with local initiative; the director, Viswanathan, is a man who went back after his university training to his own village to put his ideas into effect. It is also a good example of U.S. private support—both financial, and through volunteers going there to work, helping to expand the local resources available.

The project incorporates a school, combined with a farm which is both a producing and a demonstrating farm and with small industry. Students as they graduate will have had not only a more liberal and practical education than they are likely to get in the more book-oriented, state-run schools. They will also have practical experience in the best agricultural techniques, will know how productive some of the newly developed plants and seeds can be, and will know something about small-scale industrial operations.

While we send substantial dollar support to this project each year as a result of voluntary contributions—and there are contributions from interested supporters in other countries as well—most of the expenses involved in making this project a really vital and important one for Kerala are local costs which can well be met out of rupee funds. To use these, through an appropriate foundation and of course with adequate screening of specific requests, would be to make excellent and in general noninflationary use of our counterpart funds.

We would request that the Congress approve legislation which would make it easier, in India and elsewhere, to make these funds productive. In the best possible type of project, agricultural, educational, and training goals are combined, as in the case I have just described, and for this reason we urge that the language be broad enough to cover a wide range of activity.

Furthermore, we urge that private nongovernmental activities be given every opportunity to qualify for grants from the binational foundations without imposing the equivalent of governmental controls. I can testify personally that much of the most valuable experimentation is being done outside of the area in which governments play a dominant role. It is particularly important, in countries where government tends to be overwhelming, to encourage individual initiative and self-reliance. There could be no better use of funds which in the last analysis have been generated by the private enterprise and initiative of American farmers.

THE AMERICAN PUBLIC HEALTH ASSOCIATION, INC.,
March 10, 1966.

Hon. HAROLD D. COOLEY,
*Chairman, House Committee on Agriculture, Rayburn House Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: As a professional organization serving over 16,000 members who are active in all phases of public health work, the American Public Health Association would like to support the principles contained in the food-for-freedom legislation which has recently been the subject of hearings by your committee.

We believe your committee will be interested in our policy statement on the population problem, which was adopted by the Governing Council of the APHA in October 1959 and revised in 1964. Briefly, the statement points out that: "In many areas of the world substantial population increase means malnutrition and outright starvation. In other areas it may mean increased stress in family life, reduction of educational opportunity, and the retardation of the industrial development on which a nation's rising standard of living depends. No problem—whether it be housing, education, food supply, recreation, communication, medical care—can be effectively solved today if tomorrow's population increases out of proportion to the resources available to meet those problems." (A copy of the complete statement is enclosed.)

"In large sections of the world, high illness and death rates resulting from malnutrition constitute a severe handicap to social, political, and economic progress. These deficiencies are most damaging to children in the age range

of 6 months to 5 years." These facts are pointed out in a resolution, adopted by the APHA Governing Council last October, which urges "international agencies, Government agencies, private agencies, and industry to give increased emphasis to the nutritive value and the acceptability of foods supplied through food-for-peace and other programs designed to supplement the nutritive needs of people throughout the world." Our association further believes that "shipment of food based solely on surplus availability neither meets critical needs for health nor contributes adequately to problems of needed food resources." (A copy of the complete resolution is enclosed.)

It would be most appreciated if the views of the American Public Health Association could be included in the record of your hearings on H.R. 12036 and H.R. 12785.

Yours truly,

BERWYN F. MATTISON, M.D.,
Executive Director.

[Reprinted from American Journal of Public Health, vol. 49, No. 12, December 1959, copyright by the American Public Health Association, Inc., 1790 Broadway, New York, N.Y.]

POLICY STATEMENT

(The following policy statement was adopted by the governing council, American Public Health Association, at its 87th annual meeting in Atlantic City, N.J., Oct. 21, 1959)

THE POPULATION PROBLEM

There is today an increase of population which threatens the health and well-being of many millions of people. In many areas of the world substantial population increase means malnutrition and outright starvation. In other areas it may mean increased stress in family life, reduction of educational opportunity, and the retardation of the industrial development on which a nation's rising standard of living depends. No problem—whether it be housing, education, food, supply, recreation, communication, medical care—can be effectively solved today if tomorrow's population increases out of proportion to the resources available to meet those problems.

The patterns of family life directly affect human health and individual capacities. Serious public health problems are posed when family size impairs ability to sustain a healthful way of life, when childbearing may affect adversely the health of the mother and her offspring, when the cultural and spiritual aspirations of the family are frustrated by fertility.

The interplay of the biological, ecologic, cultural, and economic factors that operate to produce population change is not adequately understood. Especially lacking is scientific knowledge concerning human fertility. However, the healthful effects of family planning and spacing of births has been recognized by leaders of all major religious groups, as well as by leaders in medicine, welfare, and public affairs. Several methods are now available for the regulation of conception, one or another of which may be selected as medically appropriate, as economically feasible, or as consistent with the creed and mores of the family concerned.

The public health profession has long taken leadership in defeating disease, disability, and death. It must now assume equal leadership in understanding public health implications of population imbalance and in taking appropriate action.

The American Public Health Association, retaining cognizance of the principle of religious freedom by all religious groups as expressed, for example, in the first amendment of the Constitution of the United States, believes therefore that:

1. Public health organizations at all levels of government should give increased attention to the impact of population change on health.

2. Scientific research should be greatly expanded on (a) all aspects of human fertility; and (b) the interplay of biological, psychological, and socioeconomic factors influencing population change.

3. Public and private programs concerned with population growth and family size should be integral parts of the health program and should include medical advice and services which are acceptable to the individuals concerned.

4. Full freedom should be extended to all population groups for the selection and use of such methods for the regulation of family size as are consistent with the creed and mores of the individuals concerned.

[Reprinted from American Journal of Public Health, vol. 54, No. 12, December 1964, copyright by the American Public Health Association, Inc., 1790 Broadway, New York, N.Y.]

POLICY STATEMENT ON POPULATION

(The following statement was adopted by the governing council of the American Public Health Association, at the 92d annual meeting in New York, N.Y., Oct. 4, 1964)

Since adoption of the 1959 policy statement on population by the American Public Health Association, public concern over world and national population problems has accelerated more than has public action to solve them.

In the United States, an increasing number of official health and welfare agencies have instituted programs of family planning to reduce the incidence of unwanted pregnancies, illegal abortions, and maternal and perinatal mortality and morbidity. Governing bodies, from the Congress of the United States to town councils, have voted to make family planning information and services available, but millions of Americans are still denied such help as a part of the health or welfare services provided them from tax funds.

Although both tax and private funds are supporting research on reproduction related to birth and population control and remarkable advances in contraceptive technology are emerging, the National Academy of Sciences has clearly indicated how great are the unmet needs in research and training.

Governments of developing nations are officially recognizing rapid population growth as a serious deterrent to improved well-being of their people. Increasingly, they are adopting national policies and initiating national programs of family planning. To implement these programs, many seek technical assistance which remains difficult to obtain from governmental sources.

These events call for added leadership by the public health profession in understanding and acting upon public health implications of rapid population growth. The American Public Health Association, therefore, believes it important to reaffirm its 1959 policy statement, dedicates itself to intensified study and action on population problems and urges that:

"1. Federal, State, and local governments in the United States include family planning as an integral part of their health programs, make sufficient funds and personnel available for this purpose, and insure such freedom of choice of methods that persons of all faiths have equal opportunities to exercise their choice without offense to their consciences.

"2. Federal and State Governments, foundations, universities, and other research institutions give higher priority to the need for more research and training on all aspects of population problems.

"3. The United States expand its technical assistance in population programs to those nations requesting it and urge efforts by the World Health Organization and other appropriate international agencies to do likewise."

NUTRITIVE VALUE OF FOOD DISTRIBUTED ABROAD—1965

In large sections of the world, high illness and death rates resulting from malnutrition constitute a severe handicap to social, political, and economic progress. These deficiencies are most damaging to children in the age range of 6 months to 6 years. The surviving children afflicted by malnutrition in early childhood are more susceptible to injury from infectious diseases and may be irreversibly retarded in development. The continued prevalence of such conditions detracts seriously from the prospect of world peace.

The major forms of malnutrition are reasonably well identified as a basis for corrective action and scientific guidance in education, agriculture, and food practices. The lack of good quality protein foods is a dominant factor, followed in importance by deficiencies of vitamin A, iodine, iron, and other nutrients. Shipments of food based solely on surplus availability neither meets critical needs for health nor contributes adequately to problems of needed food resources.

The American Public Health Association urges international agencies, government agencies, private agencies, and industry to give increased emphasis to the nutritive value and the acceptability of foods supplied through food for peace and other programs designed to supplement the nutritive needs of people throughout the world.

Adopted by the governing council of the American Public Health Association, October 20, 1965.

CORNING, IOWA, March 10, 1966.

HON. HAROLD D. COOLEY,
*Chairman of Committee on Agriculture,
House of Representatives,
Washington, D.C.*

DEAR SIR: In the interest of brevity and to avoid duplication of testimony before this committee; we are offering this telegram in support of the testimony being given by the National Grange on the world war on hunger and relative legislation.

We are in complete agreement with the National Grange on the need for this type of legislation and the need to proceed with caution so as to protect the farmers' price at the marketplace.

We agree with the Grange and others that it is necessary to try to work out a program of self-help for these underdeveloped countries and that it seems to be necessary to furnish some food until this can be accomplished.

We believe that Congress should proceed with a great deal of caution in this particular area being ever mindful of the successful farm program presently in effect, that has been passed to keep supply somewhat in balance with demand.

If this is to be disrupted then we hope that Congress in their great wisdom will provide safeguards insuring that the prices received by our farmers be in line with the cost of production and a reasonable profit. We do not believe that the American farmer can produce the added amount of production needed for the world war on hunger program at the present world market prices. We realize that the Grange testimony will be broad in scope and will in the area of the International Federation of Agricultural Producers deal with areas of the market and foreign trade, where we in the National Farmers Organization would not be as well informed at this time.

We have, however, the utmost confidence in the officers of the Grange and their representative and so do support their testimony and request that this telegram be included in the record as the official position of the National Farmers Organization on the world war on hunger program.

OREN LEE STALEY,
President, the National Farmers Organization.

THE RICE MILLERS' ASSOCIATION,
Washington, D.C., March 23, 1966.

HON. HAROLD COOLEY,
*Chairman, House Committee on Agriculture,
House Office Building, Washington, D.C.*

DEAR CONGRESSMAN COOLEY: I am submitting herewith the views of the Rice Millers' Association on H.R. 12785, the proposed Food for Freedom Act of 1966. Will you kindly include our views in the record of hearings by your committee?

The Rice Millers' Association, which represents 98 percent of the rice milling volume in the Southern United States, supports H.R. 12785, but requests certain modifications in the measure. The specific recommendations and comments we wish to make are as follows:

PROTECTION FOR SMALL BUSINESS

The Rice Millers' Association requests that H.R. 12785 be amended to require that in exercising authorities conferred under the act, the President shall take appropriate steps to assure that small business has adequate and fair opportunity to participate in sales through private firms.

The complexity of regulations and the nature of buying procedures which have been allowed under Public Law 480 sales in the past, have discouraged and in many instances made it impossible for small exporters to sell rice under Public Law 480 agreements. As a consequence, over 90 percent of rice sales under Public Law 480 are handled by two large export firms. Inasmuch as Public Law 480 sales have accounted for 25 to 60 percent of rice export sales during the past few years, the absence of appropriate opportunity for small businesses to participate in such sales has given large export firms excessive and undue control over all the rice export market.

To protect against such control, and to foster the interests of small exporters, substantial modifications of buying procedures are required. We would not suggest that the Congress at this time specify buying procedures, but we do suggest that the Department of Agriculture be directed to promulgate appropriate and reasonable procedures which will allow and foster small business participation. It is further recommended that a small business officer be established in the Department to consult with small exporters and develop and institute regulations which will give small exporters a fair opportunity to participate in sales under the act.

TRANSITION TO DOLLAR SALES—TITLE I, SECTION 103(b)

We question whether a complete transition from foreign currency sales to dollar sales can be achieved in a 5-year period. This may be possible in some instances but in our opinion it is not possible in many cases, notably in the case of India. There is not much to lead us to believe that India can acquire the ability to pay dollars for its monumental food import requirements within the foreseeable future. In our opinion, this paragraph should be modified to exempt India and countries in like circumstances.

SAFEGUARDING USUAL MARKETS—TITLE I, SECTION 103(c)

In reference to the matter of safeguarding usual markets for U.S. products, we want to point out some disturbing tendencies in respect to rice that are developing. Rice is a higher-priced product in world markets than other cereal grains. We detect a growing tendency of certain food-deficit countries to sell some of their rice for cash in the world market, and to use U.S. wheat obtained under foreign currency agreements to compensate for food requirements in the country. In our opinion, this export of readily substitutable commodities represents a circumvention of congressional prohibitions against reexport of Public Law 480 commodities. Such substitution produces additional competition for U.S. rice in dollar export markets. This substitution has been noted or strongly suspected in the cases of Public Law 480 agreements with Pakistan, Egypt, and Brazil, to name a few. It is recommended that the Congress adopt language to make the matter of commodity substitution a greater consideration in future foreign currency programming. We recommend that countries receiving commodities under H.R. 12785 not be allowed to export products that are freely substitutable in their diets with commodities being received under H.R. 12785.

NUTRITIONAL ENRICHMENT

We support the provision in title II, section 203, for nutritional enrichment of foods distributed under the title. Rice can be successfully and inexpensively enriched. All rice that is distributed under the domestic school lunch and welfare programs is enriched. Moreover, rice can be an economical and readily acceptable carrier for protein supplementation of diets in underdeveloped countries.

We recommend that Congress direct that in carrying out objectives of title II, that priority be given to use of accepted and preferred foods as carriers for nutritional enrichment to the maximum extent possible.

DURATION OF ACT

The association supports the proposal to enact the food-for-freedom program for a 5-year period. Long-range planning is important for both Government and industry in order to do the most effective job of achieving objectives of the act.

ELIMINATION OF SURPLUS CONCEPT

We favor the proposal to eliminate the surplus concept for title II of H.R. 12785. Title II refers to famine and emergency relief, foreign school lunch programs, and feeding of needy people. Rice is barred from these aspects of present Public Law 480 programs because it is not in CCC inventory, despite the fact that rice is the food in greatest demand and need in these programs. This has resulted in necessity to supply rice substitute products for such pur-

poses. These substitutes in many cases are repugnant to traditional rice-eaters, and frequently create ill will rather than good will for the United States. The availability of rice in these programs would make them more effective instruments of U.S. policy.

Thank you for your kind consideration of our views. We shall be happy to present any elaboration desired.

Let me add that these comments should be considered to apply to any legislation which your committee should consider in regard to the food for freedom program.

Respectfully submitted.

J. P. GAINES,
Executive Vice President.

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., March 25, 1966.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: As you know, the Advisory Committee on Voluntary Foreign Aid, composed of private citizens serving voluntarily, is the agency with whom U.S. voluntary agencies are registered for official accreditation and certain specific governmental support.

It maintains close liaison with both the Government and the voluntary agencies in their related overseas relief programs, concerning itself especially with the scope and quality of voluntary agency overseas activities, and giving whatever assistance it properly can to both Government and the private agencies by way of advice on program policies and procedures.

Impressed with the growing concern in this country over the problems of hunger and population growth in many parts of the world, the advisory committee, at its meeting of December 2, 1965, designated four of its members as a special task force to make a study of the food for peace program, with special reference to voluntary agency participation in it.

The report of the task force, dated February 8, 1966, has been reviewed and approved by the full advisory committee. It contains recommendations on Government procedures and practices, voluntary agency activities, and, in general terms, legislation.

On behalf of our committee, I submit herewith a copy of the report, and respectfully suggest that it be placed in the record of the Committee on Agriculture's hearings on the war on hunger program and H.R. 12785, the food for freedom bill. In doing so, I express the hope of the members of our committee that the report may be helpful to your committee's consideration of the proposals being advanced to meet the problem of world hunger.

Sincerely yours,

CHARLES P. TAFT, *Chairman.*

FOOD FOR PEACE AND THE VOLUNTARY AGENCIES REPORT OF TASK FORCE TO THE
ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

I. THE PROBLEM

Official statistics are plentiful. Government and private surveys are complete and detailed in their revelations. Periodicals and daily newspapers carry the facts, with pictures and the views of editorialists and columnists added, to the American home. In countries where two-thirds of the world's population live, there is widespread hunger. Millions upon millions of human beings, in most of Asia, in most of Africa, in parts of Central and South America, are underfed, poorly fed, or, worse, unfed. Food production in the afflicted areas has fallen far behind the minimal needs of the people, a condition aggravated and promising to be worsened by progressive population growth. National economic instability, strife, political insecurity, individual poverty, disease, to name some of the prevalent ills, keep stirring the foodless pots. Natural disasters—the unidentical twine of drought and flood among them—add their recurring contributions to the total misery.

Other nations and other peoples have manifested their concern and their generosity in their efforts to give the assistance so desperately needed by this mass of suffering humanity. Principally among them have been the United States and her people—officially and personally. Blessed with enormous food production, with stores far in excess of domestic needs, our ability to make food available to the hungry of the world was a good match for our desire to do so. Under the authority of what we know as Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) this food “surplus” was made available by sale and donation for overseas relief, in recent years under food for peace. A significant amount, roughly one-half of the total food donations under Public Law 480, is distributed through voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid. Word has come from official sources that the “surpluses” are becoming depleted. Some of the foods hitherto in that category are in very short supply—at least for overseas distribution—our inventory in several of them consisting of current or early future production.

Yet the need for a food-for-peace program has not lessened; it has grown. The call for voluntary agency assistance is greater. The problems of food production and distribution, of nutritive, health-preserving feeding, of related economic development in the recipient areas, all the things food for peace and the participating American voluntary agencies sought to serve overseas, remain. Special effort is called for. The expansion of authority and scope of the program should be looked into. New means to meet the changing and accelerating needs must be found. Procedures, public and private, must be reexamined and made to fit present conditions and demands.

It is in the light of all this that this task force was created by the Advisory Committee at its meeting of December 2, 1965, to make an in-depth study of the food-for-peace program, and particularly, the role of the American voluntary agencies in it.

II. THE VOLUNTARY AGENCIES AND THE ADVISORY COMMITTEE: A BRIEF BACKGROUND

The direct involvement of accredited U.S. voluntary agencies in the food-for-peace program has been underway now for better than 10 years. During this time, changes in policy, procedure, and emphasis have taken place. Over the years progress has been made in improving Government-voluntary agency relationships. The Advisory Committee on Voluntary Foreign Aid, established by Presidential order in May 1946, has played an active part in these developments, and periodically has reviewed and made recommendations regarding program policies and procedures. The Committee has accepted as its mandate the responsibility of serving the interests of both the Government and the cooperating voluntary agencies, trying to understand and to interpret the special problems of each to the other, to the end that the best interests of both might be served. It has encouraged the “growing partnership”, including the substantial overseas food aid programs of the voluntary agencies under food for peace. This experience has conclusively shown that these voluntary agencies, while retaining their separate identity as independent nongovernmental groups, can, nevertheless, carry forward in partnership with Government mutually helpful programs in the name of the American people. It has also demonstrated that Government can work effectively with agencies of the U.S. private sector.

Using this experience as a base, and through a careful examination of existing programs and procedures, the task force seeks to point out ways in which this joint effort can be improved. We do this confident that both the Government and the voluntary agencies agree that significant improvements can be made, and that they are prepared to work together in good faith to accomplish this objective.

The idea of Government committee supervision over private overseas relief as we now have it began while other nations were deep in World War II, roughly a year before the United States was brought into it. Because our country had a neutral status to preserve at that time, all private voluntary groups soliciting contributions from the American public for relief work in warring countries were required to make themselves formally known to the Department of State. In March 1941, President Roosevelt named a committee to look into the problems of American war relief activities. From its study came the President's War Relief Control Board, established by Executive order, July 25, 1942, to guide the agencies in their activities and to license approved programs of overseas relief. On May 14, 1946, the Board was succeeded by the Advisory Committee on Voluntary Foreign Aid, by direction of President Truman. The Advisory Committee established registration procedures, which, buttressed by legislative enactments, became the

channel through which Government support and subsidies (ocean freight, food donations, excess property, contracts for services) became available to registered voluntary agencies.

We are tempted at this point to say something more about the development and value of the overseas relief partnership of the Government and the voluntary agencies, as well as the Advisory Committee's important part in it, but we prefer to quote the words of others who have said it best.

Herbert Hoover, on voluntarism in America :

"Many citizens ask themselves: For what reason must we continue to support the voluntary agencies? Why not let the Government do it all? The essence of our self-Government lies in the self-Government outside political government. The fabric of American life is woven around our tens of thousands of voluntary associations, the churches, the private schools and colleges, the research institutions, the professional societies, women's organizations, business, labor, the farmers' associations, and by no means the least, our charitable institutions. That is the very nature of American life * * *. If these voluntary activities were to be absorbed by Government agencies, this civilization would be over. Something neither free nor noble would take its place."

David E. Bell, Administrator, AID :

"This partnership has a quality that Government aid alone cannot achieve. It is a force of enduring strength and fellowship that binds together our people and the friendly peoples of other countries and furthers and strengthens the peaceful objectives of the free world."

Herbert J. Waters, Assistant Administrator, AID :

"We * * * are indeed fortunate to have the American voluntary agencies assisting us in carrying forward a very important segment of our food-for-peace program. This is a partnership arrangement in a program which is completely voluntary. Facilities and food donations from the Government are made available but it is the volags who decide whether and to what extent they should participate in the program. While working in cooperation with their Government, the independent nature of these organizations is recognized and preserved."

George McGovern, U.S. Senator :

"The great strength of the voluntary groups as compared to direct Government programs is their ability to humanize foreign assistance. The warmth of a hand or the joy of a smile can transform a coldly impersonal foreign aid program into a heart-warming relationship between human beings."

Arthur C. Ringland, former Executive Director, Advisory Committee for Voluntary Foreign Aid :

"The President, when he enjoined the Advisory Committee upon its establishment 'to tie together the governmental and private programs in the field of foreign relief,' set up a benchmark that has been the point of reference in the relations of the Government and the voluntary agencies throughout the postwar years. This tying together has marked the most productive relief and rehabilitation operations of the registered voluntary agencies; for voluntary foreign aid is most productive when it complements public aid and that of the local agencies in the participating countries."

III. THE PRESENT STATE OF AFFAIRS

Harassed by overauditing, demands for payment of claims, some of which are 5 years old, programing delays, on-and-off food availabilities, backing and filling on Government policy and guidelines, the voluntary agencies are understandably reflecting frustration, negativism, and an overcautiousness to an extent which could very well knock out the props which have supported voluntary agency cooperation with Government over the past 20 years.

This is in the face of the growing international concern about the widening food gap, statements and actions by the President and other responsible Government officials firmly committing the United States to a high stake in the war against hunger, poverty, and disease (an area in which voluntary agencies rather than Government have done the pioneer work), recent steps by Members of Congress and the executive branch to broaden substantially and to liberalize the legal authority under which the attack on world hunger can be carried forward, and the widespread enthusiastic support of this objective shown by the American people and their institutions, both profit and nonprofit.

We are in full support of the President's statement of last March 31, when he said: "The food-for-peace program is one of the most inspiring enterprises ever undertaken by any nation in all of history," and, later on in the same message,

"Food for peace is, above all, a program which expresses the great and generous heart of the American people—and is a worthy expression of the compassion always so much a part of America's character. It deserves the continued support of the Congress and of all Americans." Every Government official—high and low—connected with the program can find in the meaning and purpose of the President's words a clear guide for carrying out his daily responsibilities. The direction thus pointed by the President must not be lost or weakened in the process of implementing the program. Experience of better than 10 years should lead us to accept the obvious now, rather than to wait for historians to tell us the facts of life—namely, that the role of the voluntary agencies in food for peace has been one of the most important, uniquely democratic, and effective instruments in furthering U.S. oversea objectives in this decade.

Prudence and humanity dictate a major effort on the part of the U.S. Government at this critical time to encourage maximum voluntary agency participation in the overall U.S. effort to close the world hunger gap. To do this—and do it properly—will mean taking another look at and probably revising significantly some of the procedures, regulations, and criteria we have set as conditions of voluntary agency participation. As we look back, we cannot escape the feeling that we may have erred in trying to apply (perhaps on occasion too rigidly) Government thinking and practices to private agency thinking and practices, and that the gears just somehow don't quite mesh.

As an assist in finding a formula under which the gears may be made to mesh properly, the following recommendations are offered:

IV. RECOMMENDATIONS

(a) Government procedures and practices

Recommendation No. A-1.—Find a satisfactory procedure to replace the present requirement for Interagency Staff Committee clearance of voluntary agency food-for-peace programs.

Discussion: The present system has proven time-consuming (therefore costly) and ineffectual. It has stirred up more dust than it has settled. Among the voluntary agencies, there are suspicions of it (pretty much unfounded but nonetheless real in the minds of some) on the grounds that they are excluded from these deliberations, and notice of decisions taken are slow in reaching them. Their exclusion is because matters of security are discussed. It should not be difficult to resolve this problem. AID's Office of Material Resources has already developed proposals which would in large part satisfy this recommendation. These AID proposals, and any new ones along the same line, should be accepted and given effect, with the added feature that voluntary agency representatives be permitted to appear when their program requests are under review, if they so desire. Security matters need not be discussed at such sessions.

It may be noted that in the exercise of caution, the protection of security classifications can sometimes be overdone, resulting in the withholding of useful information from a party of interest. Since voluntary agencies are definitely parties of interest, as much pertinent information as possible should be shared with their accredited representatives, in a manner and to the extent that it can be done without adversely affecting the security of the United States or otherwise prejudicing the national interest.

Recommendation No. A-2.—Give the Secretary of State (or, if feasible, the Vice President) the authority to make final decisions on unresolved interagency food-for-peace issues.

Discussion: A major difficulty in this area of the program up to the present has been that no one official (other than the President, of course) can call the shots and make them stick, because there are too many heads of agencies either with veto power or enough influence and delegated authority to enter objections and delay actions. From a literal reading of the Executive order outlining the responsibilities of the Director of food for peace it would seem that he has this authority. However, in practice this could mean overruling an official or officials of Cabinet rank, which for obvious reasons, has its built-in drawbacks.

Recommendation No. A-3.—By Executive order or legislation remove the overlapping responsibilities of the Secretary of State and the Secretary of Agriculture in administering Public Law 480 (or successor legislation).

Discussion: This is a large and complicated program, we know, but it is made more complicated because of the absence of clearly defined responsibilities of the several executive branch agencies. This has significantly complicated voluntary

agency relationships with Government in their overseas food programs. The time has come to assign responsibility to the Department of State and AID for policy and programing decisions for that portion of our food aid which is headed overseas. The Department of Agriculture would continue to be responsible for programs involving the use of food at home, such as school lunch, stamp plan, welfare uses, including the stepped-up poverty program, disaster relief, etc. It would likewise continue to acquire, store, process, and deliver to U.S. ports the commodities needed for overseas use. In this latter field the Department of Agriculture's role would be limited to that of supplier, and it would not become involved, as it has up to now, in foreign policy considerations affecting program decisions, including voluntary agency title III programs.

Recommendation No. A-4.—The U.S. Government paper of August 26, 1959, entitled "Policies for Public Law 480 Title III Foreign Donation Program," should be updated to conform to changes in the law and to current practice.

Discussion: This policy paper, which to our knowledge, has been neither rescinded nor revised, was hammered out by the so-called Francis Committee (Interagency Committee on Agricultural Surplus Disposal) after more than a year of top level interagency discussion, which, prior to final acceptance of the paper, included in depth discussions with the voluntary agencies concerned and with the Advisory Committee on Voluntary Foreign Aid. For a number of years this policy paper provided useful guidelines for Government officials and the voluntary agencies alike. In more recent years, although never officially rescinded, it seems to have vanished by default and to have been overtaken by a maze of new Government regulations and manual orders. The 1959 policy statement has much to commend it, and that which is still applicable and useful should be retained. This includes a clear statement that it is the policy of our Government to give all-out support to the expanded role of American voluntary agencies in oversea food aid programs. Whatever changes are made in the position paper to harmonize with advances which have occurred in program techniques, administration, and emphasis, a 1966 policy statement should by all means give equally strong support to the role of the voluntary agencies.

Recommendation No. A-5.—Authorize payment of ocean freight on UNICEF title III shipments on condition that UNICEF agrees to plow back the dollars thus saved from its own budget expenditures into improved nutrition; that is, research, pilot projects, purchase of supplemental foods, additives, fortifiers, and such.

Discussion: Legislative authority to do this now exists. Over the years the executive branch has refrained from paying such ocean freight charges on the ground that Congress would object to it as an additional dollar contribution over and above the funds appropriated by the Congress for support of the United Nations and its specialized agencies. In view of the new emphasis on nutrition, particularly with respect to the preschool child, it would seem that this objection could be overcome, particularly if an understanding could be reached with UNICEF that an equivalent amount would be used to further U.S. objectives in the field of nutrition as stated above. It is reasonable to believe that UNICEF would be receptive, since this is a field in which it has pioneered, and that both that agency and the United States would benefit by this arrangement.

Recommendation No. A-6.—Find a balance between the time and expense devoted to auditing as against programing.

Discussion: Right now we see signs that the Government may be putting more time and staff into an attempt to discover faults in the program than it is in direct approaches to a more effective program. Steps are underway to correct this situation in part by staffing up on the program side. These steps should be encouraged, but at the same time a very close look should be taken at the present cost to the Government of its auditing procedures as compared with the results achieved. It is recognized, of course, that the executive branch can only exert control over audits which are carried out under its aegis, namely, AID-Audit Division and the Office of the Inspector General of the Department of State. We are aware that the audits and inspections of the General Accounting Office, an arm of the legislative branch, are beyond the supervisory reach of the executive branch. They are not, we say, beyond the reach of constructive comment. Insofar as food-for-peace audits are concerned, the General Accounting Office is exploring new ground, although in terms of personnel assigned to this task they have been building up very fast. Food for peace, of course, is only a small part of the overall concern of the General Accounting Office. It represents, however, a very sensitive area both with regard to foreign policy implications and

to relationships with U.S. voluntary agencies and their foreign counterparts. It is interesting to note that although the sales portion of the food-for-peace program represents better than 75 percent of the total, the General Accounting Office audits thus far have been running at least 50 percent on the much smaller donation programs. Over the years the U.S. Government has made a very sizable investment in time, effort, and money to develop a nice balance in its relationships with the voluntary agencies. Substantial mutual benefits have resulted. This investment should be protected and continued. It would be foolhardy, through ill-advised auditing procedures not attuned to the necessities and practicalities of so complex and important an instrument of American foreign policy, to tear down what has taken years to build up. We respectfully suggest that this is a fit subject for Congress to consider as it deals with legislative proposals for a more effective food for peace.

Recommendation No. A-7.—A reasonable percentage loss tolerance should be worked out and authorized on voluntary agency food distributions.

Discussions: The voluntary agencies are now held accountable for virtually every pound of donated food assigned to them. The Department of Agriculture exempts from its asserted claims only those losses having a value of \$3 or less. This is consistent with neither good commercial practice nor the Government's own experience in moving foreign aid supplies. The claims do not need to be based on proven carelessness, irresponsibility, inefficiency, or dishonesty attributable to the voluntary agency concerned. We exaggerate somewhat, but not completely, when we observe that in the war against hunger the rules seem to require that no bullet is to be fired without a money-back guarantee that it will find its mark. The loss tolerance to be allowed should take into account the many difficulties and variables involved in the movement and distribution of foods to outlying and in some cases previously inaccessible areas of foreign countries. Also woven into the fabric of the problem are language barriers, inadequate or at times nonexistent transportation and storage facilities, different standards and customs of recipients and local officials, unfamiliarity of recipients with our foods, civil strife and unrest, natural disasters, and heaven knows what else. These practical considerations should be applied in evaluating the Government's field audits on which the claims are filed. That evaluation should not use the high U.S. standards of practice as the norm for comparison, but, rather a standard of practice which can reasonably be applied in the overseas areas of distribution.

Recommendation No. A-8.—Existing Public Law 480 priorities should be re-studied and adjusted.

Discussions: At present sales for foreign currencies (title I) take priority over foreign donations (titles II and III).

The task force is not convinced that in all instances such sales should, in fact, take rigid priority over donations. Situations could readily arise when a departure from the sales priority could better serve current and projected U.S. objectives abroad. There is no intention on our part to downgrade the value of title I sales programs. The importance of acquiring foreign currencies in this manner and using them to pay U.S. bills and to promote economic development is fully recognized. On the other hand, there are now at least eight countries, including some of the largest takers, such as India, Pakistan, and the United Arab Republic, where our foreign currency holdings are in excess of foreseeable U.S. requirements. In these so-called excess currency countries and in others which may later fall into the same category, it seems preferable to us, at least while the excess currency condition exists, to give priority to grant and donation programs. Moreover, it is the opinion of the task force that in all other areas sales for foreign currencies and foreign donations (including those administered in cooperation with registered U.S. voluntary agencies) should enjoy equal priority, with our national interests the deciding factor whenever the question of a choice between them may come up. This conclusion is based on the assumption that it is the U.S. Government's intention to upgrade foreign donations programs substantially, and to use them as a major tool in accomplishing the recently announced U.S. international assistance objectives (President Johnson's February 2, 1966, foreign aid message to Congress requesting funds to fight hunger, disease, and ignorance).

(b) *Voluntary agency activities*

Recommendation No. B-1.—Continue to build up the quality and quantity of field staffs (U.S. citizen and local hire) adequate to the fulfillment of the responsibilities undertaken.

Discussion: More than 800 U.S. citizens are now employed in overseas posts by registered voluntary agencies to administer food and related voluntary aid programs. Working side by side with these Americans are approximately 6,700 non-U.S. citizen staff members and employees, plus an uncounted number of volunteers. This in itself is a tremendous contribution, which, when measured in dollars and cents, represents a very significant savings to the U.S. Government (assuming that if the voluntary agencies did not underwrite this activity, the Government would maintain the same level of operation and carry its total cost). The administrators of the U.S. Government program must be keenly aware of this, and we are confident they will not let it slip from their minds. Even so, a greater effort in this direction will need to be made by the voluntary agencies as they move into stepped-up self-help food for development program requiring, as may be expected, closer supervision, more manpower, revised procedures, and greater know-how. If the President's desire, as expressed in his 1966 state of the Union message, to introduce "new and daring" measures to combat hunger, poverty, and ignorance is to reach full flower, there must be continued reliance upon substantial help and full cooperation from the U.S. private sector. From the hitherto proved willingness and ability of the voluntary agencies to meet past challenges of this kind comes a confidence in them not easily shaken.

Recommendation No. B-2.—Each voluntary agency should carefully consider and decide whether it wishes to be a part of the program, and then proceed accordingly.

Discussion: It is now, always has been, and should continue to be the prerogative of the individual voluntary agency to determine whether it should accept Government subsidies and thereby become a working partner in the Government's assault to reduce the effects of hunger and other privations abroad, and to eliminate their causes. There is no room for lukewarm participation in this partnership. The challenge we face in the next two decades to close the hunger gap calls for all-out effort, with maximum freedom from inhibiting factors. The enormity and critical aspects of the task insist upon this.

Recommendation No. B-3.—Voluntary agencies must be prepared to show how and to what extent their own private resources, melded with Government subsidies, have, in fact, had the intended multiplier effect.

Discussion: We are quick to recognize that voluntary agency overseas services cannot be measured solely in terms of dollars and cents. There are, of course, a number of benefits of an intangible nature which cannot be realistically assessed with a dollar sign. However, neither the legislative nor the executive branch is lacking in scrutinous officials who are more easily and surely convinced by the tangible rather than the intangible argument. Moreover, it was the clear intent when the first substantial subsidy, ocean freight, was authorized that this would conserve voluntary agency cash resources, which could, in turn, be plowed back into other services. The subsidy was not intended as a substitute for the agencies' cash resources. Nor was it intended to diminish the agencies' own efforts to employ to the fullest the fundraising potential within their own constituencies among the American public.

Recommendation No. B-4.—Tool up for and place even greater emphasis on initiating self-help, community development, and works projects type programs. As an important corollary to this, take more active role in programs designed to increase agricultural production in the less-developed countries.

Discussion: The voluntary agencies have done much in pioneering self-help activities. The philosophy of helping people to help themselves is a basic tenet of voluntarism. A number of registered voluntary agencies urged the use of foods as an incentive to self-help works projects as long as 10 years ago, well before that authority was written into the law. Now that the authority is there, and the principle has been enthusiastically accepted by the Government, a major push in this direction should be made.

Recommendation No. B-5.—In evaluating ongoing food programs and in planning new ones the voluntary agencies should ask themselves the question: "What is this program going to do for these people 10 years or more from now?"

Discussion: It may be that until now we have been so concerned with emergencies and immediate needs that we have not been able to look very far ahead in evaluating what our present efforts really mean in terms of the recipients' future. Emergencies will recur, and the pressure of meeting immediate needs will continue. These must be met. Yet more effort must be placed on long-term planning—bringing the total available services to bear in improving the socio-economic condition of the individuals being served, and projecting the measure of their worth to these individuals in the next 10, 15, or 20 years.

(c) Legislation

Recommendation No. C-1.—Predicate the food-for-peace program upon the same broad national policies as those of the foreign economic assistance legislation generally.

Recommendation No. C-2.—Shift the program from one of distribution of whatever food happens to be on hand and available to one of meeting the nutritional needs of hungry people, with appropriate directions for commensurate domestic agricultural production, and with adequate authority and positive mandate for purchase by the Government of the required items.

Recommendation No. C-3.—Provide authority for and give primacy to material and technical assistance in food production, processing, and distribution in the recipient areas.

Recommendation No. C-4.—Tie the food program more firmly to works projects and economic development, the more to induce expanded self-help.

Recommendation No. C-5.—Combine present titles II and III donation authority, and facilitate full use of the experience and capabilities of voluntary agencies.

Recommendation No. C-6.—Place with the Department of State and AID all the authority needed for administering the program abroad, including the power of decision on place, size, and type of program, related, as the program is, to considerations of foreign policy.

Discussion: As we said at the outset, the assignment of the task force was primarily to make a study of voluntary agency participation in the food-for-peace program, with a view to making some suggestions, hopefully constructive, on the operational aspects of the subject. Although not specifically told to do so, it was inevitable that we should find ourselves thinking in the direction of new legislation. We could not have made some of the recommendations contained on the preceding pages, nor justified some of the things we said in the respective discussions, if we did not take into account the public announcements of the President and others in executive authority of the urgent food needs of the world and the resolve of the United States to do something big about it, and, as well, the proposals already contained in bills introduced on the independent initiative of influential Members of Congress. Indeed, some of our recommendations on operational aspects of the program look to legislative revisions to make them appropriate and effective. The six recommendations we have made on new legislation are intentionally general in their terms, but we consider them to be basic to what we earnestly feel is needed to be done.

It is more than likely that before the Advisory Committee has time to consider this report and decide what to do with and about it, the President's promised message and legislative proposals on the problem of world hunger will have been sent to the Congress. The members of the Advisory Committee may later wish to address themselves directly to them, either individually or as a committee, or, on the other hand, may choose to ask this task force to deal with them in an addendum to this report. We await the committee's word in this regard. Otherwise, our work as a task force is finished.

V. CONCLUSION

We close this exercise by thanking the Advisory Committee on Voluntary Aid for having allowed us to play this part, relatively small though it be, in the advancement of a program so dedicated to human needs and so meaningful to our country and its people.

"The food-for-peace program is one of the most inspiring enterprises ever undertaken by any nation in all of history; every American can be proud of it, without regard to partisanship or political persuasion."—LYNDON B. JOHNSON, 1965.

"We must narrow the gap between abundance here at home and near starvation abroad. Humanity and prudence, alike, counsel a major effort on our part. We make a grave mistake if we regard food for peace as merely a program for disposal of surplus commodities instead of an opportunity to utilize our agricultural capacity to encourage the economic development of new and developing nations. Food for peace is an increasingly important tool of American foreign policy."—JOHN F. KENNEDY, 1963.

"It (using food for peace) is more than surplus disposal, more than an attempt to foster ties and sympathies for America. It is an effort that I consider in full keeping with American tradition—that of helping people in dire need who with us are devoted to upholding and advancing the cause of freedom. It is

an undertaking that will powerfully strengthen our persistent and patient efforts to build an enduring, just peace."—DWIGHT D. EISENHOWER, 1959.

Respectfully submitted.

UGO CARUSI,
Chairman.
GORDON M. CAIRNS,
JOHN B. FAEGRE, Jr.,
GEORGE N. LUND,
Members of Task Force.

CALIFORNIA FARMER-CONSUMER INFORMATION COMMITTEE,
Santa Clara, Calif., February 10, 1966.

HON. HAROLD D. COOLEY,
*Chairman, House Committee on Agriculture,
House Office Building, Washington, D.C.*

DEAR CONGRESSMAN COOLEY: We consider one of the more important subjects before your committee to be the hearings on February 14 to amend the Agricultural Trade Development and Assistance Act of 1954.

Ribbon and carbon copy of the testimony of the California Farmer-Consumer Information Committee, formerly the California Farm Research and Legislative Committee, are enclosed. For your reference in support of our position as embodied in H.R. 12375, Stalbaum, because of its world-embracing potential, please find the reprints of Murray Lincoln's articles on the 1943 United Nations Food Conference at Hot Springs, Va., and the policy statement adopted at our June 12, 25th anniversary luncheon commemorating international cooperation year. We believe that you will find our position documented in this policy statement which was concurred in by representative of affiliated organizations in addition to USDA and State Department heads and farmer, consumer, business, and church individual members (one-quarter million persons).

It is with sincere regret that I am not in position to personally appear to present our testimony. Having devoted so many years to a study of international health, food, fiber, and related world needs, actually beginning with attendance at a World Health Conference in Geneva in 1924, and having participated in the 1963 World Food Congress, a 6-month disability makes my appearance impossible.

Fortunately, our committee has many friends in the Congress, both inside the California delegation and in other States. I am therefore pleased to inform you that Congressman Harlan Hagen, 18th District, California, and a longtime member of your committee, has offered to orally present our testimony. Since we assume that these hearings will be extensive, we would appreciate having the two enclosures, copies of which have also been sent to Congressman Hagen, made part of the printed record along with our testimony.

Sincerely,

GRACE McDONALD,
Executive Secretary.

STATEMENT OF THE CALIFORNIA FARMER-CONSUMER INFORMATION COMMITTEE,
SANTA CLARA, CALIF.

Mr. Chairman and members of the House Committee on Agriculture, the legislation which you are considering today may well be strategic in laying the basis for world peace through the conquest of hunger, malnutrition, starvation, disease, and premature death of the peoples of half the world.

Having actively pursued this quest, as the California Farm Research and Legislative Committee since the United Nations Food Conference at Hot Springs, Va., in May 1943, we once more face the task of this 23-year-old battle to close the gap between "have" and "have not" nations, a gap which is accelerating at a dangerous rate.

To meet the need, national, sectional, regional interests must be subordinated to a world operation in which every nation member of the United Nations and/or the Food and Agriculture Organization of the United Nations, the U.N. special agencies, our Federal, State, and local government bodies, in fact, the entire citizenry of our financially powerful Nation becomes involved.

It is toward this objective that our committee favors H.R. 12375 (Stalbaum) over H.R. 12152 (Cooley).

We realize, as, of course, the sponsors of the two bills and the members of the House Committee on Agriculture, must, that these bills only open a wider passage to the flow of food, fiber, shelter, clothing, and economic development of the hungry billions. The challenge to the United States to lead in FAO's freedom-from-hunger campaign was formulated in June 1963 at the World Food Congress, chaired by U.S. Secretary of Agriculture, Orville L. Freeman. Our committee participated in this Congress, helped form the Northern California Freedom From Hunger Committee and the California Freedom From Hunger Council.

At our 25th anniversary luncheon in commemorating international cooperation year, representatives of affiliated organizations and guest resource participants, numbering more than a quarter of a million persons, unanimously supported this universal concept, in contrast to any unilateral U.S. policy.

Copies of this policy statement along with reprints from our June, July, and August 1943 California Farm Reporter coverage of the United Nations Food Conference by Murray Lincoln, U.S.A. special representative, are attached for your reference.

The Cooley bill, H.R. 12152, is a step forward. It lays emphasis on aid to nations building their own agricultural economy to meet their peoples' needs, but makes no mention of providing for financing of technical assistance, the very heart of any significant improvement in agricultural production of lagging countries.

It would be folly to assume that such nations have the means to finance construction from their own taxable resources of such essentials to economic wealth as modern harbors, transportation systems, irrigation systems, packing and processing plants or even simple tools, improved seed, and an adequate amount of fertilizer, sprays or personnel to teach proper cultural, harvesting, and marketing practices.

The combined facilities of United Nations and developed nation talent are urgently required to mount such an assault on world hunger.

The Stalbaum bill, H.R. 12375, moves in the direction of accomplishing this world-involved objective.

A Rural Peace Corps is proposed to help ill-equipped farmers acquire essential technical skills. A farm credit system and promotion of a sound land tenure plan are included as basic.

Research to find food sources beneath the sea as well as from the land focuses the program on a presently largely untapped source of protein which is the essence of insuring adequate nutrition, especially in nations now providing only grains or starches.

Realism is also provided in the provision to establish an optimum program for each individual nation. U.S. farm policies and programs are not exportable because we cannot propel disadvantaged people into the highly industrialized and automated U.S. pattern, either of rural or urban life. Such efforts have been tried and failed miserably.

The proposed program envisages coordination with each nation's own efforts and planned goals; the facilities of the United Nations and its agencies; those of other developed countries, commercial enterprises, and humanitarian groups.

H.R. 12375 includes maximum use of enlarged rural technical assistance programs of our Agency for International Development, colleges, universities, firms, foundations, individuals, and government departments cooperating with them to assist underdeveloped nations to alleviate malnutrition, their depressed economic situation, and their immediate needs.

Especially important, according to our review of 23 years of effort, is the obligation to pay the U.S. share of the operating costs of any United Nations agency with objectives and programs implementing the purposes of H.R. 12375.

Arrangements for long-term credit, sales for currencies not convertible into dollars and grants to any appropriate agency of the United Nations for purchase of high protein animal and vegetable foods, is an intermediate step toward the longer range goal.

We urge favorable action on H.R. 12375.

[From the California Farm Reporter, June 1943]

ALLIED FOOD CONFERENCE PLANS ABUNDANCE FOR POSTWAR WORLD

(By Murray D. Lincoln, executive secretary, Ohio Farm Bureau Federation president, Cooperative League of the United States of America, special representative of the U.S. Government, United Nations Food Conference)

When freedom from want was named as one of the four freedoms that are to serve as the Magna Charta of the new world, it was probably the most significant piece of political phraseology since the drafting of the Declaration of Independence.

Though the world as a whole does not yet fully realize the importance of it, many of the foremost leaders among men are becoming agreed that food and the removal of hunger are the sure road to many of the objectives that civilization has tried to attain by other means without too much success.

For the first time in the recorded history of man, it is now possible—physically possible, on the basis of the scientific and mechanical development we have achieved—to attain freedom from want for all the peoples of the world. Until recent years it has been one of mankind's chief struggles to devise ways to produce enough.

Thus we are face to face with the need and also the potential ability in knowledge and equipment, for feeding people adequately; there remains the task of developing organization and machinery for worldwide distribution in order to get the food to the people—and there's the task, too, of pointing up the reasons why this whole problem is so all important.

FREEDOM FROM WANT ATTAINABLE

It was to these problems that about 165 official representatives of 44 United Nations directed their attention and efforts, as they met at Hot Springs, Va., last month for the first of a series of United Nations conferences—research and planning conferences that may well be the first steps in the more effective reconstruction program for which the world is hoping.

The most staggering and probably the most significant note at the United Nations Conference on Food and Agriculture—at least the thing that impressed me most—is that leaders from most of the nations of the earth came together and were agreed—almost from the start—that food is the most essential want of all mankind that freedom from want is attainable, that a program for attaining it is not just charity but definitely good business, that the goals must be reached through a program of international cooperation, and that the United Nations must shoulder the job.

WORKING CONFERENCE

During the 15 days the food conference was in session, most of the research of the world on agriculture and food was brought together. A secondary contingent of secretaries, research men, clerks, and advisers, brought the conference population to more than 600. It was a working conference, and there was a rapid-fire schedule of sessions, general and subgroup, from morning till night every day. It may take months for the people to learn about and appreciate the job that was done, but here was the beginning of planned abundance for the world instead of planned scarcity; here was, perhaps, the biggest and most far-reaching piece of positive building for human welfare ever done in 2 weeks in all history.

For the first time, diets and not money or prices have been made the basis or norm for a program of effort to take society forward. "Most of the prewar national programs for redirecting farm production," states one portion of the conference report, "were geared to economic policies aimed at improving prices of individual commodities, strengthening the Nation's export position, and providing for national self-sufficiency. Much less attention was given to the need for better diets. The special wartime food programs provide actual experience * * * useful for planning and achieving programs specially concerned with nutritional needs."

The titles of the four working sections of the conference suggest very forcefully the directness with which the delegates approached this principle: "1. Consumption levels and requirements." "2. Expansion of production and adaptation to consumption needs." "3. Improvement and facilitation of distribution." "4. Continuing and carrying forward the work of the conference."

"NO SURPLUS OF ANY EDIBLE COMMODITY"

That the consumption supply approach is not just a charity program that it is really good business sense—and very much so for agriculture—is supported by a maze of statistics compiled and analyzed at the conference. "The diets of two-thirds of the people are inadequate for healthful living" proves the contention of Chairman Marvin Jones that "in reality there has been no surplus of any edible commodity."

Another set of figures shows that "to insure that all sections of the population (of the world), farm people included, have enough of the right kinds of food would require expansion of production of cereals, 50 percent; meat, 90 percent; milk and other dairy products, 125 percent; vegetable oils, 125 percent; fruits and vegetables, 300 percent."

ON THE ROAD TO A NEW DAY

The reports and recommendations of the conference to "our respective governments and authorities" comprise hundreds of pages vital to the welfare of all of us. Let us remember, as we further pursue the study of their contents, these lines from the final decision of the conference:

"There has never been enough food for the health of all people—Production of food must be greatly expanded * * * this can be done * * *. The first cause of hunger and malnutrition is poverty * * *. There must be an expansion of the whole world economy to provide the purchasing power sufficient to maintain an adequate diet for all."

Among other recommendations, the conference proposed an interim commission, and a permanent international organization, on food and agriculture. Conferences on other aspects of the world reconstruction problem are expected to be held, similar bodies of recommendations will probably be forthcoming. If these recommendations are received and considered in the spirit of world community and interdependency; if the people can be given a vivid picture of what they mean and promise; if the programs suggested are not stymied by political bickering and hijacking; we can be on the road to a new day—where another world conflict may not come. In fact, there may be in these and ensuing deliberations the beginnings of a constitution for the world.

[From the California Farm Reporter, July 1943]

ALLIED FOOD CONFERENCE PLANS ABUNDANCE FOR POSTWAR WORLD

(By Murray D. Lincoln, executive secretary, Ohio Farm Bureau Federation, president, Cooperative League of the U.S.A., special representative of the U.S. Government, United Nations Food Conference)

When in the midst of the greatest world struggle in time's history men of good will from 44 countries can meet at a common table it is a good sign. And when such men meet, determined to remove the tyranny of hunger from the world's millions, we have a thrilling challenge to those who deny that we have made progress in the direction of human welfare.

The United Nations Conference on Food and Agriculture faced its task efficiently. Dividing problems into four major areas, the conferees went to work. The first specific area covered was concerned with food consumption levels and requirements. In short, what does the world eat, and what should the world eat? The results were no less startling.

Most of us have been indifferent to the diets of our brothers all over the world. The Conference delegates were not. We have seen nothing disturbing in rice for the Chinese, cereals for the Indians, cassava for the Africans, and fruits and fish for the Islanders. That they eat such foods must be sufficient proof that such foods are adequate to their needs. The conference, though, did not romanticize the situation. Rather, they applied research data in nutrition to the existing situation. Here is what they discovered.

MOST OF THE WORLD UNDERFED

Man, after all, does not thrive well on bread alone. Good health and sound bodies demand, in the proper proportion, calories for energy, proteins for growth and repair of tissues, and vitamins to assist in scores of complicated body

processes. The science of nutrition has given us a yardstick with which to measure the health needs of man. It is no secret that the conferees found that most of the world has been, and is, underfed.

The conference report read as a serious indictment to world shortsightedness. India: 400 million people: beri-beri, blindness, and crippling diseases. Reason: inadequate diet. China: one-fifth of the world's population: beri-beri, tuberculosis, crippling diseases, and abnormality high infant mortality. Reason: inadequate diet. United States: best fed of all nations, rejects one-third of its youth for military service. It is no mere coincidence that high rejection percentages correspond with poorly fed areas in this country.

Seeds of unrest

Is it, after all, any of our business how the other half lives? Should we disturb ourselves over the fact that three-fourths of the world is ill fed and malnourished? The answer is obvious. Inadequate diets breed ill health. Ill health breeds weak people. Weak people are economically inefficient. Weak people are easy victims to social unrest. World history records war, revolution, moral and physical disintegration. The seeds of social unrest take root in human hunger and want. John Steinbeck paints a stark picture of men and women, hopeless and apathetic, wandering willy-nilly in their search for food. This—in the United States of America.

If we are to rebuild a world of strong and free men, we cannot close our eyes to the poverty, the hunger, and malnutrition of the world's peoples. We have a long record of eye closing. It hasn't worked.

CAUSES OF WORLD MALNUTRITION

With the facts clearly in mind that most of the world was underfed, the delegates turned their attention to the causes. They found three of major importance. General poverty among the mass of world peoples was the first cause. The second was the widespread lack of knowledge of the nutritional demands for good health. And, finally, was the simple fact that the world does not produce, in sufficient quantity, the foods essential to good health.

Determined to meet these conditions at once and wherever possible, the conferees set down their immediate and longrun goals. Their recommendations embodied five specific proposals.

Five proposals

(1) Establish in each nation, if not already existent, a national nutritional organization with a trained, competent staff to plan and carry out a nutritional program.

(2) Face at once the task of increasing food resources with a view to improving national diets. Here, specific programs must be set up for vulnerable groups, including nursing mothers, young children, adolescents, workers and low-income groups. Further provisions must be made for such groups as are already suffering from specific food deficiency diseases.

(3) Set up and continue in all countries, studies of nutritional conditions, and to carry the knowledge of correct feeding to all sections of the respective populations.

(4) Exchange information, experience, and when necessary, mutual assistance, both directly and through the permanent organization to be set up in the future.

(5) While immediate compromises must be made in view of world conditions, the ultimate nutritional goals of all nations must be based upon the dietary standards and allowances of scientific nutritional research.

NEW WORLD ORDER BASED UPON FREEDOM FROM HUNGER

Dedicating themselves to the proposition that new world order and harmony must be based upon the freedom of men from hunger and inadequate diets, the conferees committed themselves to concerted national and international action and cooperation. Recognizing that food, and the lack of it, was not an international secret, but an international menace, they built their plans on a basis of mutual assistance and exchange. Here was no international diplomacy. Here were honest and sincere men, agreeing that by working together progress might be made towards a level of well-being for the human race.

We have spent years of labor and millions of dollars in research that we might give our farm animals healthy and productive lives. Perhaps it is not too soon to turn our attention to mankind.

[From the California Farm Reporter, August 1943]

ALLIED FOOD CONFERENCE PLANS ABUNDANCE FOR POSTWAR WORLD

(By Murray D. Lincoln, executive secretary, Ohio Farm Bureau Federation, president, Cooperative League of the U.S.A., special representative of the U.S. Government, United Nations Food Conference)

"When the peoples of the world are better fed and in better health; when rotting surpluses are translated into food for hungry mouths; into clothes for protection, and into shelter for tired bodies; when the producer on the family-sized farming unit can plough his fields without fear; when the sword of vengeance has fallen from the nerveless grasp of the tyrant and the hand of the good neighbor has been extended across the world, then will be the dawning of a new day for humanity. To this philosophy and to these objectives, let us dedicate this conference."

With these words, Marvin Jones, United Nations Food Conference Chairman, concluded his remarks to the delegates. They were serious words, spoken in critical days of world history.

Eighty percent of the world's peoples were represented at the conference table. They faced the fact that the world was, and had long been, underfed. They indicated that the causes lay in poverty, lack of world knowledge in nutritional standards, and the failure of the world to produce in sufficient quantities the foodstuffs necessary to minimum health requirements. And, based upon international assistance and cooperation, they made a blueprint for the removal of hunger from the world.

The problems presented themselves clearly. Food production must be increased. Provisions must be made to check hunger and famine in devastated countries following the war. And world agriculture must be generally expanded and developed to guarantee healthful, lifegiving diets to all men. To this task, section 2 of the conference turned its attention.

IMMEDIATE POSTWAR PROGRAM

Of first importance were plans and provisions for the immediate postwar or short term period. It is not possible to gage the extent or length of this war. Estimates of need can only be tentative. But starvation and malnutrition are already spectres on the continent of Europe. Agricultural programs have been disrupted. In livestock alone reliable estimates indicate that stocks have been depleted one-third. To meet these demands, the conferees made the following recommendations:

(1) All nations not invaded by the enemy stress the immediate importance of producing not only for home consumption, but for assistance to other nations in both foodstuffs and agricultural supplies, including seeds, fertilizers, machinery, implements, etc.

(2) All nations, following the war, increase their production of food stuffs and especially bread grains and high caloric foods. While such a program may involve holding back the expansion of livestock resources, it will be necessary quickly to halt famine and hunger.

(3) In order to avoid dangerous price fluctuations and monopolistic practices in distributing scarce foodstuffs and farm material, the various nations will, through mutual action, control the exchange of goods in the interest of both buyer and seller.

Will farmers again "hold the bag"?

At this point the American farmer asks a fair question: "What's going to happen to us when the famine in Europe is over? Are we going to hold the bag like we did after the last war? Will we have surplus stocks on our hands; fallen prices; foreclosed mortgages?"

The conference answered this question with an emphatic "No." The explanation is simple. International planning. We are part of a United Nations war effort. The most far reaching international planning and collaboration is taking place in every phase of the war program. In the production and allocation of fighting equipment, for example, a joint international board is in operation. Armies must have the proper equipment and at the right time. There can be no guesswork. We are well on the way to winning the war. We have learned the value of working together.

PLANNING VERSUS GUESSWORK

The conference recommended international planning to take the guesswork out of food production. The farmer wants only to know that there is a market for what he produces, at a fair price. An international food organization could keep its finger on the pulse of world demand. And, based on need, the farmer could produce without fear of surpluses and falling prices.

What we thought was overproduction and surpluses brought about the collapse of agriculture following the last war. We now know it was underconsumption. It has taken us 20 years to recover. We can ill afford to make the same mistake twice.

World organization and cooperation were the keynotes of conference recommendations for the long-term period. This period should see the end of world hunger and malnutrition. It should provide the bulwark of world peace and unity.

Such a program would involve the expansion of agricultural production in all nations with a view to self-sufficiency. It will mean sweeping changes in farm practices and agricultural economics.

To extend farm credit.

Farm credit would be extended, and at such rates as to guarantee a steady progress in the position of the farm producer. Land tenure systems would be overhauled with an eye to increasing individual ownership. Longrun programs would be in force to conserve soil and water resources. New areas would be opened for agricultural production. And, in areas where agricultural overpopulation exists, measures would be taken to shift the surplus into other pursuits, not by compulsion, but by creating opportunities.

Recognizing the value of cooperative organization, the conference went on record with the following statement: "Cooperative societies would be of great value in stimulating adjustments in production and distribution, and improving productivity and efficiency."

A CHALLENGE TO ALL NATIONS

Such a program will be a challenge to all nations. But countries rich in agricultural resources, such as our own, will play a major role in the reconstruction of world agriculture. Our fine stock breeds; our farm machinery and implements; and our experience, will be much in demand. This will mean good business. And there will be other gains. International exchange of information and research will aid us in improving farm methods and practices.

"Feed the world?" Let us feed all of it we can. As Bertram Fowler says in his new book, "Food, a Weapon for Victory":

"On one hand it is our responsibility as humanitarian citizens of a humanitarian nation. On the other hand, it is plain, economic commonsense."

The world's gain can be the American farmer's gain.

POLICY STATEMENT OF CALIFORNIA FARM RESEARCH & LEGISLATIVE COMMITTEE AT 20TH ANNIVERSARY OBSERVANCE OF THE UNITED NATIONS, CEDAR LANES BOWL, FRESNO

FOR INTERNATIONAL COOPERATION

We live in a world of breathtaking scientific achievement and international communication. The use we make of our heritage will determine the future of the human race. The forces we set in motion have the potential for a world rich in abundance, friendship, and the enjoyment of an ever-expanding culture. Negatively, they have an equal potential for ghastly annihilation.

The United Nations, founded 20 years ago as a world mechanism for peace and cooperation, has survived localized conflicts.

"Even today," the late Prime Minister of India, Jawaharlal Nehru, said shortly before his death, "between countries which are opposed to each other in political or other fields, there is a vast amount of cooperation."

"Little is known, or little is said, about this cooperation * * * but a great deal is said about every point of conflict, and so the world is full of the idea that the conflicts go on and we live on the verge of disaster."

"Perhaps it would be a truer picture if the cooperating elements in the world today were put forward and we were made to think that the world depends on cooperation and not on conflict * * *."

1965 has been proclaimed: "International Cooperation Year." Under the guidance of U.N. Secretary General U Thant, the United States along with all members of the United Nations, and all the people of the United Nations world, are called upon to rededicate themselves to this "assignment of the century."

There is no greater contribution which can be made to this dedication than that of freeing the world from hunger through strengthening the Food and Agriculture Organization of the United Nations, now building economic development through agricultural productive improvement wherever people are malnourished.

There is no greater responsibility than the creation of community, State, national and international involvement through the freedom-from-hunger campaign launched in 1961 as the nongovernmental core of this worldwide undertaking.

Assembled here under the auspices of the California Farm Research and Legislative Committee for its 20th anniversary observance of the founding of the United Nations.

We, officially representing a cross-section of rural-urban organizations and people as individuals, hereby rededicate ourselves to the task of carrying forward with all possible zeal, the peacekeeping objectives of the United Nations along with its educational, scientific, health and food and agriculture" functions through the freedom-from-hunger campaign.

Under the leadership of the American Freedom From Hunger Foundation; the sponsoring committee of the California Freedom From Hunger Campaign; and the grassroots mobilization rapidly developing through the Northern California Freedom From Hunger Committee.

(Submitted by the officers and staff of the California Farm Research and Legislative Committee. Unanimously adopted on behalf of all affiliated organizations, Government agencies, and/or individuals, whose names are appended:)

CALIFORNIA FARM RESEARCH AND LEGISLATIVE COMMITTEE

OFFICERS

Joe Lewis, chairman, Buttonwillow.
Mrs. Grace McDonald, executive secretary, Santa Clara.
Borghild Haugen, administrative assistant, San Jose.
Arthur F. Ronz, treasurer, Cupertino.
John Mitchell, field representative, Livingston.

STAFF

Lucille Campbell, secretary, San Jose.
Robert Jackson, assistant librarian, Los Gatos.

AFFILIATED ORGANIZATIONS

Antelope Valley Poultry Producers Association, Ray B. Edwards, Lancaster.
California Conference of Machinists, John Schiavenzia, Oakland.
International Association of Machinists, District Lodge No. 87, Lawrence Sargenti, Fresno.
California & World Fishery Association To Correct Inequities, Anthony Ostoich, San Pedro.
Central Labor Council of Santa Clara County and Retail Store Employees No. 428, George Soares, San Jose.
Kings County Family Farmers, Hanford, Mary Mendes, Olivia Rocha, Anne V. George.
Merced-Stanislaus Family Farmers, Livingston, Helen Mitchell, secretary, G. S. Sahi.
Naturipe Berry Growers Co-op, San Jose, Tad Tomita, manager.
Unitarian Fellowship for Social Justice, John Day, Los Angeles.
Western Dairymen's Association, Merced, Joseph McMillan, president.

GOVERNMENT AGENCIES

California State Department of Agriculture, Dr. Jack Thomas, representing Charles Paul, director, Sacramento.

California State Department of Water Resources Norman Sturm, representing William E. Warne, director, Sacramento.
 Department of Water Resources, Fresno, Bill L. Curnutte, representing Carl Stetson, San Joaquin Branch.
 Farmers Home Administration, Oliver Duval, California State Director, Berkeley.

OTHERS

Dean Lloyd Dowler, Division of Agriculture, Fresno State College, Fresno.
 Francis Du Bois, chairman, Northern California Freedom from Hunger Committee, Woodland.
 Dorothy Du Bois, Woodland.
 Howard A. Harowitz, California farm reporter, Berkeley.
 Floyd M. Hixson, professor poultry husbandry, Fresno State College, Fresno.
 Bill McDermott, representing Lt. Gov. Glenn Anderson, Fresno.
 William Reich, California Power Users Association, Berkeley.
 E. H. Soderberg, Berkeley.
 Ralph G. Thomas, Cypress.

(Affiliates of the California Farm Research & Legislative Committee represent over a quarter of a million members in addition to individuals who financially support its policies.)

LOVRE & DEVANY,
 ATTORNEYS AT LAW,
 Washington, D.C., March 15, 1966.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
 House of Representatives, Washington, D.C.*

DEAR CHAIRMAN COOLEY: Due to circumstances beyond our control, it was impossible for a representative of the National Dry Bean Council, Inc., a cooperator with the Foreign Agriculture Service, to appear at the hearings held before your committee on March 9 on Public Law 480 and foreign market development. We are very sorry that a representative could not be present.

In spite of the fact we were unable to have a representative there, we do feel that section 104(a) of Public Law 480 should be continued as in the past. I believe that the enclosed statement expresses the need for this program in the dry edible bean industry. We would appreciate it very much if this statement could be contained in the printed hearings.

Thank you for your continued fine cooperation with the dry edible bean industry.

Very truly yours,

PHILIP M. DEVANY,
*Washington Representative,
 Michigan Bean Shippers Association.*

STATEMENT OF THE NATIONAL DRY BEAN COUNCIL

The National Dry Bean Council is a nationwide trade association representing producers, handlers and shippers of dry edible beans. The association is a cooperator with the Foreign Agriculture Service in the promotion of foreign markets for dry edible beans. Through an understanding with the National Dry Bean Council, the Michigan Bean Shippers Association has been carrying on this foreign market development activity.

This statement is being submitted to encourage you and your distinguished committee to continue support of section 104(a) of Public Law 480 providing for utilization of foreign currencies for the development of foreign markets for American agricultural products. We feel this provision of Public Law 480 is essential to the continued progress of the American dry edible bean producer, handler, and shipper.

The National Dry Bean Council and the Michigan Bean Shippers Association have centralized their foreign market development activities in the Common Market countries and has been in this activity for 3 years. We feel we are achieving success as is demonstrated by the fact that about 50 percent of all dry edible beans exported from the United States are Michigan navy beans and approximately 25 percent of the Michigan navy bean crop is exported each year. As a result of cooperation with the Grain and Feed Division and the Trade

Fairs Division of Foreign Agriculture Service, we have developed what we believe to be a continuing and forward looking program of foreign market development and have participated in trade fairs in three different countries thus encouraging the use of our product.

Since our industry does not have large profit margins on beans produced or handled, had it not been for the cooperation and assistance of the Foreign Agriculture Service, it would be doubtful if the dry edible bean industry would be taking part in any major foreign market development programs on any major scale. Although our dollar contribution is rather large for such an industry we feel that it would not be sufficient to carry on a continuing program of foreign market development by ourselves. The technical advice and marketing experience provided by the Foreign Agriculture Service are essential to us.

We feel that in the interest of the producers and others in the industry it is essential that section 104(a) of Public Law 480 be continued.

Thank you for your consideration.

STATEMENT OF ROBERT L. MARTIN, CHAIRMAN, BOARD OF TRADE OF THE CITY
OF CHICAGO

We at the Chicago Board of Trade believe it is impossible to overestimate the importance of the issue of world hunger and starvation. Along with world survival in the nuclear age, the crisis of world food is one of the two transcendent issues of our time. All other problems we face are secondary by comparison.

During the past several years we have watched the ever-widening recognition of the seriousness of this problem. This recognition has resulted in the proposed legislation which you are now considering.

We join in commending the spirit and purpose of that legislation. In a humanitarian sense, it is absolutely essential. We can do no less. From the standpoint of our position in the family of nations, it is of the greatest importance.

Beyond that, we are in agreement with the approach taken by the legislative proposals now before you. The world food crisis can be finally resolved only by the development of increased agricultural capacity, in those nations where the food gap exists. This development must be accompanied by a corresponding development of the essential storage, transportation, distribution and marketing facilities. The Chicago Board of Trade, as you may know, has cooperated to the maximum in this great cause. We plan to participate even more extensively in cooperation with other private agencies, and public agencies as well, as the program develops.

We agree that expanding use of American agricultural production will be necessary for world food needs, at least over the short-term future. And we agree, of course, with the emphasis accorded to the use of private channels of trade in connection with the programs.

Feeling, as we do, that the problem of world hunger is of such critical importance, we applaud the administration's decision to meet it squarely, and now. We would like to be able to endorse all of the administration's proposals but, unfortunately, we cannot.

We have studied the so-called food and fiber reserves bill which was introduced at the same time and we have sought the best advice we could obtain as to the practical effect it would have. In discussing it, we have talked with men from many different phases of agriculture, with farmers, and grain elevator operators, with food processors and feed dealers. We have carefully read the statements of those who have spoken for the bill, and we have considered it from the standpoint of our own experience in problems related to marketing agricultural commodities.

It is obvious, of course, that the establishment of reserves of agricultural commodities does have a surface plausibility. And that plausibility is enhanced if the reserves are proposed at the same time we consider extensive new commitments to deliver food to nations across the seas. But our study of this bill leads us to conclude that it lacks some of the most important essentials of a proper plan for reserves. It is neither necessary nor directly related to food for freedom, and it would be a mistake to treat it as if it were.

If it is determined in the national interest that reserves are needed—and this may well be the case—then we should have them. But we must look at the

problem with our eyes wide open. There are significant disadvantages to the present bill.

First, reserve stocks are very expensive. Grain storage costs eat up the value of the reserves themselves in 6 to 8 years. We know that our recent surpluses have cost billions to store. They would cost no less if they were called reserves rather than surpluses. It is primarily for this reason that the law now directs the Secretary of Agriculture to dispose of our present stocks.

Secondly, we all recognize that large Government stocks have a depressant effect on commodity prices, and, consequently, on farm income. Commodity Credit Corporation selling policies can greatly aggravate that effect. That is one reason why it is so important to insulate reserve stocks from the market. As President Johnson emphasized in his great agricultural message of February 4, 1965:

"The President should be authorized to determine the levels of commodity stocks required and to take actions to insulate these stocks from the market so that they might be preserved for time of emergencies."

The present reserves bill is flatly contrary to this policy. Under it, reserves would be neither "insulated" nor "preserved." They would, on the other hand, be subject to sale by the practically unfettered judgment of the Secretary of Agriculture. The bill is bereft of guides or standards, and even the Commodity Credit Corporation sale price—the key element in determining market effect—is not provided for other than by reference to present law.

Third, this bill is not based primarily on national security or emergency relief. Again, in his February 4, 1965, agriculture message, President Johnson spelled out his understanding of the main purposes of the reserve as "for national security, for emergency relief purposes, and for domestic economic stabilization." In line with this priority he proposed that the "costs incurred in maintaining that part of our commodity stocks designated as reserves should be separated from the cost of farm price and income support programs." But there is no such allocation in the present bill. Nor is the argument even made that the reserves called for here are needed for our defense in the nuclear age or that they are essential to our commitments in the world food crisis. It is notable that this bill is supported only by those who are continuing to administer our agricultural surpluses rather than those responsible for mobilization or civil defense.

It is important to recognize this bill for what it is. It is a bill to give the Secretary of Agriculture effective administrative control over commodity prices. A reading of the bill itself and all of the statements in support make this plain.

As such, it is a far cry from President Johnson's stated objective in the 1965 agriculture message:

"I am asking the Secretary of Agriculture to so utilize the Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies."

It is equally far from another goal of the same message: "Our objective must be for the farmer to get improved income out of the marketplace with less cost to the Government."

In our judgment, this bill would institutionalize surpluses and invest the Secretary of Agriculture with vast new powers in domestic commodity markets. The "management" of commodity prices would be enshrined in permanent legislation.

There are current examples of what this would mean. At present, the Commodity Credit Corporation, for whatever reason, is engaging in heavy sales of corn. This drives the price down and reduces farm income. More importantly, perhaps, it prevents price from performing its essential function: proper allocation of resources.

Beyond that, recent Commodity Credit Corporation sales have driven down the price of some of our commodities at a time when the world grain economy would have paid more because the grains were in great demand. Typical of world wonderment is the following comment received recently from the London correspondent of a leading Canadian grain firm:

"The disposal policy of the United States in wheat and some other commodities bewilders the amateur and amazes the professional. If it comes to Public Law 480 sales, it really does not matter whether the price level is higher or

lower, any way it is a gift: but why the United States sold to cash markets wheat and other commodities so much under what would be the real world market price is something which we hoped, but hoped in vain, to get explained by the U.S. authorities."

It is our feeling also that establishment of a permanent reserve at this time would forfeit one of the great opportunities presented by rising world food requirements. If we do not freeze our agricultural programs as they are, we may be able to withdraw gradually the burdensome and expensive production controls with which it has been necessary to support farm income. We should not disregard the prospect that production controls may be unnecessary in the future. Commodity prices may rest firmly on the broad base of a supply balanced by world demand.

For these reasons, we urge that the subject matter of the reserves bill be deferred for the present. Even the Presidential message on food for freedom was noted that it would be unlikely that any commodity would have to be purchased to build up a reserve during this year. At a minimum, the serious policy issues presented by the reserves proposal should be considered separately on the basis of hearings devoted to those issues primarily.

The reserves bill refers to the interests of consumers, and the interests of consumers are of vital importance. If those interests are threatened by unfair or excessive commodities prices, then it is of immediate concern to the Congress and the Nation. It is, I might add, also of immediate concern to the Chicago Board of Trade. But, in support of this bill, there has been no mention, much less demonstration, of unfair or excessive commodities prices.

Nor has there been any real effort to establish a direct relation between the reserves bill and the essential world food legislation which is the subject of these hearings. Thus, in our view, the provisions for commodities reserves are separable from the main business at hand.

We would urge that the committee proceed to the complex and enormously important crisis in world food. In that task it has our wholehearted support.

STATEMENT OF CALIFORNIA PRUNE ADVISORY BOARD

The entire California prune industry (over 5,000 growers, handlers, and packers) strongly urges the Senate and House Agriculture Committees to vote in favor of the continuance of the export market development program provided for in section 104(a) of Public Law 480.

The export market, particularly Western Europe, represents a very important outlet for California prunes—25 percent of the crop movement last year.

The California Prune Board—assisted by FAS—has invested many dollars in advertising and promoting California prunes in the European countries. This year-after-year effort reflects definite results. The 1964-65 year was ahead of 1963-64 by 29 percent in tonnage and 14 percent in dollar volume. And the 6 months between August 1, 1965, and January 31, 1966, were ahead of the same period a year ago by 12,000 tons—a 50-percent increase in tonnage with a corresponding increase in dollar volume.

With larger crops expected in the years ahead (the result of improved growing methods and new plantings) the California prune industry is going to depend more and more on export sales to help dispose of greater tonnage.

Historically, the California prune industry has been self-help minded, using its own dollars to promote prunes both domestically and abroad. However, to hold and improve our domestic position we must rely on FAS assistance to maintain an adequate promotional program abroad.

Again, we urge the Senate and House Agriculture Committees to vote in favor of the continuance of the export market development program.

STATEMENT OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

WORLD FOOD PROPOSALS

The crisis in the world food situation is a challenge to every thoughtful American in terms of its threat to orderly, civilized life and to peace between nations and peoples.

The national chamber supports the principle of additional feasible programs to use American agricultural capacity, and institutional and technical know-how to help meet this growing world food crisis.

In this general area the national chamber favors cooperative efforts in the extension of economic and technical assistance to friendly countries of the free world as instruments of U.S. foreign policy to strengthen the security of the United States and other nations of the free world through responsible political freedom, social progress, and individual endeavor.

Such assistance will achieve the desired results only if there is a reasonable degree of social responsibility and economic and political stability within the aided countries.

Even so, these goals cannot be realized by the United States alone. A greater portion of any expanded assistance burden can now be assumed by other industrial nations. Other free world nations should share increasingly in bearing these responsibilities. (The willingness of Americans to make sacrifices to meet the problems of world hunger is conditioned on a similar willingness of other peoples to share the burden.)

In terms of principles of international morality there is appeal in using our agricultural capacity to meet the worst aspect of a food crisis. This is in contrast to present policies of holding back capacity and restraining production. It does not take too much imagination to sense that for people who are hungry and starving such U.S. restraints are inhuman and seemingly "indecent" international behavior.

In spite of this general support the members of the national chamber are apprehensive on several points about the current trend toward ambitious agricultural programs to meet the crisis. Some of them would seem to reverse domestic agricultural policy aimed at restraint and containment. Some imply that the wraps are to be taken off and that all-out agricultural production is to be generally encouraged in order to meet vastly expanded markets supposedly to be created by greatly expanded food assistance.

The people of this country are willing to make some sacrifices in this humanitarian cause. This is supported by their innate morality. But even leaving the question of morality aside, the face this Nation presents to the rest of the world is an urgent reason for supporting the consideration and projection of programs to reduce the crisis as an integral part of the U.S. foreign policy.

Such expansion is not a practical probability. To imply that it is, creates unwarranted expectations in agriculture. Exaggerated expectations of such aid are likely to be overcapitalized, especially in commodities not likely to be needed or involved in the aid. This can only damage the stability of U.S. agriculture.

We are apprehensive also that the magnitude of the needs to meet the world food crisis may lead to programs so large and ambitious that the costs and burdens on Americans will destroy their willingness to support more modest measures.

Another apprehension of our members is the risk that programs, even if they are within the limits of humanitarian sentiments and tolerable costs, may exceed the ability of the aided countries to absorb the aid effectively. No matter how urgent the needs, there are limits to the ability of some countries to unload, warehouse, process, and distribute food relief so that it will do the most to alleviate hunger and famine. For this reason some appropriate proportion of the food aid should be in the form of technical assistance, and institutional and technical personnel to prevent such bottlenecks and their consequent frustration of the objectives. Probably capital assistance will also be needed to provide sufficient distributive structures to enable the food aid to be most effectively absorbed and utilized.

Yet another apprehension is the danger that the food aid may be given in such magnitude as to cripple or destroy the incentives and capabilities of the agriculture in the recipient countries to develop and carry their optimum share in meeting food needs.

The basis of the rising food crisis is the population explosion in heavily populated areas of the world. This problem is a greater challenge to world order than the food problem itself. Effective solutions to that problem are, of course, beyond the scope of food and agricultural programs as such.

However much can be done to avoid famine and acute danger, progress can at best be only temporary and fleeting in the context of the larger problem of burgeoning populations. Little will be gained if millions of people are kept alive

and nourished long enough only to contribute further to the geometry of population expansion. While in nature animal life is kept in check by fluctuating balance between sustenance and survival, the conscience of the world's people will no longer accept starvation and death as the balance wheel for human population. This means that extraordinary measures are urgently demanded.

The national chamber's support of additional programs to meet the world food crisis is conditioned by criteria which programs should be required to meet if they are to be reasonably effective. These criteria are:

1. Population explosion

Aid, either as food or other agricultural assistance, should be given only in exchange for a deliverable commitment and performance by recipient countries to take appropriate steps within their power to bring excessive population growth under restraint.

In the absence of such measures the food needs will continue to grow larger. Neither the United States nor any other country can be reasonably expected to meet the food needs of a continuous and rapid growth in the number of starving or hungry people. In fact, the United States cannot be expected to stand indefinitely as a net supplier of food relief, even if the population and the food needs in the recipient countries do not expand.

2. Self-help

U.S. food relief supplies to meet the food crisis should be given only to recipient countries who agree to take on and carry out positive and measurably effective programs to increase their own agricultural development and capacity to feed themselves, or to otherwise develop their economies so as to produce goods and services exchangeable for food from other countries.

In some countries the most effective help from the United States can be, rather than food relief shipments, technical know-how and institutional leadership, as well as capital for agricultural development. In many critical areas the needs are for both additional relief food and agricultural development. New or expanded programs by the United States should provide that wherever possible the direct food help will be converted into the development of increased agricultural capacity within the recipient country.

Essential to such conversion are technical and social research within the countries or areas involved, as well as research by this country required for optimum agricultural development. This research ranges all the way from plant breeding, agronomy, and soil and water management to research in social and cultural patterns and customs influencing adaptation to change, and qualifying readiness to organize for commercial production and marketing. Parts of such programs need extension workers and other educational personnel. This may require increases within the United States in the number of people trained in these abilities.

3. The private sector and free markets

Programs for foreign food relief, other agricultural assistance and for other types of economic development should place the maximum feasible reliance on the private sectors of our own economy and the private sectors of the recipient countries. This means heavy reliance on, and encouragement of private capital and of free, competitive market transactions. It means purchase of food supplies in open markets and their distribution wherever possible in open commercial markets in the recipient countries. For other agricultural and economic development assistance it means primary reliance on the skill and knowledge of nongovernmental research and educational institutions, and on the resources of private enterprises and organizations.

There are enough things that governments will have to do without burdening them with functions and responsibilities which experience has well proved can be more effectively performed by competitive market systems.

4. Terms of international trade

Along with all these programs for food relief, agricultural assistance, and economic development there must be further progress in widening the scope of international trade. The beneficiary countries cannot realize the full fruits of such aid unless their economic development emphasizes growth in the goods and services for which they have the greatest comparative or relative advantage in terms of human, physical and social resources, and are able to exchange them for food or other goods and services in international trade.

It is only by orderly expansion of the economies of the problem countries that higher planes of living and greater purchasing power permitting higher standards of living can be achieved. In many situations this will improve markets for U.S. agricultural products and international trade.

In summary, these four criteria are advanced by the national chamber as standards by which the Nation's food relief, agricultural assistance, and other economic help can be administered to achieve the most for this Nation's efforts.

Even this Nation does not have unlimited resources to devote to meeting the needs of these world problems. In terms of the magnitude of these problems even our resources are relatively scarce. Therefore, our investments made under these programs should be put where they will bring the greatest return in meeting the larger interests of the American people. Such investments should be concentrated in countries and areas where the potential for growth and progress is most promising and most likely to develop. They should be made where the expected return on public money is the most promising return in terms of the goals and objectives.

STATEMENT OF A. L. BUFFINGTON, GENERAL MANAGER, DIAMOND WALNUT GROWERS, INC.

Mr. Chairman and members of the committee, my name is A. L. Buffington. I am general manager of Diamond Walnut Growers, Inc., a cooperative marketing association in the State of California whose 5,000 members produce over 50 percent of the walnuts grown in the United States.

Diamond Walnut Growers, Inc. strongly supports the objectives of Public Law 480 and seeks to broaden its scope in order to assist in the development of orderly trade policies and programs. We feel that the principles embodied in H.R. 1172 are sound and will effectively aid in increasing the exportation of walnuts, with consequent benefit to the walnut industry and the U.S. balance-of-payments problem.

Our company has been actively engaged in developing and promoting export markets for walnuts. With the assistance of the Foreign Agricultural Service of the Department of Agriculture, along with the efforts of the Walnut Control Board which directs the Federal marketing order for walnuts, Diamond's representatives have visited markets in the Far East, England, Scandinavia, and Continental Europe to study product requirements and to develop export markets.

Much has been accomplished in this direction during the past year, and Diamond feels that the increasing supply of walnuts expected in the years to come should pose no insurmountable problem if this endeavor to expand exports is successful.

In addition to the market surveys conducted by our representatives, we have been party to two important meetings between representatives of the U.S. walnut industry and the French walnut industry. As a result of these meetings, we are attempting to jointly expand the consumption of walnuts in Europe and are planning an additional conference in Grenoble, France, on July 1, with this project as an objective.

Our own experience has shown that the principles involved in H.R. 1172 are administratively sound and practical and, in fact, are imperative. Face-to-face exchange of ideas and plans for the establishment of markets, between industry representatives who are familiar with the problems involved in marketing and distribution, is an extremely valuable supplement to trade negotiations between governments.

We feel that our own experience has demonstrated the effectiveness of this procedure and urge the passage of H.R. 1172 introduced by Congressman B. F. Sisk, of California.

STATEMENT OF W. B. HICKS, JR., EXECUTIVE SECRETARY, LIBERTY LOBBY

Liberty Lobby is a nonprofit organization which interests itself with current legislative matters in Washington, D.C. and furnishes its 180,000 subscribers with information on the functions of the Federal executive, judicial, and legislative branches. It is our policy to poll our subscribers from time to time and elicit information regarding their feelings on matters such as the legislation now before this committee. It is from such a recent poll that the following sentiments on H.R. 12785, the administration's food for freedom program were taken.

A review of H.R. 12785 and its predecessor, Public Law 480, suggests two points for inquiry and comment; is there any real existing need for new legislation and can the proposed new legislation succeed in its stated objectives?

The Agricultural Trade Development and Assistance Act of 1954, Public Law 480, was at its genesis, a temporary measure looking toward the reduction of the then current commodity surpluses. Therefore one of the basic criteria of the program was that surplus commodities would be emphasized in its implementation while expanding foreign dollar markets for U.S. commodities and providing aid to needy friendly foreign countries. In that regard Public Law 480 has been most successful. International trade in many of those commodities has been permanently expanded with accompanying expansion of U.S. dollar markets and the ruinous commodity surplus problem of the 1950's has been reduced significantly except where perpetuated by later Federal farm legislation.

While we recognize that it is always possible to improve upon existing legislation we urge that the many demonstrably effective provisions found in Public Law 480 be preserved in any new measure or that Public Law 480 simply be amended to reflect the expanded objectives of our agricultural and foreign policies. We reject several new departures in food aid policy which are novel with H.R. 12785.

Specifically, and in terms of H.R. 12785's stated objectives, Public Law 480 has already led to a dramatic expansion of international commodities trade as well as foreign dollar commodity markets for U.S. agriculture. Abatement of hunger and malnutrition abroad and encouragement of economic development and self-help have been coincidental with this trend. It is difficult to appreciate how a further advance in these areas can be accomplished by the new concepts embodied in H.R. 12785 without a corresponding disadvantage to American agriculture.

While we sympathize with most of the aims of H.R. 12785 it is difficult to see how the pending legislation's emphasis on long-term dollar credits will help this Nation's balance-of-payments problem. That problem is immediate and is not aided, even without liberalization, by Public Law 480's already liberal terms for repayment. Particularly ill advised is such a liberalization of the terms for repayment when placed at the sole discretion of the President with no provision for supervision by Congress.

The language of H.R. 12785 would seem to indicate a hope that international exchange of commodities for soft currencies will ultimately lead to exchange in dollars.

This could readily be accomplished under existing law which makes discretionary the negotiation of agreements involving exchanges for dollars with no annual limitation on the total volume of such agreements. This fact casts further doubt on H.R. 12785's liberalized terms for dollar credit and it seems even more inadvisable that any alteration at all should be made in Public Law 480 in this regard. One can only speculate what would be the reaction of an "emerging" foreign government, years hence, to U.S. demands for repayment of one such of these loans when that government's continued existence depended on the good will of a people long since grown weary of paying their parents' grocery bill for the 1970's.

A further troublesome point in the proposed bill's language is the continued emphasis on authority for the Commodity Credit Corporation to establish and maintain reserves of commodities as directed by the Secretary of Agriculture. We have always maintained that the channels of free enterprise were the proper source to provide bulk commodities for shipment abroad under any program and the successes of Public Law 480, with its reliance on private trade, have served to reinforce our optimism.

Further, the accumulation of such commodity reserves carries with it an authorization to dispose of them in a manner made, by H.R. 12785, too widely discretionary. The mere existence of government-held stockpiles would constitute a serious and continuous threat of depressed prices and oversupply in the marketplace with government manipulation of the free enterprise system in U.S. agriculture an accomplished fact, even though unauthorized elsewhere in farm legislation.

The whole recent history of agricultural legislation argues against this aspect of H.R. 12785, yet in all too many important matters touched upon by this bill Congress has delegated to various elements of the executive branch an impressive amount of discretionary power for stockpiling as well as the designation of commodities to be included in the program, the mode of their transportation and the designation of countries of destinations.

Nowhere is the degree of discretionary authority more clear, or the contrast between Public Law 480 and H.R. 12785 more startling, than in the legislative description of countries eligible for participation in the program. While Public Law 480 limits eligibility to "friendly" countries, an ambiguous enough term, the proposed administration bill expands the definition to include practically any foreign nations which "desires to improve its agricultural productivity" regardless of its other intentions, whether it decides to do so at U.S. expense or even whether formally recognized by the U.S. Government.

It should be enough to remind the committee at this point, that two such extreme examples as Red China and Soviet Russia fit within H.R. 12785's definition comfortably. This was a situation that Public Law 480, in implementation of what was then U.S. foreign policy, was specifically designed to avoid. It is difficult to perceive in this light what facet of U.S. foreign policy H.R. 12785 was designed "to promote in other ways." How the prospect of such a development could be approved by American taxpayers, voters, and relatives of U.S. servicemen facing armed Communist aggression is difficult to say; however, it is essential to remember that both Red China and the Soviet Union have been heavy buyers on the world commodity market, in exchange for gold, and there is little doubt that these criminal nations stand ready and anxious to buy even greater quantities of food on liberal credit terms such as provided by this bill.

Liberty Lobby urges that this committee include strict provisions in any new legislation that will prevent such deals with Communist nations, and specifically we urge that Public Law 480's provisions against such trade be retained in the same form.

STATEMENT OF ROBERT N. HAMPTON, DIRECTOR OF MARKETING SERVICES, NATIONAL COUNCIL OF FARMER COOPERATIVES

I am Robert N. Hampton, director of marketing services, National Council of Farmer Cooperatives. The national council is a nationwide federation of farmer business associations which are engaged in the marketing of agricultural commodities or purchasing of farm production supplies or both; and of State cooperative councils. The membership includes many of the major federated and regional farmer cooperatives of the country. The organizations making up the council are owned, controlled, and financed by farmers as the off-farm departments of their farm business operations.

The National Council of Farmer Cooperatives strongly supports the principles of use of food aid to encourage self-help in foreign agricultural development and the eventual replacement of soft currency sales by dollar exports of U.S. farm products. We believe such programs offer our best hope that U.S. assistance can effectively promote economic growth and political stability in the hungry nations whose internal dissensions pose such a threat to a stable and peaceful world.

Our support for vigorous programs in developing foreign commercial markets for our products is also reflected in the following current policy statements of the council:

"Foreign economic aid.—The national council recognizes that many areas of the world have great need for economic development and for the encouragement of a free and competitive enterprise system which we believe will accelerate such development. We also recognize the desirability of both public and private assistance in alleviating suffering and in initial encouragement of productivity gains which will permit continuing economic growth through private capital investment.

"We urge that in such efforts it be the policy of the United States to encourage maximum self-help within countries and that our major emphasis be in helping the people of such countries to assume increasing responsibility for their own economic progress.

"To this end, we support a program of technical assistance designed to promote economic progress. We believe that the major effort of foreign aid programs should be directed toward this goal. Primary emphasis should be given to institutional as well as technological adaptation to existing conditions through development of cooperative and other appropriate private economic activities.

"We urge that all U.S. agencies and farmer cooperative interests encourage development of cooperative activity abroad in every appropriate way, as most desirable way of organizing and financing self-help programs. Maximum efforts

should be made in exporting U.S. farmer cooperative know-how, and in some instances, investment capital to foster foreign cooperative development."

"Public Law 480.—The National Council of Farmer Cooperatives recommends:

"1. That Public Law 480 (Agricultural Trade Development and Assistance Act of 1954) be continued as a mechanism for aiding exports of farm commodities and that sufficient funds be provided to implement effectively the objectives of the act;

"2. That expansion of Public Law 480 funds be based upon activities designed to expand longrun commercial sales and to aid sound economic growth of developing foreign countries. Many developing areas of the world today may be important future markets for U.S. farm products."

We believe the principle of encouragement of maximum self-help by developing countries, through the use of food aid, is the only practical long-range solution to world food needs. It fits the realities of both economic and political considerations. Further economic growth abroad, with appropriate emphasis on agriculture, can undoubtedly result in broader markets for U.S. products, both farm and industrial, in many areas of the world. The experience of Japan as a nation which has grown rapidly in food import requirements along with growth in food and industrial output, is a notable example of these potential markets for U.S. food and fiber.

The national council supports the program of H.R. 12785, which represents a further step in U.S. efforts to offer constructive guidance in programs of economic growth for the developing nations. Though our knowledge of the conditions required for rapid economic development is still limited, it is improving, and we should work in cooperation with the nations assisted to make most effective use of approaches which are known to contribute to growth processes.

One major principle which should be emphasized is that of the urgent importance of agricultural development as a base for further industrial and trade growth. Many poor nations have to some extent avoided the hard, complex problems faced in improving a primitive agriculture, in favor of industrial construction or other activity which gives more immediate or apparent results. However, complex as the requirements are for an advancing agriculture—technical improvements, a marketing system with appropriate incentives, credit, educational programs and the other institutional and cultural changes often needed—the difficult problem of agricultural development must be dealt with if the world is to be properly fed so that further industrial growth can then take place.

Growth of foreign markets for U.S. agriculture has been greatly stimulated by the joint Government-industry market developing programs carried out under title I, section 104(a) of Public Law 480. We strongly endorse the past emphasis given to these activities for developing new commercial markets for U.S. agricultural products.

The need for strong development programs is especially evident in all markets which represent new uses in foreign consumption patterns, as in the upgrading of demands toward the higher quality or specially processed foods in which the United States has special advantages. The council recommends that the wording of section 304(b) 1 of H.R. 12785 be strengthened to make clear the continued high priority of the so-called 5-percent development funds, to be administered on a cooperative basis with industry trade groups as under Public Law 480. We continue to encourage strong participation by commodity groups in these programs, to give added assurance that market objectives are realistic and of the first priority.

We support the elimination of the "surplus" concept of Public Law 480 in favor of the broader authority of the food-for-freedom proposals. This also is sound from both political and economic standpoints. Such a broadened approach will gain world recognition as evidence that we can encourage economic development plans based on food needs rather than U.S. surpluses. At the same time, it will gain added recognition for the tremendous productivity of American agriculture, by stimulating additional output of products in other, nonsurplus categories, to meet world demands.

By permitting diversion of our farm output efforts to production of crops in which we have greatest comparative advantages, we can increase income opportunities for U.S. farmers through serving these new markets, at the same time relieving other surplus pressures on income. We urge, moreover, that welfare of farmers be fully considered along with public welfare in administering provisions of food and fiber reserve proposals as well as the Food and Agriculture

Act of 1965 provision which can have such great effects on marketing stability and prices. If food output is allowed to increase faster than it should to meet requirements of this program, if excessive supplies should accumulate, or if such reserves are handled in ways disruptive to orderly marketing, American farmers' incomes will again suffer. Such an eventuality would create added pressures in our entire rural society and be to the longrun disadvantage of the American public as well.

The key to the success of this legislative program lies in the ability with which U.S. administrators can effectively stimulate and require foreign agricultural development programs which will give results. Although a 5-year food-for-freedom program should give added inducement for foreign governments to be more aggressive in designing sound long-range plans for developing their agriculture and their economy, provisions for periodic review of their performance and their cooperation are vitally important. While a dependable guideline for such measurement, such as minimum annual productivity increase, will be difficult to apply on a year-to-year basis, we believe that greater efforts should be made to insure that food aid is being properly used and with reasonable effectiveness in terms of long-term benefits. However, broad discretion must obviously be left to the administering agencies in determining to what extent the most appropriate and effective efforts are being made.

While food, monetary, and technical assistance are of great importance, we should at no time lose sight of the fact that appropriate incentives and institutions are of crucial importance in economic growth. The large share of Russian farm output which is produced on very small, private "garden plots" is dramatic proof of the power of personal economic incentive, as is the entire success story of American agriculture.

We welcome the recognition by the Agency for International Development that cooperatives are one of the best and most democratic institutions for encouraging and maintaining proper incentives for farmers, and also represent private enterprise at its best in many other activities. Cooperative self-help offers not only immediate economic benefits but a foundation for the development of the types of democratic activities and institutions which have served Western societies so well.

We strongly endorse all efforts of AID and of other agencies to stimulate wider use of all forms of private enterprise abroad. In its report of last year, the Advisory Committee on Private Enterprise in Foreign Aid pointed out the special merits of private investment programs abroad, especially in terms of their special contributions in organizational and management skills, innovation, and in risk capital. The Committee said that the most effective pressure which will encourage private enterprise abroad "is to help increase the resources and capabilities of the private sector so that it may provide its own justification for an expanded role."

We urge that renewed efforts be made to involve other nations in sharing this major world effort to fight hunger and to increase world trading opportunities to the benefit of all. The United Nation's world food program's budget of some \$275 million is small compared to the food-for-freedom effort and it provides one means for a multilateral approach to world food problems. However, a special appeal must be made to those countries which can produce food beyond their domestic needs and which stand to benefit most in sharing the world markets resulting from specialization and upgraded diets as underdeveloped economies are strengthened.

It is unrealistic to discuss world food needs without recognizing that effective worldwide measures must also be taken in population planning. Extreme pressure of population on land resources in many areas complicates tremendously the effort to reach a marginal excess of food supply over minimum needs which will permit a badly needed "takeoff" point in capital accumulation and economic growth. Though not a part of this program, the United States should intensify its efforts to make available every possible assistance in the field of family planning programs to countries which can and will use such help. We applaud the more aggressive efforts in this direction indicated by recent announcements of the Agency for International Development.

In summary, the threatened pressures of world famine and political chaos are great incentives toward adoption of a more comprehensive program of food aid. Of equal importance is the opportunity that sound programs of economic development, based on full recognition of agriculture's priority in such programs, offer for increased exports for the United States and an expanded international trade to the benefit of all.

We strongly support the intent of this bill to use U.S. food aid as a tool toward more effective self-help programs which will relieve acute world hunger and thereby contribute to political stability; to continue strong, active programs of foreign market development for U.S. farm products; and to make use of our food-producing capacity in other than "surplus" items to accomplish these objectives.

STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Mr. Chairman and members of the committee, we appreciate this opportunity to make known to the committee our views on proposals that the United States lead a worldwide war on hunger through expanded food aid and development of food production abroad, particularly in the developing countries.

First, we would like to state that there can be no doubt that the rate of population growth in many developing countries is in excess of the current rate of increase in the capability of these countries to furnish adequate diets for their people. Many of the very competent witnesses who have appeared before this committee have shown this to be true beyond any question.

The record of these hearings indicates that, unless immediate steps are taken to expand food aid to many of the developing countries and, as a longer range project, to aid them in upgrading the level of their agricultural production, hunger, malnutrition, and starvation will be quite widespread.

It thus appears to have been adequately demonstrated that, in the absence of determined efforts, which apparently can be implemented best and most aggressively by this country to make available more food supplies and to implement better agricultural production practices in the developing countries, extreme hunger, malnutrition, and starvation will be the order of the day.

We, therefore, are in general agreement and support of the proposed legislation authorizing the war on hunger.

We wish to commend the Congress for the original passage of Public Law 480 and its reenactment on several occasions in recent years. Through this program, this country has been able to share its agricultural abundance with needy nations and in addition to pave the way for opening up more foreign markets for the produce of our farms.

We feel that Public Law 480 has been of considerable value and can be of even more value in providing expanded outlets for agricultural commodities produced in this country, including dairy products, and that through its use we shall in time be able to develop better and larger foreign markets for dairy products.

We believe the payment-in-kind program has been very helpful and that it should be continued and expanded both in quantities and in number of dairy products that can be disposed of under this program.

We hope it would be possible to develop the payment-in-kind program in such way as to minimize many uncertainties that now affect the program, particularly in respect to time periods involved and dairy commodities affected.

As we understand the matter, the lack of protein, and in particular, animal protein, is one of the major food element deficiencies in many of the developing countries. For this reason, it is our view that dairy products can aid materially in furnishing needed supplies of the most scarce food elements needed to improve the diets and fight malnutrition in the developing countries. This is particularly true in respect to children, nursing mothers, and the like.

While we are, as stated, in general agreement with the stated reasons for the war on hunger program, it should be noted that some factors need to be very carefully considered and guarded by the appropriate congressional findings and legislation.

As we understand the matter, an important feature of the war on hunger program will be the efforts of the United States to aid developing countries to increase their food production. This, of course, seems to us to be a very worthwhile, long-term goal.

But we should also make it very clear indeed in the development and conduct of this program that the American farmer, who has responded so well to pleas for increased production during past emergencies, does not find himself in the position of having markedly expanded his output and later on finds that the need for such expanded output no longer exists and no commercial markets are available for it at reasonable prices to producers.

This means to us that the U.S. Department of Agriculture must very carefully project the requirements, both short and long run, for commodities that would be required for expanded food aid and agricultural production in developing countries. Further, we think this phase of the matter should not be charged against the farm price-support program conducted under the Agricultural Act of 1949.

Many of the proposals before this committee provide for the accumulation of reserves of food commodities to assure adequate supplies for both foreign and domestic needs. We think it is imperative that Congress decide what the level of these reserves should be.

We further think that, in the event of the establishment of food reserves, which we think desirable, the Congress assure that these reserves will not be released on the commercial market in a manner to depress prices to agricultural producers. We think this authority, as stated, should be spelled out by the Congress and that reserves should not be permitted to be used to depress the market price to our farmers.

Also we think it is of paramount importance that operations under the war on hunger program not be considered as superseding or taking the place of the price-support program authorized by the Agricultural Act of 1949. We think that this is of great importance not only under current circumstances but also under the circumstances of increased production that no doubt will be called forth as the war on hunger program develops.

Current proposals before this committee would eliminate the "surplus concept" to which operations under Public Law 480 have been related previously so that, in the war on hunger, commodities not in surplus could be procured for disposition under such program.

Undoubtedly this provision will give the administration much more flexibility in planning for and furnishing food aid to developing countries. However, it is our considered opinion that the Congress should provide appropriate guidelines or criteria to be used by the Secretary of Agriculture in implementing this new concept.

We think it is also important that legislation provide for some assurance to the American public of stable and reasonable prices. For several years we, in company with our colleagues in the dairy industry, have recommended that the Congress pass legislation which would authorize payments to producers, particularly for milk used in butter. Such legislation would be available to assure consumers of stable and reasonable prices even though, as a part of the war on hunger program, prices to producers might have to be considerably higher in order to provide an adequate supply of milk and dairy products for our own public and to contribute milk and dairy products to the war on hunger program.

We urge your consideration of the suggestions advanced in this statement in the development of legislation to implement the war on hunger.

STATEMENT BY R. W. FISCHER, PRESIDENT, SOYPRO INTERNATIONAL, INC.,
CEDAR FALLS, IOWA

Mr. Chairman, members of the committee, I am R. W. Fischer, president of Soypro International, Inc., of Cedar Falls, Iowa.

My purpose here is to inform this committee on the types of services and know-how—and something of the high-quality, low-cost protein products—which are available from private industry in the United States for carrying forward the war on hunger around the world.

To do this most effectively, I will confine my remarks to the U.S. companies and products with which I am intimately familiar—using them as illustrations of the resources which are already available in the private sector of our economy which can have a direct and immediate bearing on this vital national effort. Let me begin with some basic information on our own company.

Soypro International, Inc., was organized in 1963 for the specific purpose of supplying technical assistance and industrial know-how to foreign companies and countries in the production, processing, utilization and distribution of low-cost proteins and edible oils. In particular, Soypro is equipped to provide foremost industrial technology in the following areas:

(1) The production of oilseed crops including soybeans, peanuts, sesame and other annual, high-protein seeds under diverse agricultural conditions in all parts of the world.

(2) The establishment or improvement of grain handling and marketing systems to effectively collect, store, and transport these seeds to necessary processing facilities under all types of conditions from the most primitive to the most modern.

(3) The full technology, including engineering, management, and scientific assistance, required for processing oilseeds into a complete range of end products including—

- (3.1) Edible proteins products of all kinds.
- (3.2) Livestock feed meals.
- (3.3) High-protein concentrates for edible and industrial purposes.
- (3.4) Full-protein isolates for edible and industrial purposes.
- (3.5) Crude and refined edible and industrial fats and oils.
- (3.6) Useful byproducts including lecithin products, mill feeds, etc.

These services include selecting proper equipment for us in all types of areas and all sizes of plants, with attention to the necessary flexibility for handling various kinds of raw materials.

(4) Packaging and distribution system for and products.

(5) Assistance with sales and marketing of each type of product under local conditions to meet the needs of local consumers.

(6) Assistance and know-how in the utilization of such products in foods of all kinds, in livestock and poultry feeds, and in industrial products.

To accomplish these objectives, Soypro International has brought together a substantial group of the best technical personnel in the United States in these fields. Particular emphasis has been placed on practical business and industrial experience which has been acquired in successful commercial operations in all aspects of the oilseed industry over the past 35 years.

You may be interested to know, Mr. Chairman, that some of us in Soypro International have been deeply concerned with the enigma of so-called farm surpluses in a hungry world for the past 20 years, and were among the first to advocate worldwide food distribution programs like those carried out under Public Law 480 in the past 12 years.

As this committee has heard during the past few days, many countries have enough proteins on hand—or proteins which could be produced locally—to meet their nutrition problems if they had the necessary knowledge and the proper commercial organizations to employ their resources effectively.

From 1960 to 1963, I had the opportunity to serve as assistant to the president of the Soybean Council of America. During that time, I traveled to many countries of the world as a representative of the U.S. soybean industry. There, a number of foreign companies and representatives of foreign countries spoke to me about their great need for technical assistance of the most practical kind—industrial and commercial know-how which they could use to solve their own problems with their own resources and facilities. Thus in 1963, after the tradition of American enterprise, we brought together in one group the talents and expertise from private industry which were so urgently needed in other countries, and made them available to our friends overseas.

At this moment, we are employed by a number of companies abroad, helping them improve their facilities, upgrade their operations, improve their products, and make their marketing and sales efforts more effective within their own countries. It may prove useful to the committee to review briefly a few of these projects to illustrate the kinds of assistance that are needed, and the role that is presently being played on a strictly commercial basis.

(1) In one country in South America, we are greatly expanding the processing capacity of a major oilseed processing company which buys a large quantity of U.S. soybeans each year. We are in the midst of doubling their operating efficiencies, while increasing their capacity about one-third.

(2) For another South American company we are supplying the know-how and the necessary engineering to help them produce a top quality line of soybean flour which will be widely employed in bakery and other products throughout that country. It is already certain that this work will have a very substantial effect on the protein malnutrition problem in that country. This same company, incidentally, had spent about 10 years attempting to develop their own technology in this field without success.

(3) On behalf of one of the voluntary relief agencies, we made a complete study of the oilseed industry in one country from planting the crop and meeting their very serious problems of crop production to planning their processing facilities.

ties and their production of edible high-protein flour and grits. These products will be employed first in that country's school lunch program to bring adequate protein nutrition to some 2 million schoolchildren. Implementation of the program is now underway.

(4) In a highly advanced country we are involved in a study of the potential market and estimated production costs for some highly sophisticated isolated protein products from vegetable sources. These products should lead to some substantial economies in the industries of that country, and should help to alleviate a growing shortage of proteins from other sources.

As these examples illustrate, Mr. Chairman, the need for such services exists both with foreign companies and with foreign governments, and some reasonable commercial resources have been marshaled to help meet those needs.

Reviewing the vast problems of the undernourishment and malnourishment in many developing countries of the world, as set forth before this committee, and reviewing some of the excellent work that has been done to help meet these problems, we see a need for considerable correlation work of a very practical kind, which can be translated into successful, on-going businesses.

For illustration, the great country of India is confronted with, perhaps, the most critical conditions of malnutrition of any major country in the world. Excellent work has been carried on, under the auspices of AID, by several of our land-grant colleges to determine that soybeans can be effectively produced in some very important agricultural areas there. In addition, it is well known that a large tonnage of peanuts, or groundnuts as they are known there, are processed annually for the oil factor alone, while the protein fraction is used for fertilizer or animal feed, when it might conceivably be employed to meet a large share of the human nutrition problem. At the same time, remarkable work has been carried out by Dr. Parpia and many others in India developing excellent grades of groundnut flour and other products which can be used in all kinds of foods.

At this point, the crying need appears to be for the information at hand to be correlated into a solid, practical program which would enable private industries and the Government of India to process and distribute these existing products in such a way that they will be readily accepted and utilized by the Indian people.

Practical, organized commercial measures can apparently also be taken to produce some soybeans and to process them into high-quality edible proteins and oils on a commercially sound basis. As a soybean producer myself, I am confident that such measures would ultimately lead to India's becoming a much bigger and better commercial customer for the soybeans from my own farm in Iowa than she has ever been in the past—just as the Japanese soybean industry, with some domestic production, has become our foremost customer abroad.

In furthering a successful program for India, however, I would emphasize the importance of the practical, commercial approach to each phase of the production-processing-distribution line.

In the long run it will be necessary—indeed, essential—for the producer, the transport carrier, the processor, the wholesaler and the retailer each to make a reasonable profit for his efforts, or the production system will break down. This means above all that the end products must be fully acceptable—in fact, desirable—to the consuming public to the point that they will willingly spend their money for these foods. To sell in the marketplace, these high-protein, low-cost foodstuffs must, above all else, be good to eat by the standards of the local consumer.

We in Soypro are already involved in these matters with local companies, and we expect to be continuing our activities with our present clients and others as time goes on. In carrying out the war on hunger, we would hope that the resources of the U.S. Government and of local governments would both be brought to bear to facilitate these solutions. In this connection, we would submit that commercial firms such as our own with extensive commercial backgrounds are uniquely equipped, both to appraise the problems and to work out the solutions to them in ways which will be commercially acceptable and which will, therefore, insure the type of ongoing enterprise that will continue to meet the nutritional requirements of the peoples of the world in the years ahead.

Needless to say, in India or any other country, it will take some time to correlate the information at hand, to work out and implement practical commercial plans for local industry which can meet the needs. Meantime, unless effective relief measures are employed, millions of people will hunger each day and each night that goes by, and millions more will be hampered by improper nutrition, principally by a lack of proteins in their diet.

To fill this gap, highly nutritious, low-cost products from the United States are obviously needed on a very large scale. We certainly share the hope, expressed by President Johnson and Secretary Freeman, that Congress may see fit to make reasonable provision for such shipments of U.S. foodstuffs, whether or not they are in surplus at the time.

Such shipments can, in fact, be used to help build the markets for the same products which can later be produced by local industry. As indicated above, they can also help build markets for our own U.S. agricultural production.

Som of the most economical products and their most effective applications may be relatively new. They may also be the result of work carried on by some of the smaller U.S. companies, as well as by the giants of the food industry.

For example, the H. B. Taylor Co., in Chicago has developed a series of food products from soybeans which are extremely low cost, which could be produced overseas with low investment on a very economical scale, and which are much more palatable than the foods we have traditionally associated with soy.

Let me illustrate briefly:

(1) I have on my desk a loaf of bread which costs very little more to produce than any other ordinary loaf of bread. It is delicious and I am confident that every member of this committee would find it so. It contains 16½ percent protein, with an almost perfect amino acid balance. Pound for pound, therefore, it is nearly as nutritious, proteinwise, as livestock and poultry products. Many of the malnourished people of the world are principally bread eaters. I am absolutely certain that, with minor adaptations for local tastes, a bread of this kind would be highly acceptable and, indeed, much in demand in many areas of the world where it is urgently needed.

(2) I also have on my desk some coconut-oatmeal-type cookies which are excellent in every way. These cookies are low cost. They have an almost indefinite shelf life in a proper container. They contain 15½ percent well-balanced protein (principally from soy)—again not too far from the protein level of good quality animal and poultry products. These are in commercial production now.

(3) I recently tasted a chocolate milk made from a base of full-fat soy flour which was, also, absolutely delicious. Chocolate is a flavor that is favored around the world. A glass of this milk in a child's hand in south Asia would cost less than 1 cent. It is fully as nutritious as ordinary milk.

(4) There are also soup bases, cereals, meat-type additives for rice and bulgar and a host of other products—all very low cost—and all "good to eat" by any standards. These are no longer experimental products, but are in commercial production or are fully tested and ready for commercialization without delay. They are available for immediate use to fill the nutritional gap of the developing countries and are designed to be readily manufactured abroad.

I only wish we might have an opportunity to serve a complete meal to this committee consisting of these various dishes. I am sure you would agree that they are all good, and would be wholeheartedly welcomed anywhere in the world.

The primary goal of the war on hunger is to end the dual scourge of hunger and malnutrition throughout the free world. Let me assure you, Mr. Chairman, that we in private industry stand ready with an extensive array of practical know-how to assist our Government in this humanitarian effort.

STATEMENT OF ROBERT EDWARDS JONES, REPRESENTING THE UNITARIAN UNIVERSALIST ASSOCIATION, DEPARTMENT OF SOCIAL RESPONSIBILITY

The Unitarian Universalist Association, Department of Social Responsibility wishes to record its support of the food-for-freedom legislation currently before this committee of the Congress. The President, Congressman Cooley, and other framers of this legislation deserve credit for presenting an imaginative, innovative program. They could have been content with a mere extension of the present food-for-peace program (Public Law 480), but instead they have examined the current program and sought to improve it, both in its humanitarian mission and in its economic utility, with an eye to the long-range needs and capabilities of the developing nations as well as the welfare of our own.

The concern of Unitarians and Universalists for feeding and caring for the hungry, the homeless, and the destitute of the world has been most manifest in the years since World War II and its distressing aftermath. The Unitarian

Service Committee, organized in 1940, ran homes for refugee children in southern France after the fall of France and before the Germans occupied all of that country. Precious quantities of powered milk and wheat flour from the United States, administered by the service committee, kept alive several thousand children, many of them Jewish refugees from nazism, as well as refugees from the Spanish civil war.

In postwar Europe, the Universalist Service Committee did important feeding and rehabilitation work among adolescent displaced boys and girls in the British Zone of occupied Germany. Most of these programs were phased out by the early 1950's though the program for Spanish refugees continues at Toulouse, France, where food, clothing, and medicines for the sick and elderly and educational scholarships for the young are still provided.

In recent years, the merged Unitarian Universalist Service Committee, Inc., has conducted a series of nutrition seminars, first in Turkey, and then in several Latin American nations—Bolivia, Chile, Peru, Uruguay, and last summer in Haiti—in which local personnel are taught to cope with nutrition problems by balancing diets and better utilization of food resources they have.

Our support for the food-aid program of the United States goes back directly to 1950 when delegates to the annual meeting of the American Unitarian Association endorsed "such measures as may be necessary to the end that all surplus food now or later in the possession of the Federal Government be sold or given, as soon as feasible, to those in need, whether in this country or in other parts of the world."

Our support as religious people was based then on "a fundamental teaching of Jesus that we should love our fellow men as ourselves, and therefore those who have abundance are under obligation to God for utilizing what they have as His stewards for those who are in need." Our delegates observed in 1950 that, "There is in the world an appalling amount of hunger and suffering."

Again, in 1958, the American Unitarian Association, urging economic assistance to the underdeveloped countries, also resolved that "we urge the Governments of the United States and Canada to send surplus foods to underdeveloped countries through the United Nations."

This year, again, the attention of our denomination is drawn to this problem. Our churches are currently voting on a proposal on world hunger and population control for the consideration of the general assembly of the Unitarian Universalist Association in May.

We view several innovations in the President's proposal as especially helpful: elimination of the "surplus" requirement and new emphasis on nutrition, the building of an adequate American food reserve, and encouragement of self-help and spurred agricultural development in the underdeveloped nations.

Perhaps the most significant improvement in the new legislation for food for freedom is that of dropping the "surplus disposal" tag or nomenclature from the food-aid program. Even the churches, as can be seen from our own 1950 and 1958 resolutions, were long wedded to the "surplus" concept.

In spite of conscious efforts on the part of the Kennedy and Johnson administrations to move away from this concept, the idea has persisted that America was engaged merely in disposing of surplus food and this has tended to negate the very real humanitarian thrust of the food-for-peace program.

I am sure that now the program has proved its great utility and its value, we no longer need to placate those forces which narrowly conceived of the program as a convenient means of cutting down America's farm surpluses. It is a sign of maturity that we can go beyond this limiting concept and place the emphasis where it properly belongs, making it possible for a wider variety of commodities to be shipped abroad, thus building a better nutritional balance in the recipient countries.

To argue for the humanitarian approach is not to jettison practicality. The bill has the great merit that it appeals both to our humanitarian instincts and to enlightened self-interest.

To argue for the humanitarian approach does not mean we should not be hard-headed about this problem. Certainly the administration bill is hardheaded. It realistically places a premium on self-help efforts in the recipient countries, thus looking ahead to the future when America's food reserves may not be ample enough to take care of the needs of a burgeoning world population.

It calls for increased capital and technical assistance to those developing nations which demonstrate a desire to increase their farm production.

It will mean a continued expansion of markets for American agricultural commodities, eventually making better customers for the American farmer.

It holds the promise of "unleashing" American farmers so that they may put back into production acreage now in reserve.

We are particularly impressed with the new emphasis on combating malnutrition as well as hunger and starvation. For many millions in the world lead blighted lives because they did not receive balanced diets when they were children. As President Johnson has said:

"We now recognize that food deficiencies are most serious in infants, the pre-school age, and to a lesser degree, schoolage children. Not only does malnutrition result in high death rates and widespread disabling diseases, but research has now established that it produces permanent retardation of mental as well as physical development."

Secretary of Agriculture Freeman has estimated that in the developing nations of the non-Communist world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition. Lack of proteins and vitamins among infants and youngsters is critical.

Therefore it is encouraging to note that under the new legislation, the kinds of commodities sent abroad will be better fitted to particular needs over there, rather than be limited by the kinds of foodstuffs we hold in surplus, thus making possible shipment of commodities with special nutritional values.

A great deal of stress is being placed by the President and the sponsors of food legislation in the Congress upon self-help and encouragement of the less-developed nations to make renewed efforts to increase agricultural productivity. This is good but we would caution that there will be for some years to come, recurring crises of famine and near starvation in some of these countries which will require us to take emergency humanitarian action.

It is well to remind our friends in India that they must do more to increase fertilizer production and to increase the yield of their farms. But, literally millions of people in that country are right now facing the prospects of starvation if massive emergency aid is not forthcoming.

The United Nations Food and Agriculture Organization reported on February 11:

"India had two successive bad crops in 1962 and 1963 and was visited by the worst drought in recent history in 1965, affecting severely the summer crop of that year and the winter crop yet to be harvested.

"Seven large States have been severely hit. The total population in the badly affected areas is about 100 million, of whom at least 5 to 6 million are expected to be placed on emergency relief works. Fifteen to twenty million children (1 to 14 years) are in an especially vulnerable position. It is expected that the present crisis, which is already assuming famine proportions, will progressively worsen during the next few months."

That is the stark reality which has to be met today in India. Proper attention to food production and population control may avert future crises of this sort but we need to do everything possible now to meet this crisis. We must use title II of our present Public Law 480 to send emergency donations to India. It has been estimated that such a donation program might cost the United States about \$1 billion, or less than 10 percent of the estimated cost of the war in Vietnam this year. This would necessitate additional appropriations by the Congress.

The situation in India is not going to be met by reliance on title I of Public Law 480 wherein the Indians pay for the grain and the shipping charges as well with their own currency, and partially in U.S. dollars. If the grains being sent to India now are to reach the hungry in time, a crash effort must be made to resolve shipping and unloading bottlenecks. India must more than double its port capacity and improve its internal transportation and distribution. We could assist by providing automatic unloading equipment such as blowers.

We urge that members of this committee and the Congress and administration do all within their power to avert a great human disaster in India.

At this moment some 100 million Indians, including 20 million children under 11 years of age, are in distress for lack of food. Some 11 to 12 million of these people are literally living in the shadow of death, stalked by the danger of starvation.

These figures are staggering and perhaps beyond our imagination. But we dare not minimize the peril.

It is hardly necessary to belabor this committee with statistics on the need. A succession of competent witnesses from government, farm organizations, and industry have amply supplied this information. Suffice to say that we in the West who enjoy this abundance of food and fiber face an uneasy, even fright-

ening prospect, as two-thirds of mankind looks hungrily at the rest of us. We are long used to the division of the world into the "haves" and the "have-nots", into the developed nations and the underdeveloped, or if you will, developing nations. Now a new category of world division has entered our vocabularies—the "diet adequate" countries and the "diet deficit" countries.¹

We are faced by two-thirds of the world which never gets enough to eat, which as the late President Kennedy said, "goes to bed hungry every night." In this two-thirds of the world, food production has fallen behind population growth at an alarming rate so that whereas the less-developed countries were exporting 11 million metric tons of grain in the prewar 1934-38 period, they were by 1964 importing 25 million metric tons of grain.

Population in this diet-deficit two-thirds of the world is increasing at the rate of 2.1 percent annually compared to 1.3 percent in the diet-adequate one-third of the world.

There is an obvious connection between dwindling food supply and exploding population but hardly a whisper of this is found in the official administration testimony on this bill and the President, though demonstrably concerned, has not chosen to incorporate any specific remedies in this legislation. We feel, however, that it is appropriate to couple a concern with population control and food supply in this bill.

We, therefore, think there is a great deal of merit in an amendment which Representative Todd of Michigan has introduced which would provide that "not less than 15 percent of the currencies received" from sales of food for foreign currencies be used "for financing programs emphasizing maternal, child health and nutrition, and family planning services, and research activities related to the problems of population growth." These currencies would be reserved and be made available at the request of the recipient country.

Also, we endorse an additional amendment sponsored by Senator Yarborough of Texas which would add the provision of "family planning services" to the factors that the President shall take into account as demonstration of self-help efforts on the part of the recipient nations. This would represent an important strengthening of the purposes of this legislation.

Let us, while there is still time, take the measures necessary to arrest this accelerating population growth in the underdeveloped, food-deficit nations. For it will be of no avail to provide the food and nutritional aid these countries so desperately need if there is not a corresponding effort made to bring population growth under control.

Whether 15 percent of currencies should be set aside or 5 percent as Senator Tydings of Maryland has suggested, we are not ready to say, but it should be stressed that a very significant policy step would be taken by the United States if the Congress would speak its mind in this fashion. It would signal to the world that we mean to help in a massive way to solve this food-population problem.

The President has said that "a balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine." This bill should help provide that balance.

The massive use of American farm surpluses to feed the hungry, begun in 1954 during the Eisenhower administration, has received tremendous impetus under the administrations of the late President Kennedy and of President Johnson. It is appropriate to look back to the beginnings of the food for peace program initiated by President Kennedy to recapture, if we can, the idealism motivating this program.

Senator McGovern of South Dakota, in his book, "War Against Want," recalls campaigning with Kennedy in his State in 1960 and how speaking to 50,000 farmers at the National Plowing Contest. Kennedy was not at ease with his prepared manuscript dealing with price supports and supply management and the crowd reaction was indifferent. However, 2 hours later at Mitchell, S. Dak., speaking ^{about} a note, the youthful candidate for President from the East electrified a farm audience with a moving appeal:

"I don't regard the * * * agricultural surplus as a problem," he said. "I regard it as an opportunity * * *. I think the farmers can bring more credit, more lasting good will, more chance for peace, than almost any group of Americans in the next 10 years, if we recognize that food is strength, and food is peace, and food is freedom, and food is a helping hand to people around the world whose good will and friendship we want."

It is that spirit that animates our support of this legislation.

¹ Designations supplied by U.S. Department of Agriculture study, Food for Freedom, February 1966.

FOR HISTORY ON
P.L. 89-808

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

HEARINGS

BEFORE THE

COMMITTEE ON

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

S. 2157, S. 2826, S. 2932, S. 2933, S. 2995, and
H.R. 14929

BILLS TO PROMOTE INTERNATIONAL TRADE IN AGRICUL-
TURAL COMMODITIES, TO COMBAT HUNGER AND MALNU-
TRITION, TO FURTHER ECONOMIC DEVELOPMENT, TO
ESTABLISH AND MAINTAIN RESERVES OF AGRICULTURAL
COMMODITIES TO PROTECT CONSUMERS, AND FOR OTHER
PURPOSES

MARCH 2, 3, 4, 7, 8, AND JUNE 15, 1966

Printed for the use of the Committee on Agriculture and Forestry



FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

S. 2157, S. 2826, S. 2932, S. 2933, S. 2995, and
H.R. 14929

BILLS TO PROMOTE INTERNATIONAL TRADE IN AGRICULTURAL COMMODITIES, TO COMBAT HUNGER AND MALNUTRITION, TO FURTHER ECONOMIC DEVELOPMENT, TO ESTABLISH AND MAINTAIN RESERVES OF AGRICULTURAL COMMODITIES TO PROTECT CONSUMERS, AND FOR OTHER PURPOSES

MARCH 2, 3, 4, 7, 8, AND JUNE 15, 1966

Printed for the use of the Committee on Agriculture and Forestry



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

COMMITTEE ON AGRICULTURE AND FORESTRY

ALLEN J. ELLENDER, Louisiana, *Chairman*

SPESSARD L. HOLLAND, Florida

JAMES O. EASTLAND, Mississippi

HERMAN E. TALMADGE, Georgia

B. EVERETT JORDAN, North Carolina

GEORGE McGOVERN, South Dakota

ROSS BASS, Tennessee

JOSEPH M. MONTOKA, New Mexico

WALTER F. MONDALE, Minnesota

DONALD RUSSELL, South Carolina

GEORGE D. AIKEN, Vermont

MILTON R. YOUNG, North Dakota

JOHN SHERMAN COOPER, Kentucky

J. CALEB BOGGS, Delaware

JACK MILLER, Iowa

COTYS M. MOUSER, *Chief Clerk*

CONTENTS

Statement of—

Atkin, Maurice D., member of the executive committee, Committee on World Food Crisis.....	Page 160
Bartlett, Hon. E. L., a U.S. Senator from the State of Alaska.....	305
Bell, Hon. David E., Administrator, Agency for International Development, U.S. Department of State.....	308
Brooks, William F., general counsel, National Grain Trade Council.....	96
Burdick, Hon. Quentin N., a U.S. Senator from the State of North Dakota.....	146
Campbell, Wallace J., president, Foundation for Cooperative Housing.....	457
Carpenter, L. C., vice president, Midcontinent Farmers Association, Columbia, Mo.....	270
Carter, L. C., president, Rice Council for Market Development, Stuttgart, Ark.....	391
Coffman, Claude T., Director, Foreign Agricultural and Special Programs Division, Office of the General Counsel, U.S. Department of Agriculture.....	63
Confer, Bernard A., executive secretary, Lutheran World Relief, New York, N.Y.....	424
Danielian, N. R., president, International Economic Policy Association.....	249
Dean, R. Hal, president, Ralston Purina Company, St. Louis, Mo.....	464
DeVany, Philip M., on behalf of the National Dry Bean Council.....	398
Devine, Fred W., deputy executive director, Cooperative for American Relief Everywhere (CARE), New York, N.Y.....	289
Doup, George, president, Indiana Farm Bureau, Indianapolis, Ind., representing the American Farm Bureau Federation.....	148
Eskildsen, Clarence R., Associate Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.....	52, 487
Evans, E. Hervey, Jr., president, Cotton Council International, Laurinburg, N.C.....	389
Freeman, Hon. Orville L., Secretary of Agriculture.....	18, 469
Gaines, J. P., executive vice president, Rice Millers' Association.....	445
Garstang, M. R., general counsel, National Milk Producers Federation.....	84
Garver, Walter B., manager, Agriculture Department, Chamber of Commerce of the United States.....	449
Gaud, William S., Deputy Administrator, Agency for International Development, U.S. Department of State.....	474
Goodall, Don A., legislative action general manager, Chamber of Commerce of the United States.....	452
Granicher, Burton C., California Prune Advisory Board, San Francisco, Calif.....	397
Hampton, Robert N., director, Marketing Services, National Council of Farmer Cooperatives.....	438
Hardy, Howard W., president, Great Plains Wheat, Kansas City, Kans., also representing Western Wheat Associates.....	392
Hoard, W. R., manager, advertising and promotion, Cling Peach Advisory Board, San Francisco, Calif.....	372
Hope, Hon. Clifford R., representing the Market Development Group, Garden City, Kans.....	367
Johnson, Reuben L., director, Legislative Services, National Farmers Union.....	71
Johnson, Hon. U. Alexis, Deputy Under Secretary of State for Political Affairs, U.S. Department of State.....	490
Jones, Robert Edwards, director, Washington office, Department of Social Responsibility, Unitarian Universalist Association.....	452

Statement of—Continued

Kendrick, Ken, executive vice president, National Association of Wheat Growers.....	Page 112
Kennedy, Hon. Edward M., a U.S. Senator from the State of Massachusetts.....	364
Leet, Glen, executive director, Community Development Foundation, Norwalk, Conn.....	175
Lodwick, Seeley G., Wever, Iowa, representing the American Soybean Association and the Soybean Council of America.....	378, 381
MacCracken, James E., executive director, Church World Services, Division of Overseas Ministries, National Council of the Churches of Christ in the United States of America, New York, N.Y.....	412
Martin, Robert L., chairman, Board of Trade of the City of Chicago..	446
Mast, C. L., Jr., president, Millers' National Federation, Chicago, Ill.....	443
Mattison, Dr. Berwyn F., executive director, American Public Health Association.....	455
McCann, Mrs. Dorothy L., acting projects coordinator, Dairy Society International.....	395
McCanna, Henry, director, Commission of the Church in Town and Country, Division of Christian Life and Mission, National Council of the Churches of Christ in the United States of America, New York, N.Y.....	421
McCarthy, Rt. Rev. Msgr. John F., assistant executive director, Catholic Relief Services-National Catholic Welfare Conference...	407
McDonald, Mrs. Grace, executive secretary, California Farmer-Consumer Information Committee, Santa Clara, Calif.....	461
Moore, Hugh, Easton, Pa.....	166
Nelson, Hon. Gaylord, a U.S. Senator from the State of Wisconsin....	436
Newsom, Herschel D., master, National Grange, and president, International Federation of Agricultural Producers.....	123
Norton, M. J., director, Special Services, National Milk Producers Federation.....	84
Parker, Joseph O., chairman, International Trade Development Board, Institute of American Poultry Industries.....	378, 388
Reed, Otie M., executive director, National Creameries Assiciation..	441
Reuter, Richard W., Special Assistant to the Secretary of State, and Director, Food for Peace, U.S. Department of State.....	240
Rice, Sam L., Jr., president, Grain and Feed Dealers National Association, Toledo, Ohio.....	262
Rogers, Dr. Clyde N., director, Town and Country Department, Ohio Council of Churches, Columbus, Ohio.....	296
Rusk, Hon. Dean, Secretary of State.....	191
Sabin, Samuel H., U.S. Feed Grains Council.....	390
Sickels, Harvey, national secretary and legislative representative, National Farmers Organization, Corning, Iowa.....	119
Snidow, B. C., assistant secretary, American Hereford Association, Kansas City, Mo.....	372
Thorpe, A. E., executive vice president, Dried Fruit Association of California, Santa Clara, Calif.....	371
Tom, C. Allen, president, National Association of Wheat Growers, The Dalles, Oreg.....	112
Townsend, Dwight D., director, Washington office, Cooperative League of the U.S.A.....	170
Tydings, Hon. Joseph D., a U.S. Senator from the State of Maryland..	245
Vizzard, Rev. James L., S.J., director, Washington office, National Catholic Rural Life Conference.....	277
Weiner, Leon H., first vice president, National Association of Home Builders, Wilmington, Del.....	432
Wilson, E. Raymond, Friends Committee on National Legislation....	398
Wise, Edmund N., counsel for international housing, National Association of Home Builders.....	432
Woodworth, Robert C., chairman, Agriculture Committee, Chamber of Commerce of the United States.....	449
Yarborough, Hon. Ralph, a U.S. Senator from the State of Texas....	242

CONTENTS

V

Miscellaneous documents:	Page
S. 2157, 89th Congress.....	2
Staff explanation of S. 2157.....	3
S. 2826, 89th Congress.....	3
Staff explanation of S. 2826.....	5
S. 2932, 89th Congress.....	6
Staff explanation of S. 2932.....	7
Analysis of S. 2932 by Department of Agriculture.....	7
S. 2933, 89th Congress.....	8
Staff explanation of S. 2933.....	12
Checklist of language differences between S. 2933 and Public Law 480, 83d Congress.....	13
Short explanation of S. 2933 by Department of Agriculture.....	15
S. 2995, 89th Congress.....	16
Staff explanation of S. 2995.....	18
Chart U.S. availability of all grain for food aid and food aid needs of 66 developing nations.....	24
List of 26 countries studied by U.S. Department of Agriculture on agricultural productivity.....	33
Estimated cost of Food for Freedom program.....	37
Comparison of commodity reserve program with the stockpile pro- gram.....	44
Statement on relationship for Food for Freedom program and the FAO World Food program.....	62
Table, U.S. milk production.....	91
Table, January 1 estimates of cows and heifers 2 years old and over kept for milk.....	91
Table, CCC inventory of dairy products for specified dates.....	91
U.S. exports of dairy products.....	95
Table, U.S. dairy support prices.....	96
Table, selected foreign prices of dairy products.....	96
Summary of 1965 national seminar on U.S. food policy in relation to world food needs.....	161
Statement on rodent and insect infestation in India.....	199
Statement by the Department of State on participation by other countries in foreign aid.....	205
Status of foreign currencies under title I, as of June 1, 1965.....	213
Dollar exports of agricultural products to India.....	215
Indian imports of grains and dairy products.....	218
Statement by the Department of State on international responses to Indian requests for emergency assistance.....	219
Charts and tables on world agricultural production and population.....	222
Table, AID assistance to agriculture in Latin America.....	224
Statements by the Department of State on—	
Determination of nations with whom agreements shall be ne- gotiated.....	231
Exchange rates.....	234
Amendment proposed by Senator Yarborough and others.....	245
Amendment proposed by Senators Tydings and Gruening.....	248
Table, food donations by CARE, 1965.....	291
Amendment proposed by Senator Bartlett and others.....	308
Total of foreign exchange commitments to Indus Basin Development Fund.....	315
AID investment guarantee programs for fertilizer plants.....	327
Statements on AID loans for fertilizer plants in Korea.....	327, 328
Statement and statistics on fertilizer production and assistance in India.....	329
Statement by AID on uses for foreign currencies proposed in S. 2826.....	338
Statement by AID on change of policy from surplus disposal to meeting world food needs.....	348
Questions by Senator Mondale and answers by AID on distribution of food.....	359
Table, fiscal year 1965 expenditures for market development projects.....	381

Miscellaneous documents—Continued

Resolution on Food for Freedom program adopted by the General Board of the National Council of Churches of Christ in the United States of America.....	Page 413
Resolution on world hunger by the General Board of the National Council of Churches of Christ in the United States of America.....	417
Statements on family planning by the Lutheran Church of America, American Lutheran Church and Lutheran Church—Missouri Synod.....	429
Policy statements on the population problem by the governing council of the American Public Health Association.....	456
Credit terms under title IV agreements.....	477
Use of title IV sales proceeds in agricultural sector.....	487
Summary of title IV agreements by fiscal year.....	489
Summary of financing and repayments under title IV agreements.....	491
Summary of title IV agreements by country and commodity.....	492
Requirements on use of title IV sales proceeds.....	496
Cost comparison of diversion programs with production programs for feeding the needy.....	499
Departmental statement on the farmer-to-farmer program.....	502
Excerpts from statement of Under Secretary of State Thomas Mann on aiding countries shipping to North Vietnam.....	505
North Vietnam's trade with selected free world countries.....	509

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

WEDNESDAY, MARCH 2, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to call, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Talmadge, Jordan of North Carolina, McGovern, Bass, Russell of South Carolina, Aiken, Young of North Dakota, Cooper, and Miller.

The CHAIRMAN. The committee will please come to order.

A few days ago the committee met and permitted me to fix a date at which hearings were to be held on several measures before the committee dealing with food for freedom, and also bills to authorize the Commodity Credit Corporation to establish and maintain reserves. It was understood that the committee would hold hearings as soon as possible, and I suggested March 1, but because of the fact that the Secretary couldn't be with us on that date, I changed it to March 2. The bills on which we are going to have hearings are S. 2157 by Senator McGovern for himself and Senators Nelson, Hartke, Bayh, Javits, Kennedy of New York, Kennedy of Massachusetts, Metcalf, and Burdick. There will be placed in the record at this point an explanation of each of these bills, as well as the bill S. 2826 by Senator Mondale, and another introduced by him yesterday, S. 2995, which has to do with reserves and S. 2933 introduced by me. This is a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, for further economic development, and for other purposes.

Senator YOUNG of North Dakota. Which one is the administration bill, may I ask.

The CHAIRMAN. S. 2933. And then another administration bill introduced by me is one to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities, to protect consumers, and other purposes, S. 2932. The bill that I have just mentioned, S. 2995, was introduced yesterday by Senator Mondale, and as I understand it, it is now on the desk, for permitting other Senators who might want to join him to so do. As to all of these bills, without objection I shall have an analysis made following each bill.

2 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

(The bills, S. 2157, S. 2826, S. 2932, S. 2933, and S. 2995, together with analyses follow:)

[S. 2157, 89th Cong., 2d sess.]

A BILL To provide for United States participation and leadership in an international effort to end malnutrition and human want, and for related purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) CITATION AND EFFECTIVE DATE.—This Act may be cited as the International Food and Nutrition Act of 1965, and shall become effective upon its enactment and approval by the President of the United States.

(b) PURPOSES.—The purpose of this Act is to provide for the use of the excess production and capacity of American agriculture and food industries and, insofar as possible, in cooperation with other nations, to eliminate human hunger and malnutrition throughout the world, to assist underdeveloped nations in increasing their own production of food and other human requirements, and to encourage other developed nations to participate in a united effort to eliminate want as a potential cause for international disputes, aggression, or war.

SEC. 2. There is hereby authorized to be appropriated to the President of the United States for allocation by him to appropriate agencies including an agency of the United Nations, in addition to appropriations for current programs, \$500 million for fiscal 1966, and for each fiscal year thereafter through fiscal year 1970 an amount equal to the amount authorized for the preceding fiscal year increased by \$500 million and continuing at the fiscal year 1970 level through fiscal year 1975, for the following purposes:

(A) Purchase of domestic agricultural products, including high protein animal and vegetable foods, and payment for enrichment of foods, to be sold, exchanged, or donated to nations without adequate nutritional supplies for their citizens, including sales on long-term credit, sales for currencies not convertible into dollars, and grants, as may be necessary in consideration of the economic condition and needs of each recipient nation.

(B) Payments for such processing, enrichment, storage and transportation as may be necessary or desirable, including loans or grants to recipient nations for such purposes within their boundaries where necessary to assure preservation and countrywide distribution of foodstuffs.

(C) Expansion of the United States Peace Corps to provide personnel which may be usefully employed abroad in assisting with distribution and in training citizens of recipient nations in handling, storage, preparation, and distribution of such foods.

(D) Enlargement of rural technical assistance programs through the Agency for International Development and the colleges, universities, firms, foundations, individuals, and government departments cooperating with it to assist underdeveloped nations in increasing their own food production, or, in areas deficient in agricultural resources, in the production of goods exchangeable for foods through sales and purchases in normal trade channels.

(E) Payment of the additional expenses of departments or agencies of the United States Government required by increased operations under the provisions of this Act, and payment of the United States share of the operating costs of any United Nations agency with objectives and programs implementing the purposes of this Act.

SEC. 3. The President may designate a director of the international food and nutrition (food-for-peace) program, create such advisory groups, and promulgate such regulations governing the administration of this Act as he deems advisable, including regulations to assure proper use and distribution of foods to needy in recipient nations.

SEC. 4. The Congress recommends to the President that he negotiate with other nations, through his Ambassador to the United Nations, for the expansion of the world food program of the United Nations or other multilateral agency of the United Nations to assume as much responsibility for world freedom from hunger as possible with the participation and support of the United States.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF S. 2157

This bill provides for the purchase and donation, or sale on concessional terms, of domestic agricultural products to needy nations.

The bill authorizes appropriations as follows:

	<i>Million</i>
For fiscal 1966.....	\$500
For fiscal 1967.....	1, 000
For fiscal 1968.....	1, 500
For fiscal 1969.....	2, 000
For each of the fiscal years 1970 through 1975.....	2, 500

The President would allocate these appropriations to appropriate agencies, including an agency of the United Nations for—

(1) The purchase of domestic agricultural products for sale for cash, credit, or soft currency, or for donation, to nations without adequate nutritional supplies;

(2) Processing, enrichment, storage, and transportation, including loans or grants to recipient countries therefor;

(3) Expansion of the Peace Corps to assist in distribution, and in training citizens of recipient nations in handling, storage, preparation, and distribution, of such "foods";

(4) Technical assistance to underdeveloped nations in food production or in the production of goods exchangeable for foods;

(5) Payment of expenses of U.S. and U.N. agencies administering act.

The bill further provides for a program director, advisory groups, and regulations; and recommends expansion of the United Nations world food program.

[S. 2826, 89th Cong., 2d sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to encourage and stimulate increases in the food and agricultural production of developing nations receiving assistance under such Act, to facilitate increased United States efforts to meet the threat of growing human hunger and malnutrition, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "World Hunger Act of 1966."

SEC. 2. Section 2 of the Agriculture Trade Development and Assistance Act of 1954, as amended, is amended by striking out the word "surplus" wherever it occurs in that section, and by adding at the end thereof a new paragraph as follows:

"It is further declared to be the policy of Congress to use the agricultural abundance and technical knowledge of the United States to meet and help surmount the widespread threat of human hunger and malnutrition in the developing countries of the world through the provision of commodity and technical assistance, and by carrying out such assistance in a manner which will encourage and stimulate such countries to increase their own food output."

SEC. 3. (a) Section 104 of such Act is amended (1) by striking out the period at the end of subsection (t) and inserting a semicolon in lieu thereof, and (2) by adding after such subsection (t) two new subsections as follows:

"(u) For loans and grants to promote programs devoted specifically to improvement of food production and distribution in the friendly nation from which the foreign currency was obtained, including programs which provide for the production and distribution of fertilizer and pesticides, the expansion and improvement of agricultural extension services, the expansion and improvement of credit services to individual farmers, the support of farm prices if such is likely to stimulate increased production, the expansion of processing and marketing of high-nutrition foods and food supplements, the development of improved seed varieties, the support of agricultural schools and colleges, irrigation and capital improvements, agricultural research, farmer cooperative services, land reform programs, the development of commercial fishing fleets, the development of port, storage, and distribution facilities to handle increased quantities of agricultural commodities, and other programs designed to increase food and agricultural production. Loans made under this subsection shall bear interest

at a rate not less than one-half of 1 per centum per annum and shall be repayable in foreign currency over a term of not to exceed forty years. Such loans may be made both to foreign governments and to United States and foreign private business firms. Grants made under this subsection may be made only to the government of the friendly nation from which the foreign currency was obtained and only if the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditure in such nation for the two fiscal years following the fiscal year in which such determination is made. No nation shall be eligible for a loan or grant under this subsection unless the President has determined that such nation is giving very high priority to programs for increasing its food and agricultural production.

“(v) For grants to provide the endowment for binational foundations for the promotion of increased food and agricultural production in countries in which the foreign currencies or credit owned by the United States and available for use by it in such countries are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditure in such countries for the two fiscal years following the fiscal year in which such determination is made. Such foundations shall be governed by boards of directors representing the foreign government concerned, the United States Government, and private citizens of each country, as established in the agreement, and shall use the interest earned from investment of the endowment to finance programs directed toward improvement of agricultural and food production, especially among farmers at the village level, including such programs as may be supported under subsection (u) of this section. No such foundation shall be established in any nation unless the President has determined that such nation is giving very high priority to programs for increasing its food and agricultural production: *Provided, however,* That sufficient currencies of any such nation shall remain available at all times for appropriation by the Congress to meet the normal requirements of the departments and agencies of the United States in such nation.

(b) Section 104 of such Act is further amended (1) by inserting in the first proviso following subsection (t) “, except in the case of foreign currencies used for the purposes of subsections (u) and (v) of this section,” immediately after “December 31, 1964 and”; and (2) by striking out the period after the third proviso following subsection (t) and inserting on lieu thereof a colon and the following: “*Provided further,* That the Administrator of the Agency for International Development shall report annually to the Committees on Appropriations of the Senate and the House of Representatives and to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives concerning the uses of foreign currencies accrued under subsections (u) and (v) of this section.”

(c) The next to the last paragraph of section 104 of such Act is amended by adding at the end thereof a new sentence as follows:

“The foregoing provisions of this paragraph shall not apply with respect to grants, or the use of principal and interest from loan repayments, under subsections (u) and (v) of this section.”

(d) The last paragraph of section 104 of such Act is amended by striking out “Any” and inserting in lieu thereof: “Except as provided in subsection (u) of this section, any”.

SEC. 4. Section 104 of such Act is amended by adding at the end thereof a new paragraph as follows:

“The Commodity Credit Corporation is authorized, in the case of any friendly nation with which an agreement is entered into under this title, to loan such nation an amount not greater than the amount of the transportation charges required to be paid by such nation under section 102(a), if the President determines that such nation faces a severe shortage of foreign exchange, that such nation is assigning very high priority to programs designed to improve its food and agricultural production, and that alleviation of such nation's foreign exchange burden will substantially strengthen its ability to carry out programs of agricultural improvement. Loans made under this paragraph shall be repaid in dollars and shall be subject to such terms and conditions as the President may prescribe, except that the term of any such loan shall not exceed twenty years and shall bear interest at a rate not less than the minimum rate prescribed for loans made under section 201 of the Foreign Assistance Act of 1961.”

SEC. 5. Title III of such Act is amended by adding at the end thereof two new sections as follows:

"SEC. 309. (a) The Commodity Credit Corporation is authorized to purchase such additional agricultural commodities, including but not limited to high protein animal and vegetable foods, as the Secretary deems desirable and appropriate to supplement surplus agricultural commodities sold, exchanged, or donated under this Act. Commodities purchased under this section shall be available for use under all programs authorized under this Act.

"(b) The Corporation is further authorized to make payment for the nutritional enrichment of foods available for use under all the programs authorized by this Act."

"SEC. 310. (a) There is hereby established to assist in carrying out the purposes of this Act a council to be known as the Food for Peace Policy Council, to be composed of the Secretary of State or his designate, the Secretary of Agriculture or his designate, the Administrator of the Agency for International Development, the Director of Food for Peace, and such other high officials as the President shall designate. The President shall select one of the members of the Council to serve as Chairman.

"(b) It shall be the duty of the Council established under subsection (a) of this section to—

"(1) assess the food and agricultural assistance needs of friendly nations receiving assistance under this Act, and of developing friendly nations not receiving assistance under this Act;

"(2) recommend the amount of technical, commodity, capital, and local currency assistance that the United States should undertake in the case of each such nation to promote most effectively our foreign policy, taking into consideration (A) the broad objectives of this Act, particularly the policy of meeting the widespread threat of human hunger in developing countries and encouraging and stimulating increases in their agricultural production, (B) evidence that such countries are giving high priority to increasing their own agricultural production, (C) the desirability of encouraging the maximum participation by other wealthy nations in national and international efforts to combat human hunger and malnutrition; and

"(3) transmit such recommendations in an annual report to the President, the Congress, and the heads of the departments and agencies of the United States which participate in programs carried out under this Act.

"(c) The Secretary shall take into account the recommendations of the Council made under subsection (b) in carrying out his responsibilities under this Act, as well as his responsibilities under the Agricultural Adjustment Act of 1938, as amended, the Agricultural Act of 1949, as amended, and such other Acts as have significant effect on the ability of the United States to carry out programs under this Act.

"(d) The Administrator of the Agency for International Development shall take into account the recommendations of the Council in carrying out capital and technical assistance to agriculture under the Foreign Assistance Act of 1961, as amended."

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF S. 2826

This bill would amend Public Law 480, 83d Congress, to—

(1) Authorize the purchase of nonsurplus agricultural commodities for sale, exchange, or donation under that act;

(2) Authorize CCC to pay for enrichment of foods available under that act;

(3) Authorize use of foreign currencies for—

(i) Loans and grants to promote food production and distribution programs (such as research, extension, price support, etc.), and

(ii) Grants to endow binational foundations to promote increased food and agricultural production;

(4) Authorize in certain cases long-term dollar loans to cover the basic ocean freight costs required to be paid by title I purchasing countries; and

(5) Establish a Food for Peace Policy Council composed of high officials to assist in carrying out the act.

The loans described in item (3)(i) would bear interest at not less than one-half of 1 percent per annum and be repayable in foreign currency over not to exceed

40 years. They could be made to governments and U.S. private business firms, and would not be subject to last paragraph of section 104 which requires an interest rate not less than the cost of funds to the United States. The grants described in item (3) could be made only in currencies which are in excess of U.S. needs for the next succeeding 2 fiscal years. The loans and grants described in item (3) would be excepted from the requirement that 20 percent of the currencies accruing after December 31, 1964, be subject to the appropriation process, and from the provision permitting certain grants and uses of loan principal and interest payments only if not disfavored by the House or Senate Agriculture Committee. The Administrator of AID would report annually to the Committees on Appropriations and Agriculture as to loans and grants described in item (3).

The Food for Peace Policy Council would consist of the Secretary of State or his designate, the Secretary of Agriculture or his designate, the Administrator of AID, the Director of Food for Peace, and such other high officials as the President shall designate. It would assess needs, make recommendations to be transmitted in an annual report to the President, the Congress, and the heads of participating U.S. agencies. Its recommendations would be taken into account in carrying out Public Law 480, agricultural acts affecting the ability of the United States to carry out programs under Public Law 480, and capital and technical assistance to agriculture under the Foreign Assistance Act of 1961.

[S. 2932, 89th Cong., 2d Sess.]

A BILL To authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to assure a continuous, adequate, and stable supply of food and fiber primarily to meet the requirements of domestic consumers at fair and reasonable prices and also to meet the requirements of commercial exports, the food for freedom program, and the domestic relief programs, the Commodity Credit Corporation is authorized to establish and maintain reserves of Government-owned stocks of agricultural commodities and the products thereof at such levels and in such forms as the Secretary of Agriculture, after consultation with appropriate agencies, may determine are reasonable and necessary in the national interest. In determining the reserve level for any agricultural commodity or product thereof, the Secretary shall take into consideration potential requirements, consumer and farm prices, effects upon supply of adverse weather conditions, stocks in private trade channels, need for the buildup of reserves in an orderly manner, program commitments, and such other factors as he may consider relevant, and shall announce such level for each marketing year as soon as practicable in advance thereof.

SEC. 2. Notwithstanding the provisions of any other law, the Commodity Credit Corporation shall—

(a) reserve under this Act such quantities of agricultural commodities and products thereof acquired by it through price-support operations as the Secretary may direct;

(b) procure for purposes of this Act such quantities of agricultural commodities and products thereof as the Secretary may direct through purchases or through exchanges of other commodities held by the Commodity Credit Corporation;

(c) process, exchange, or package any agricultural commodity or product thereof as the Secretary may determine desirable for storage and disposal under this Act; and

(d) dispose of agricultural commodities and products from the reserves as provided in section 3 of this Act.

SEC. 3. Agricultural commodities and products thereof in the reserves established under this Act may be disposed of as follows:

(1) By sale at such times, for such uses, at such prices not less than those applicable to sales of commodities by the Commodity Credit Corporation, and upon such conditions as the Secretary may determine to be in the national interest: *Provided*, That sales for foreign currencies or upon long-term credit shall be made pursuant to and subject to the provisions of the Food for Freedom Act of 1966.

(2) By donation as the Secretary may direct to meet the requirements during any period of emergency pursuant to and subject to the provisions of title III of the Federal Civil Defense Act of 1950, as amended, the requirements for relief distribution under section 407 of the Agricultural Act of 1949, as amended, the requirements for domestic distribution under section 202 and clause (3) of section 416 of the Agricultural Act of 1949, as amended, and the requirements for foreign distribution pursuant to and subject to the provisions of other laws providing for foreign donations.

(3) By barter or exchange under other authorities available to the Commodity Credit Corporation for the conduct of such transactions.

(4) In redemption of payments-in-kind obligations of the Commodity Credit Corporation under its programs.

SEC. 4. Notwithstanding any other provision of law, the price support level, the acreage allotments, and the marketing quotas for any agricultural commodity may be increased above that which otherwise would be established for such commodity to the extent that the Secretary determines necessary in order to obtain production needed for the establishment and maintenance of the reserves established under this Act.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

SHORT STAFF EXPLANATION OF S. 2932

This bill would—

(1) Authorize the Secretary to fix reserve levels of commodities adequate to meet various requirements, including Food for Freedom and domestic and foreign relief;

(2) Direct CCC to acquire, hold, and dispose of such reserves subject to existing resale price and donation restrictions, and

(3) Authorize increases in price support levels, acreage allotments, and marketing quotas as needed for establishment and maintenance of such reserves.

An explanation prepared by the Department is attached.

Short Analysis of Bill Authorizing Commodity Credit Corporation To Establish and Maintain Reserves of Agricultural Commodities To Protect Consumers and for Other Purposes

Section 201(a) of the Agricultural Act of 1956 requires the Commodity Credit Corporation to dispose of all stocks of agricultural commodities held by it, as rapidly as possible consistent with its existing authority, the operation of the price support program, and orderly marketing.

The attached bill would authorize the establishment and maintenance of reserves of agricultural commodities primarily to assure a continuous, adequate, and stable supply to meet domestic requirements at fair and reasonable prices, and also to meet the requirements of commercial exports, the Food for Freedom program, and domestic feeding.

The Commodity Credit Corporation would be authorized to reserve such commodities acquired under price support operations and to procure such commodities for the purpose of the reserve as the Secretary may direct.

The commodities to be reserved and the reserve quantities for each marketing year would be determined by the Secretary of Agriculture after consultation with other interested agencies and would be announced in advance of the marketing year.

The Secretary would be authorized to adjust support prices, acreage allotments and marketing quotas to achieve the production necessary to establish and maintain reserves.

Commodities in the reserve would be available for disposal through sales, barter, donations, and redemption of payment-in-kind certificates. Sales would be made under the price restrictions of existing law. Sales for foreign currencies or upon long-term conditions would be made subject to provisions of the Food for Freedom Act of 1966.

The domestic donations which may be made are those which can be made under current authority. Foreign donations would be made pursuant to the provisions of other law with respect to such donations. Disposal through barter would be pursuant to other authority available to the Commodity Credit Corporation with respect to such transactions.

[S. 2933, 89th Cong., 2d sess.]

A BILL To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food for Freedom Act of 1966".

SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

TITLE I

SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out international agreements to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, and the resources required to attain that objective;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), and (e) of section 304;

(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation;

(e) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on long-term development of new and expanding markets by encouraging economic growth; and

(f) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President.

SEC. 104. Payment by any country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit, and in any event no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended.

SEC. 105. In order to maximize sales under this title through the private trade, the Secretary of Agriculture is authorized to enter into sales agreements with foreign and United States private trade under which he shall undertake to provide for the delivery of agricultural commodities for dollars on credit terms permitted under section 104. Any agreement entered into hereunder with the private trade shall provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the amount due.

SEC. 106. The Commodity Credit Corporation may bear the cost of ocean transportation incurred pursuant to agreements entered into after December 31,

1966, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Dollar credit terms may be extended for the balance of such transportation charges for transportation in United States vessels on the same terms as those provided in section 104 for dollar credit sales.

SEC. 107. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years under this title or title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years.

TITLE II

SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in developing areas; and to provide assistance for needy persons and for nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 301 as he may request.

SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such agencies, private or public, including intergovernmental organizations such as the World Food Program and other multilateral organizations, in such manner and upon such terms and conditions as he deems appropriate. The President shall to the maximum extent practicable make use of the facilities of nonprofit voluntary relief agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$800,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation less than were authorized for such purpose during such preceding year by this title or by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act or of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure

that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

TITLE III

SEC. 301. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country.

SEC. 302. The term "agricultural commodity" as used in this Act shall include any product of an agricultural commodity.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under section 305, for its actual costs incurred or to be incurred.

SEC. 304. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under title I of this Act and title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, for one or more of the following purposes:

(a) For payment of United States obligations; and

(b) For carrying out programs of United States Government agencies to—

1. Help develop new markets and expand existing markets for United States agricultural commodities. Provision shall be made in sale agreements under title I and loan agreements under subsection (f) for the convertibility of such amount of the foreign currency proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer a reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph;

2. Finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.).

3. Collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation;

4. Acquire by purchase, lease, rental or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair alter and furnish such buildings and facilities;

5. Finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials

and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities;

(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products;

(f) To promote multilateral trade and economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States;

(g) For the purchase of goods or services for other friendly countries; and

(h) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies: *Provided*, That section 1415 of the Supplemental Appropriation Act shall apply to currencies used for the purposes specified in subsections (a) and (b).

SEC. 305. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 304, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

SEC. 306. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the foreign policy objectives and national interest of the United States.

SEC. 307. The authority and funds provided by this Act shall be utilized in a manner that will assist those countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people.

SEC. 308. The President shall make a report to Congress with respect to the activities carried out under this Act, at least once each year.

SEC. 309. No agreements to finance sales under title I shall provide for delivery of commodities prior to January 1, 1967, and no assistance under title II shall be furnished prior to January 1, 1967. No agreements to finance sales under title I and no programs of assistance under title II shall be undertaken after December 31, 1971.

SEC. 310. (a) The Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), is amended—

(1) by adding the following new section:

“SEC. 407. No agreement to finance sales, and no sales agreement with the private trade, shall be entered into under this title after December 31, 1966.”;

(2) by striking out section 308, effective January 1, 1967.

(b) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol “(1)”, by changing the semicolon for a period and by striking out all of the language in the section after the semicolon.

(c) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1), is amended, effective January 1, 1967, by striking out “foreign distribution”.

(d) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: “and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States”; “and (4) above”;

“, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for outside the United States”; and “The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.”

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF S. 2933

This bill, which would be effective for 5 years, would supersede titles I, II, and IV of Public Law 480, 83d Congress, effective January 1, 1967. The principal difference between S. 2933 and Public Law 480 is that S. 2933 is not restricted to surplus commodities. In addition S. 2933 omits existing provisions dealing with exchange rates; the legislative-executive advisory committee; veto by the Agriculture Committees of proposed grants and uses of repayments; fishery products; and the so-called Dies amendment (old section 304) and references to friendly countries and people. It emphasizes combating hunger and encouraging self-help, and provides for a transition from foreign currency sales to dollar credit sales by December 31, 1971.

The bill is divided into 3 titles.

Title I authorizes the sale of agricultural commodities for (1) foreign currencies, and (2) dollar credit on terms not less favorable to the United States than for development loans. Agreements in any year would be limited to those requiring appropriation of not more than \$2.5 billion, plus unused amounts carried over. This compares with the existing limit of \$2.5 billion a year, and a total for 2 years of \$2.7 billion, plus carryover in each case. The existing limits do not apply to dollar credit sales.

CCC would be specifically authorized to bear the excess cost of ocean transportation required by cargo preference, and to extend dollar credit for the balance. It would not be specifically prohibited from extending foreign currency credit for ocean transportation. (Such a prohibition could be effected by adding the following to section 106: “The Commodity Credit Corporation shall not finance ocean transportation incurred pursuant to agreements entered into hereunder, except as provided in this section.”) Section 106 needs to be further corrected by striking out “after December 31, 1966” and inserting “hereunder” since agreements could be entered into under S. 2933 prior to December 31, 1966, for delivery thereafter. While this title provides for a transition from foreign currency sales to dollar credit sales, by omitting the provision permitting 5-year dollar credit sales to countries subject to the Battle Act, it would preclude dollar credit sales to Poland while permitting foreign currency sales to that country.

The provision contained in section 103(a) of Public Law 480 which requires expenditures under the program to be classified in the budget as expenditures for international affairs and finances is omitted from S. 2933. We understand that the administration intends to continue this method of budget presentation, but does not favor legislative directives as to the method of presenting the budget.

Title II provides for the furnishing of agricultural commodities for relief, to combat malnutrition, for economic development and foreign nonprofit school lunch and preschool feeding programs. This title is intended to cover only foreign donations. This could be made clear by inserting in section 201 after “America,” the following: “for use outside the United States” and by striking “outside the United States” where it now appears therein. Programs under title II would be limited each year to those not requiring appropriation of more than \$800 million, plus unused amounts carried over. This compares with an existing limit of \$400 million, plus carryovers. However, the bill repeals the foreign donation provisions of section 416 of the Agricultural Act of 1949 which has no monetary limit.

Title III contains such general provisions as those dealing with the agricultural commodities covered by the act, appropriations and reimbursements, uses of foreign currencies, termination date, and amendment of section 416 of the Agricultural Act of 1949 to eliminate foreign donations. It permits all foreign currency uses now permitted (except possibly purchases for a supplemental stockpile) although some of the uses now specifically listed are not listed in

S. 2933. Some of those not listed specifically are included by reference to the Mutual Educational and Cultural Exchange Act of 1961.

Others are covered by the general provision for payment of U.S. obligations. Appropriation act authority is required for all uses designated as U.S. uses and covered by sections 304(a) and 304(b). Appropriation act authority is now required for all of these uses, except exchange activities formerly covered by section 32(b) (2) of the Surplus Property Act and use of up to \$5 million for translation, publication, and distribution of books and periodicals. Other uses do not now, and would not, require appropriation act authority. Some limitations on, and directions with respect to, uses have been omitted.

Title III would repeal section 308 of Public Law 480 and clause (2) of section 9 of the act of September 6, 1958 (both of which provide for the purchase of fats and oils for foreign donation), and that part of section 709 of the Food and Agricultural Act of 1965 which provides specific authorization for purchase of dairy products under that section for foreign distribution.

A checklist of language differences between S. 2933 and Public Law 480, 83d Congress, and an explanation prepared by the Department are attached.

*Checklist of language differences between S. 2933 and Public Law 480,
83d Congress*

This list is intended to cover all differences in language between Public Law 480, 83d Congress, and S. 2933, which appear to represent substantive differences or which might be deemed significant even though they represent no substantive difference in authority.

S. 2933 differs from Public Law 480 in that it—

1. Omits the "surplus" requirement.
2. Omits policy statements concerning strategic materials, U.S. obligations, promotion of collective strength. Includes policy statements re combating hunger and malnutrition and emphasizing assistance to countries determined to improve their own agricultural production.
3. Omits provision limiting sales to "friendly nations."
4. Requires President to take self-help into account.
5. Provides for transition to dollar credit sales by December 31, 1971, except for sales for currencies for U.S. uses, military procurement, and so-called Cooley loans.
6. Omits provisions requiring the President to—
 - (i) Afford friendly nations the maximum opportunity to purchase surplus agricultural commodities,
 - (ii) Obtain highest rates of exchange,
 - (iii) Require maximum convertibility, and in any event, as necessary to pay U.S. obligations to the purchasing country.
7. Omits provisions directing CCC to sell price-support-acquired stocks, excepting such sales from CCC sales price restrictions, and reducing the commodity set-aside established by the Agricultural Act of 1954 by quantities exported from private stocks with Public Law 480 title I financing.
8. Specifically authorizes CCC to bear the excess cost of ocean freight required by cargo preference and to extend dollar credit for the balance. Does not prohibit CCC from extending foreign currency credit for the basic ocean freight cost, as does existing law. (We understand the omission of this prohibition was not intended. This omission could be corrected by adding the following to section 106: "The Commodity Credit Corporation shall not finance ocean transportation incurred pursuant to agreements entered into hereunder, except as provided in this section." Section 106 needs to be further corrected by striking out "after December 31, 1966" and inserting "hereunder" since agreements could be entered into under the new bill prior to December 31, 1966, for delivery thereafter.)
9. Omits section 103(b) of Public Law 480, which deals with letters of commitment, assignments of amounts due thereunder, and accounting procedures.
10. Omits provision requiring expenditures to be classified in budget as expenditures for international affairs and finance. (In addition, section 303 provides for appropriations to reimburse CCC for "actual costs," instead of spelling out its investment in commodities made available for export under titles I and II. At present CCC commodities issued in redemption of PIK certificates are considered as being made available under Public Law 480, if they are used by the exporter to fill a Public Law 480 shipment and not otherwise. If so

considered, Public Law 480 is charged with the full investment cost, creating an accounting and tracing problem. Under S. 2933, commodities would not be considered as made available by CCC for export under title I under any circumstances (see item 7 hereof). Section 204 indicates that the CCC investment in commodities made available under title II is intended to be included in appropriations under S. 2933.)

11. Limits annual sales for foreign currencies and dollar credit to those requiring appropriations of not more than \$2.5 billion, plus any carryover from prior years. This is the same as the most recent limit for annual sales for foreign currencies under Public Law 480. Sales for dollar credit were not limited in Public Law 480. Public Law 480 also had a limit on foreign currency sales for the 2-year period, 1965-66, of \$2.7 billion, plus the carryover from prior years.

12. Omits provision requiring at least 5 percent of foreign currency sales proceeds to be set aside for agricultural trade development. (The omitted provision was amended in 1965 to permit the Secretary to release such set-asides.)

13. Omits the direction to the Secretary to enter into agreements with countries which are actual or potential dollar markets in order to obtain currency for agricultural trade development in those countries.

14. Omits provision for purchases for the supplemental stockpile.

15. Omits the prohibition against so-called Cooley loans for the manufacture of products to be exported to the United States in competition with U.S. products or for the production of any commodity be marketed in competition with U.S. agricultural commodities or the products thereof.

16. Requires appropriation act authorization for use of foreign currencies for exchange activities formerly covered by section 32(b) (2) of the Surplus Property Act of 1944, and for the translation, publication, and distribution of books now provided for to the extent of \$5 million per year by section 104(i) of Public Law 480.

17. Omits requirement for special efforts for educational exchange in countries where adequate funds are not otherwise available or where endowments can be set up, and for setting aside as part of such special effort up to \$1 million per country for 5 years as determined by the Secretary of State.

18. Omits \$5 million fiscal year limit on use of currencies to meet emergency or extraordinary nonfood relief requirements.

19. Removes existing prohibitions (which are subject to Presidential waiver) against the use of foreign currencies without appropriation act authority—

(A) For grants for the purchase of goods and services and economic development,

(B) For payment of U.S. obligations involving grants, and

(C) In an amount equaling at least 20 percent of the amount accruing under agreements entered into after December 31, 1964.

20. Omits the Legislative-Executive Advisory Committee created by Public Law 88-638.

21. Omits the provision added by Public Law 88-638 permitting grants (other than for military procurement) and use (without appropriation) of loan repayments only if not disfavored by the House and Senate Committees on Agriculture.

22. Omits the provision added by Public Law 88-638 prohibiting interest rates at less than the cost of funds to the United States unless recommended by the advisory committee.

23. Provides for determination of "available" rather than "surplus" agricultural commodities. Would omit fishery products.

24. Omits the provision specifying the Secretary of Agriculture as the official to determine the nations with whom agreements shall be negotiated.

25. Omits section 107 of Public Law 480, which (1) defined "friendly nation" to exclude the U.S.S.R. and areas dominated by the organization controlling the world Communist movement; (2) prohibited foreign currency sales to any area controlled by a Communist government or to any nation permitting its ships or planes to transport materials to and from Castro Cuba; (3) authorized dollar credit sales to any friendly nation without regard to any other act (e.g., the Battle Act) and limited the maximum payment period to 5 years in the case of any agreement which, but for such authorization, would be prohibited by some other act; and (4) prohibited sales to any country found by the President

to be (i) a military aggressor against any country having diplomatic relations with the United States, or (ii) using U.S. funds for purposes inimical to U.S. foreign policy; and (5) imposed special restrictions on title I sales to the United Arab Republic.

26. Omits requirement that Presidential reports include the dollar value, at exchange rates current at time of sale, of the foreign currency sales price.

27. Provides 5-year authority as compared to 2-year authority under last extension of Public Law 480. No deliveries prior to January 1, 1967.

28. Contains specific provision for commodity donations to combat malnutrition and for preschool feeding programs, and transfers the export donation authority of section 416 of the Agricultural Act of 1949 to the new title II. Commodities donated under title II would not be restricted to CCC stocks as at present.

29. Requires commodities donated to be marked "insofar as practicable" as being furnished by the people of the United States. In Public Law 480, the marking requirement is absolute, to be in the local language insofar as practicable.

30. Increases annual title II (donation) authority from \$400 million, plus carryover, to \$800 million, plus carryover. The present foreign donation authority of section 416, which has no monetary limit, however, would be repealed.

31. Omits the so-called Dies amendment directing that title I be used to assist friendly countries to be independent of trade with the U.S.S.R.

32. Omits section 307 of Public Law 480 which requires surplus food commodities to be distributed to U.S. needy before sale for foreign currencies.

33. Repeals section 308 of Public Law 480 and section 9 of the act of September 6, 1958, both of which provide special authority for donations and purchases of fats and oils and that part of section 709 of the Food and Agriculture Act of 1965 specifically authorizing purchases of dairy products for foreign donation, all such authority being included in the general authority provided by title II of S. 2933.

34. Contains a specific direction to assist those countries that help themselves (sec. 307).

35. Omits the 10-year limit on deliveries under any credit sale agreement and the 20-year limit on repayments, and provides instead that the terms shall be as favorable to the United States as the economy of the country will permit, and in no event less favorable than for development loans under section 201 of the Foreign Assistance Act of 1961. That section leaves the terms as to the period of credit extension and the period of repayment to the determination of the President. The minimum interest rate remains, as at present, that provided by section 201 of the Foreign Assistance Act of 1961.

36. Omits the admonition of section 404 that credit sales not replace cash dollar sales and the provision of section 405 for participation of other countries in the assistance program.

SHORT EXPLANATION OF BILL BY THE DEPARTMENT OF AGRICULTURE

The bill authorizes a 5-year program for furnishing food aid abroad to replace Public Law 480 when it expires on December 31, 1966.

It eliminates the "surplus" requirement, providing that commodities to be furnished would be those determined to be available by the Secretary of Agriculture, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

Programs of assistance undertaken pursuant to the new legislation would be directed toward attaining self-help on the part of the recipient countries particularly with respect to meeting needs for food.

Emphasis is placed on the development of markets for American farm products.

The program would continue to be financed under the Commodity Credit Corporation.

TITLE I

This title authorizes the sale of agricultural commodities both for foreign currencies and for dollars on credit terms. The bill enunciates a policy of shifting from foreign currency sales to dollar credit sales at a progressive rate in order that the transition to dollar sales can be completed by December 31, 1971, except for U.S. requirements.

16 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

The bill limits agreements under this title during any year to \$2.5 billion plus unused authorizations from prior years.

TITLE II

This title authorizes the donation of agricultural commodities for such purposes as to meet emergency food needs for victims of disasters, to provide food-for-work community development programs, and to carry out the U.S. pledge to the world food program.

The policy of furnishing this type of aid through nonprofit voluntary relief agencies to the maximum extent practicable is reemphasized.

Programs of assistance under this title during any year are limited to \$800 million plus unused authorizations from prior years.

TITLE III

This title provides that currencies which accrue from foreign currency sales shall be deposited to the credit of the United States and shall be used for specified purposes. Among the purposes authorized are: to finance U.S. expenses abroad, to develop new markets for U.S. agricultural commodities, to procure military equipment for common defense, to promote economic development, to finance educational exchange programs, to make loans to U.S. firms for business development and trade expansion, and to finance research.

[S. 2995, 89th Cong., 2d sess.]

A BILL To authorize the President to establish and maintain reserve stocks of agricultural commodities for national security, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the policy of Congress to assure adequate stocks of agricultural commodities for national security, emergency relief, stability of the domestic economy, and for other purposes. Congress hereby finds and determines that the establishment of a national reserve of foodstuffs, feeds, and fibers will further our national interests at home and abroad, and stabilize and protect the national economy and farm prices in time of national emergency.

SEC. 2. The President, acting through the Commodity Credit Corporation, is hereby authorized to establish and maintain reserve inventories of agricultural commodities and the products thereof in such quantities, forms, and locations as he from time to time may determine are reasonable and necessary to effectuate the purposes and policy declared in section 1 of this Act. In establishing such reserve inventories, the President shall include therein, in such quantities and in such forms as he shall determine, the following commodities, among others: wheat, feed grains, rice, cotton, milk and milk products, edible fats and oils, and soybeans.

Notwithstanding the provisions of any other law, the President may—

(1) designate agricultural commodities and products thereof acquired by the Commodity Credit Corporation through its price support operations as reserve inventories under this Act;

(2) procure agricultural commodities and products, which are not available in existing Commodity Credit Corporation inventories for the reserve inventories through purchases, price support operations, or through barter of commodities held in Commodity Credit Corporation nonreserved inventories;

(3) process, exchange, or package any agricultural commodity or product into a form suitable for storage in the reserve inventory and for disposal under section 3 of this Act; and

(4) dispose of agricultural commodities or products from the reserve inventories as provided in section 3 of this Act.

Any power, authority, or discretion conferred on the President by this Act may be exercised through any department, agency, or officer of the Government as the President may designate, and shall be exercised in conformity with such rules or regulations as he may prescribe.

SEC. 3. (a) Any agricultural commodity or product thereof in any reserve inventory under this Act may be withdrawn for any one or more of the following purposes:

(1) For sale at such times and under such conditions as the President may determine to stabilize domestic prices: *Provided, however,* That for the purpose of determining the price at which such sales shall be made, the President shall, after consultation with the Secretary of Agriculture, establish by regulation the level of price for each such commodity or product thereof and no such sale shall be made at a price less than the level of price so established. In determining the level of price at which any commodity shall be sold hereunder, the minimum adequate reserve supply for each such commodity and the parity price therefor shall first be determined and announced. The President may authorize the Secretary of Agriculture to release the following specified parts of the minimum adequate reserve supply of each such commodity only when the market price therefor falls within the following parity ranges:

Parity range:	Per centum of minimum adequate reserve that may be sold:
95 to 100 percent.....	10 percent.
100 to 105 percent.....	10 percent.
105 to 110 percent.....	10 percent.
110 to 115 percent.....	10 percent.
115 percent or over.....	Sale and management of reserve supply subject to discretion of the President.

(2) By donation as the Secretary may direct to meet the requirements during any period of major disaster, or of emergency pursuant to and subject to the provisions of title III of the Federal Civil Defense Act of 1950, as amended, the requirements for relief distribution under section 407 of the Agricultural Act of 1949, as amended, the requirements for domestic distribution under section 202 and clause (3) of section 416 of the Agricultural Act of 1949, as amended, and for foreign distribution when, in the judgment of the President, emergencies or disasters outside the United States affect our national security or interests.

(3) Exchange for the same agricultural commodity for the same or similar product held by Commodity Credit Corporation in its nonreserve inventories or sale (including transfers to other Government agencies) for the purpose of rotating stocks in the reserve inventories to prevent loss through deterioration or for the purpose of consolidating such stocks.

Any sale under paragraph (4) of this section shall be offset by such purchases of the same agricultural commodity or the same or similar product for the reserve inventory of such commodity or product as the Corporation determines are necessary to prevent such sales from substantially impairing any price support program or to replace such commodity or product in the reserve inventory.

(b) Commodity Credit Corporation may commingle commodities and products in the reserve inventories with similar conditions and products in its nonreserve inventories or maintain such separate identity thereof as it determines will promote efficiency in its management of the reserve and other inventories.

(c) If at any time the President determines that the total quantity of any commodity or product in a reserve inventory is in excess of the quantity which is reasonable and desirable to achieve the purposes of such reserve, the excess quantity shall thereupon be subject to disposition by Commodity Credit Corporation under the laws applicable to the disposition of commodities or products held by the Corporation in its nonreserve inventories.

SEC. 4. (a) Commodity Credit Corporation shall keep such records and accounts as may be necessary to show for commodities in the reserve inventories the investment therein and quantity disposed of, method of disposition, and amounts received on disposition.

(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

(c) Amounts expended under the authority of this Act shall not be considered amounts expended for the purpose of carrying out the agricultural price support program and appropriations for the purposes of this Act shall be considered, for the purpose of budget presentations, to relate to the functions of the Government concerned with national defense.

SENATE COMMITTEE ON AGRICULTURE AND INDUSTRY

EXPLANATION OF S. 2995

This bill authorizes the President, through the CCC, to establish such reserves of wheat, feed grains, rice, cotton, milk and milk products, edible fats and oils, soybeans, and other agricultural commodities and products thereof as he determines necessary to assure adequate stocks for national security.

He may designate any CCC stocks as reserve inventories; procure additional commodities; and process, exchange, or package any commodity or product into form suitable for storage or disposition. Reserve inventories could be disposed of as follows:

(1) By sale at not less than price levels established by the President after consultation with the Secretary of Agriculture as follows:

When the market price is within:

The following percentage of the minimum adequate reserve established by the President may be sold:

95 to 100 percent of parity-----	10 percent.
100 to 105 percent of parity-----	10 percent.
105 to 110 percent of parity-----	10 percent.
110 to 115 percent of parity-----	10 percent.
115 or more percent of parity-----	At discretion of President.

(2) By donation to meet the requirements of a major disaster, an emergency under title III of the Federal Civil Defense Act of 1950, relief distribution under section 407 of the Agricultural Act of 1949, domestic distribution under sections 202 and 416 of the Agricultural Act of 1949, and foreign emergencies or disasters affecting our national interests.

(3) To rotate, prevent deterioration or loss of, or consolidate, stocks (to be offset by exchange or purchase).

Expenditures under the bill would be considered as expenditures for national defense for purposes of budget presentation.

The CHAIRMAN. Mr. Secretary, we are very happy to have you here this morning, sir. We had occasion to give you the once-over yesterday before the Appropriations Committee, but I guess you will admit that we didn't treat you too badly. I presume that you are desirous of testifying on the administration bills, the one in respect to food for freedom.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE

Secretary FREEMAN. Yes, Mr. Chairman.

The CHAIRMAN. And the other for establishment of reserves.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. I would appreciate it if you would have some of your staff study the other bills before the committee and the testimony on those bills, so that you or some of your staff can come in and testify on them, unless you are prepared to do it today.

Secretary FREEMAN. No; I think the chairman's suggestion is an excellent one. We could do that after the committee has heard some other witnesses and perhaps the matter is in sharper focus.

The CHAIRMAN. I think that will be the course we will pursue, unless there are other suggestions. We will proceed in that manner.

Secretary FREEMAN. Very good, sir.

The CHAIRMAN. The stage is yours now. You may proceed.

Secretary FREEMAN. Thank you, Mr. Chairman. Members of the committee, food and agriculture are the most persuasive of all arguments for convincing the uncommitted two-thirds of the world's people that the path to a better future for themselves and their children is to be found in choosing freedom over communism.

The vast numbers of people who are underfed or undernourished are not a fertile ground in which to plant the seed of freedom. Their strength is sapped and their will is blunted. Their needs and desires are basic. They want to save 270 million malnourished children who are in danger of permanent impairment, mental and physical, because of lack of proper food.

Such conditions need not exist. The United States of America and the free world can lead the way to a new world of hope—hope that every human being can have enough to eat. This is what the Food for Freedom program now before this committee can accomplish.

This legislation, I am confident, will give us tools to launch and give impetus to a drive to banish hunger from the face of the earth.

Recently I visited Vietnam. There, I am confident, the forces combined against totalitarianism will win a military victory. But the victory won't hold unless agriculture goes forward with the troops. This is truly a two-front war. The Declaration of Honolulu means what it says: Military victory and social revolution must advance together.

Agriculture is the key element in securing villages and hamlets won in the shooting war.

Likewise, we cannot permanently advance freedom in the struggle against communism elsewhere around the world unless we give full recognition to the fact—and do something to correct it—that advanced countries are becoming more and more overfed today while have-not nations are losing ground in the race to close the gap between population and food supply.

Food, and the ability to produce it, and the means of teaching others to produce it, are the most powerful weapons that America possesses. No other nation can compete with our stockpile of these weapons. And we must use them more and more effectively.

These are the weapons with which President Johnson proposed, in his message on the Food for Freedom Act, that we “lead the world in a war on hunger.”

In the past dozen years, the United States has supplied more than 10 million tons of food aid per year to countries and people that needed our help. During that time we have sent abroad thousands of agricultural experts who have worked with the developing countries to improve their farming techniques.

Despite these heroic efforts under the generous and humanitarian provisions of Public Law 480, the per capita food intake in less-developed countries is no greater today than it was a decade ago. So we must strengthen our program. We must combine humanitarianism with a hardheaded, self-help approach. To do that we must produce and make available the commodities needed to accomplish our purpose,

rather than those that happen to be in surplus. Such a program must be planned and logistically supported just as effectively as a military campaign.

Millions of lives are being saved today by public health measures that have improved more rapidly than food production in the developing regions. During the next 15 years, a billion people will be added to the population of the world. Four-fifths of the increase will occur in parts of the world where the fertility of the people has outstripped the fertility of the soil.

This country cannot by itself do the gigantic, long-term job of feeding an exploding population in all the food-deficit areas of the globe—as I shall demonstrate. We must have the help of other advanced countries. Even more important the countries receiving aid must concentrate their resources to improve their own food production.

President Johnson said in his Food for Freedom message to the Congress that victory in the war on hunger can be attained only through self-help:

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

The President warned that—

the time is not far off when all the combined production, on all of the acres of all the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

The Food for Freedom Act is designed to bring about such a change.

I suggest that never before has the Agricultural Committee of the Senate of the United States had so great an opportunity to launch a policy and a program that means so much to so many.

A NEW PROGRAM

In my testimony on the Food for Freedom bill recommended by the President of the United States I should like to review with you the basic reasons for this new program.

These reasons are to be found in problems facing the world. They are to be found in new conditions prevailing here in the United States of America.

THE THREAT OF HUNGER

The worldwide problem, only recently commanding widespread public attention, has been highlighted as a race between population and food supply. I shall demonstrate that much of the world will face famine of massive proportions within the next two decades unless present trends are sharply altered.

TRENDS MUST BE CHANGED

President Johnson, in his message on foreign aid and on education and health, expressed this administration's determination to offer help to those countries that seek to develop effective programs of population control.

And, in his message on Food for Freedom, the President charted the course for help to those countries determined to become more self-reliant in providing enough food for their people.

If these policies and programs are adopted, and if the developing nations will do their part, the trends that forecast the dark shadow of famine can be reversed.

The population trend can be altered downward.

The food production trend can be altered upward.

It is with the latter that we are primarily concerned today. We are concerned with it in terms of its import for a world in which peace and freedom can prevail. And we are concerned with it in terms of its meaning for American agriculture.

USDA'S CONCERN

Long before American newspapers and magazines publicized world food needs in black headlines with even blacker forecasts, the Department of Agriculture was seriously concerned.

For more than a decade the USDA has been involved in helping to meet the food needs of some 70 countries under Public Law 480. True, the extent to which our agricultural abundance could be used for this purpose was measured by that which could be termed "surplus." Yet the \$14 billion we have spent in providing food and fiber to developing nations have done more than any other program in history to avert hunger, malnutrition, and famine.

Our Public Law 480 program has been increasingly directed toward encouraging economic development. We have consistently used our agricultural surpluses for assistance to developing countries to the maximum extent feasible under existing conditions at home and abroad.

Five years ago, when I assumed the responsibilities of this office, one of my major concerns was to insure that the unparalleled productivity of our American farms would be used most effectively—not only to provide a fair reward to the American farmer and abundant supplies to the American consumer—but also to alleviate hunger and want in less fortunate countries. I have never been able to accept the idea that there was any real surplus, in human terms, as long as human beings, even on the other side of the globe, suffer for want of food and clothing.

One of my first inquiries, back in 1961, was for an assessment of the extent of the need in the years immediately ahead. When I found that there was no ready answer I requested the Economic Research Service to make a careful study of world food needs. In October 1961 we published the World Food Budget, 1962 and 1966.

This provided our first comprehensive study of world food needs. It helped to guide our programs to expand commercial markets for the products of American farms. It helped us to plan exports under our Food for Peace program. It highlighted the opportunity for using food abundance to help build self-sustaining economies in countries receiving food aid.

This effort was only a beginning. In October 1964 we published the World Food Budget, 1970. This study presents the results of an expanded effort to examine the supply and utilization of food commodities throughout the world. It assesses world food needs and highlights the food deficit that prevails in two-thirds of the world. It evaluates the possibilities of closing the food gap. And it outlines the problems involved in that effort.

In its closing paragraph, the World Food Budget, 1970 presents the following conclusion:

While U.S. food aid will likely continue to play an important role in helping developing countries meet emergency needs and achieve more rapid economic growth, food aid is at best a temporary and inadequate measure. Higher food production is the only permanent way to overcome the food gap in most diet-deficient countries, although in some countries, development of nonfarm resources will result in foreign exchange earnings that can be used to pay for commercial imports of food.

PRESIDENT JOHNSON'S CHARGE

A few months after the publication of the World Food Budget, 1970, President Johnson presented his 1965 farm message to the Congress. He said then:

* * * The disturbing downward trends in food output per person in both Asia and Latin America in recent years must be reversed. And these trends can be arrested and reversed only by a massive mobilization of resources in both the food-deficit countries and the advanced countries of the industrial West.

* * * we must use both our agricultural abundance and our technical skills in agriculture to assist the developing nations to stand on their own feet. Under our assistance programs we will make full use of the agricultural know-how in the Department of Agriculture and in the land-grant colleges and State universities. We will enlist the support and cooperation of private agencies and enterprises of all kinds.

I am asking the Secretary of Agriculture and others concerned to study and recommend changes in agricultural policy that may be needed to accomplish these goals.

These were the guidelines under which we have carried out studies to determine what legislation ought to be proposed as the current Public Law 480 expires at the end of the year. We studied the question in cooperation with the Agency for International Development and other agencies and departments concerned. The President's recommendations for a new bill are made in the light of two major changes that have taken place since Public Law 480 was enacted back in 1954.

FOOD NEEDS INCREASE SHARPLY—SURPLUSES DECLINE

The first of these changes I have already noted. The world situation in terms of food needs is much more alarming today than it was 12 years ago.

The second change arises out of the success of our domestic farm commodity programs. With the legislation you enacted last year, and the laws already on the books, we have succeeded in supporting farm

income while gradually eliminating unwanted surpluses. We now expect that within a few years available stocks of most agricultural commodities will have declined to a level no higher than need for an "ever-normal granary." It is therefore no longer possible to envisage an effective program of food aid based on "surplus" commodities. Our first task in developing a new program to meet these changes was to examine, in as specific quantitative terms as possible, the extent of food needs that can be expected to occur in aid-recipient countries in the years immediately ahead. In this task we built on the information that has been brought together in the World Food Budget, 1970, but we projected our estimates forward to 1975 and beyond. We then related the needs thus projected to America's capacity to produce.

MEASURING THE FOOD DEFICIT

In estimating the magnitude of the food gap we used grain as an indicator to simplify our projections. On the production side we based our assumptions on a continuation of recent trends in grain production in the developing countries—rising at a rate of about 2.6 percent annually, barely keeping up with population growth.

On the consumption side, however, we recognized that recent trends are unacceptable. Per capital consumption—now averaging 10 percent below minimum standards—has been increasing only about one-third of 1 percent a year. At this rate it would take three decades to bring the calorie content of consumption up to bare minimum standards.

This rate is clearly unacceptable to the hungry nations themselves. It is morally unacceptable to us.

We therefore based our estimates on a more acceptable target that is within reach—the achievement within one decade of an average per capita consumption that would meet minimum standards.

We have prepared a chart that shows graphically the most important fact about our projections. On this chart the solid black line represents the food gap for aid-recipient countries on the basis of: (1) a level of food consumption that would reach minimum standards by 1957; (2) domestic food production in these countries continuing to increase only 2.6 percent a year, as under current trends; (3) population growth as projected according to United Nations medium estimates.

If agriculture in these countries fails to improve any faster than this they would experience very little overall economic growth—because so large a proportion of their total output comes from the agricultural sector. This means that these countries could not afford to pay for imports of food to fill that gap. It would have to be provided by food aid. Let's look at the magnitude of that food aid.

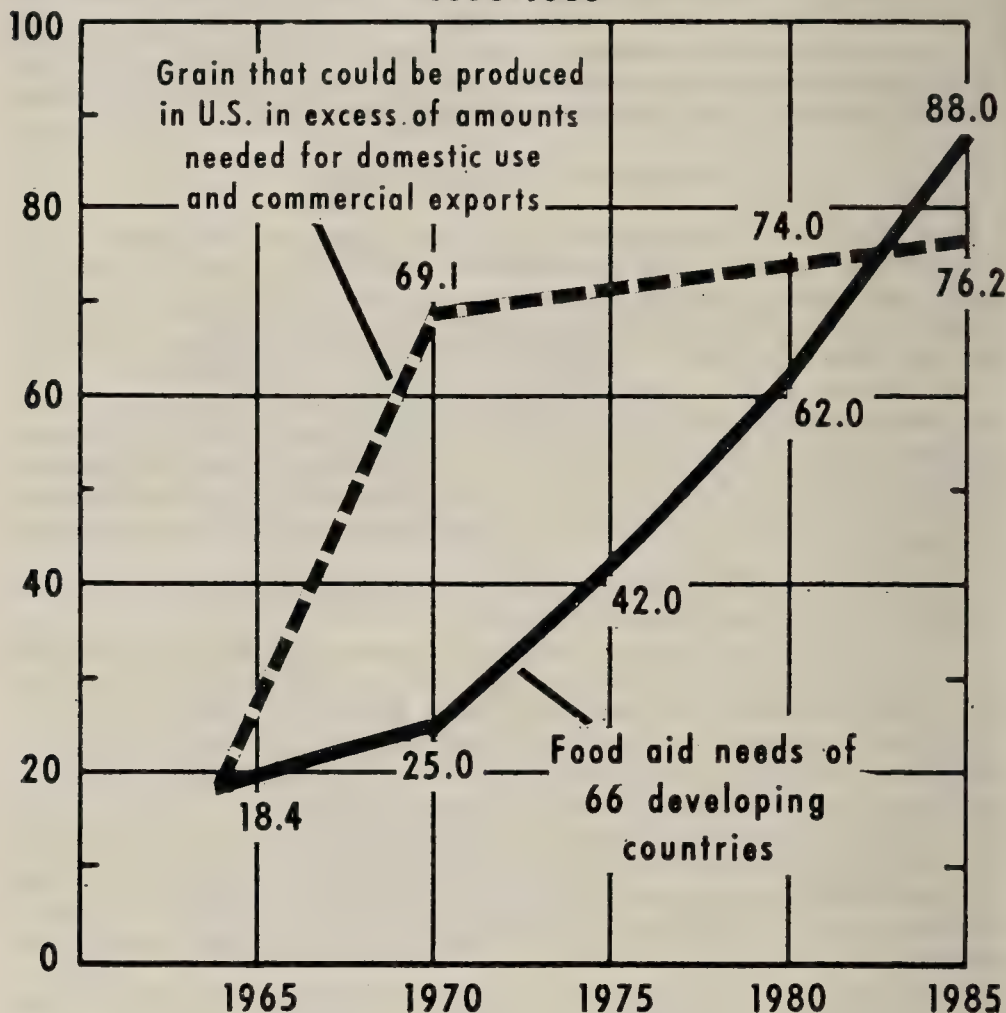
Beginning at a little over 18 million tons, it would reach 25 million tons by 1970, 42 million by 1975, and 62 million by 1980.

(The chart referred to follows:)

U.S. Availability of all Grain for Food Aid and Food Aid Needs of 66 Developing Nations,

mil. metric tons

1970-1985



The CHAIRMAN. Is that per year?

Secretary FREEMAN. That would be per year; yes, sir.

Now let's turn to the broken line.

The CHAIRMAN. Before you do that, you don't mind interruptions?

Secretary FREEMAN. Not a bit, Mr. Chairman.

The CHAIRMAN. What has been the average tonnage shipped by us under Public Law 480?

Secretary FREEMAN. I would estimate about 14 million tons a year.

The CHAIRMAN. And you say that by 1970 the need would be for nearly twice that amount?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. What we have been doing has cost the American taxpayers about \$15 billion?

Secretary FREEMAN. Yes, sir; in the last 10 years.

The CHAIRMAN. Are you advocating that we triple that, quadruple it at the cost of the American taxpayers?

Secretary FREEMAN. I am not recommending that, Mr. Chairman.

The CHAIRMAN. Well, you are suggesting though that it be provided. Who is going to provide it?

Secretary FREEMAN. No, sir; I am not even suggesting that it should be provided in that volume. If you will permit me please to finish this, I think it would come out. What I am really saying here is that if the developing countries do not improve their own agriculture, and if we are going to accomplish a minimum standard of subsistence for their growing populations, the volume of food we would be required to make available is the volume I have named. I go on to say here that we would run out of the capacity to make available enough to meet that need by the year 1984.

The CHAIRMAN. I presume that in your statement, before you get through, you are going to outline how that volume can be made available?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Are you able to say now whether or not it is going to require a greater effort on the part of the U.S. Government than we have had in the past?

Secretary FREEMAN. Yes, it is going to require a greater effort than we have had in the past.

The CHAIRMAN. At the cost to the taxpayers of this Nation?

Secretary FREEMAN. At the cost to the taxpayers of this Nation, but a much less cost to the taxpayers of this Nation than if we do not carry forward a self-help program aimed at accomplishing the agricultural development of the less-developed countries themselves. I think the course of our trying to feed the world without insisting on progress and self-help is suicide.

The CHAIRMAN. Of course, you realize that for the past 17 or 18 years now we have spent in excess of \$110 billion to assist our friends across the seas.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Trying to rehabilitate them. And it seems that in the underdeveloped countries we have made some progress but it has been very slow.

Secretary FREEMAN. That is correct.

The CHAIRMAN. Those whom we have assisted and who would be able to assist—we don't seem to be able to get them to respond to this plea that you are now making for help in providing the whole world with a sufficient diet.

Secretary FREEMAN. You mean the other developing countries of the world?

The CHAIRMAN. Yes, the other developing countries.

Secretary FREEMAN. Yes.

The CHAIRMAN. We are engaged in a struggle today in South Vietnam, and we are there almost alone.

Secretary FREEMAN. That is correct.

The CHAIRMAN. I am just wondering what is going to change the nature of these people to have them join us, in order to assist to feed the world.

Secretary FREEMAN. I think there is a greater awareness on the part of the other countries, and I think there will be a greater willingness to cooperate in meeting what is a common and very grave worldwide problem. I think the support and participation in multilateral programs, in some of the consortiums, such as the current joint efforts being made in India, and in the support for the world food program. In a small way the beginnings of participation in the current India crisis gives reason for cautious optimism that other countries in the world are recognizing the gravity of the danger of world famine, a danger that I think none of us can turn our backs on. It is there. There are that many bodies. There are going to be more bodies, and one way or another I don't think that the free nations of the world are going to turn away and allow millions of people to starve to death.

The CHAIRMAN. As long as I have been able to remember, you have had starving people all over this world, particularly in China as well as India, and I am anxious to find out what levers we will be able to work to get the countries that are able to cooperate with us to do the job that you are suggesting. We don't seem to be able to do it now, even though we have spent billions of dollars. We are in need of assistance in southeast Asia at this time. If you knock at the door there is nobody home.

Before you finish your testimony, I want you to tell us how it can be done. How can we accomplish it and not get deeper and deeper in debt.

We have already had practically a third or more of our gold supply exported to foreign countries, and speaking for myself, I am not ready to export our soil fertility for anybody.

Proceed.

Senator COOPER. May I ask a question at this point?

The CHAIRMAN. Yes, Senator Cooper.

Senator COOPER. I want to be certain that I understand the argument of the Secretary.

On page 9 of your statement, the third paragraph reads: "Beginning at a little over 18 million tons, it would have reached 25 million tons by 1975, and 62 million by 1980." Are you saying that those figures represent the need for additional food that these countries will require, above their own production?

Secretary FREEMAN. Yes, sir. If you will look at that graph again on the next page, Senator, this is exactly what we are saying.

Senator COOPER. This is the amount of food you are urging be supplied to these countries by the United States and other countries?

Secretary FREEMAN. No, sir, not necessarily. What I am saying is that unless those countries strengthen their own agriculture, if they are going to have a minimum subsistence level diet, this is the volume of food that will have to come from somewhere, and the whole thrust of my presentation here is not that we provide that volume of food, because I think that would be suicide, but rather that we provide food in combination with other things so they can increase their own productivity.

Senator COOPER. These are the amounts, then, you are saying must be provided?

Secretary FREEMAN. From somewhere.

Senator COOPER. Either by additional production on their part, or a combination of production in these countries and——

Secretary FREEMAN. Exactly, to maintain just minimum nutritional standards.

Senator MILLER. Might I ask a question?

The CHAIRMAN. Yes, proceed.

Senator MILLER. Mr. Secretary, in your computations here or in your projections, have you taken into account what other surplus-producing countries should do in order to give us a balanced picture of this? In other words, are you giving us what would need to be done by the United States or are you going to be able to give us what needs to be done by the United States in combination with some other surplus-producing countries so we will know what a really fair and balanced program of all the countries would entail.

Secretary FREEMAN. All of the countries, regardless of from where it might come?

Senator MILLER. Have you got a breakdown of what proportion of that would be the U.S. portion?

Secretary FREEMAN. No.

Senator MILLER. What portion would be Canada, what portion would be the others?

Secretary FREEMAN. No, because I hope it won't happen. This is merely illustrative of what the situation will be if improved agricultural productivity does not result in the less developed countries.

Senator MILLER. But in the meantime, until their productivity catches up, aren't we going to expect Canada and some of these other countries to join with us in helping them.

Secretary FREEMAN. Yes, indeed.

Senator MILLER. Have you got a projection of what they ought to do and what we ought to do, or is this all to be done by us or have you got any figures so we can say by 1968 the United States would be expected to put up so many tons, Canada so many tons, and some of these other countries? Because I am afraid that if we don't do that, then some of these other nations won't realize that some of these other surplus-producing countries must joint with us in order to do a job.

Secretary FREEMAN. No, I do not have, and the testimony has not been designed to present to this committee an economic development program for every less developed country in the world, and the part in it that we expect every other country in the world to play.

Senator MILLER. I don't think we need to talk about very many in this connection. I think we need to talk about Canada, and you people know there aren't too many of these surplus-producing countries.

Senator TALMADGE. Will the Senator yield at that point?

Senator MILLER. Yes; indeed.

Senator TALMADGE. Canada is very well satisfied selling their wheat to China for gold, isn't she, Mr. Secretary?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. So is Australia.

Senator AIKEN. We are prohibited, however, from selling in Canada's best markets?

Secretary FREEMAN. Might I just say the point is very well made, and we see an effort taking place particularly now where other countries are concerned about India, where there is a grave drought with which we are all familiar, and a danger, an active danger, of catastrophic failure.

Senator MILLER. Right.

Secretary FREEMAN. And we are acting very vigorously—the President is, India is, the FAO is, and the United Nations is—to get additional support for India from other countries in this period of national disaster. The success of that effort we don't know yet. Frankly, I would say right here for the record I am disappointed in it at this point, and I think Canada should do a good bit more. I certainly think West Germany should do a good bit more. If they don't have any food I think they ought to put in some fertilizer and some equipment and some chemicals, and the response has not been what it should be.

Senator MILLER. I know you feel very strongly on that point. I was down there at that meeting you had with the Secretary of Agriculture of India, and, I think, it may be that what happens in this famine situation in India may be indicative of what might happen under a program such as I am talking about. But what I don't think we ought to do is to get ourselves into a box where because other nations which are surplus-producing nations have not done their share, we reap the blame.

In other words, if we can make it clear this is what we can do, assuming these other countries do their share, and then we go ahead and do that, then the blame will fall on them and not on us.

Secretary FREEMAN. The whole thrust of the President's Food for Freedom program, Senator, is precisely that. That we are not just going to spread American largess and food around the world with a broad brush. We think that is impracticable, or as I said earlier, it is suicide. Rather, we are going to insist on conditions in relation to our help in the future. The key is that the less developed countries themselves must concentrate on their own agriculture and begin to increase their own production.

We can do something about that. But, we can't force any other nation to do this.

Senator MILLER. I understand.

Secretary FREEMAN. But we can strongly make the point that they have a stake in this just as we do.

Senator MILLER. And how much?

Secretary FREEMAN. Equally.

Senator MILLER. That is where I would hope you could come up with some kind of projections or figures so that they are there for the world to see as to what these other countries can do as a share of the overall objective.

Secretary FREEMAN. The other side of the coin on that is in areas like the consortium that is presently in India, where other countries are—and there are a number of others—and when Mr. Bell comes before this committee with more of the detail on this I am sure you will go into this, but there is increasing participation. An Asian Development Bank is in the process of being organized. Eugene Black played a leading role in the formation of the proposal. Pledges by Japan

and a number of other Asian participating countries quickly over-subscribed the proposed subscriptions for the Asian countries. There are a number of such efforts, and, I think, a growing realization of the need to do this by other countries. But I quite agree with everyone on the committee. This is a very basic and important part.

The CHAIRMAN. We should learn from history, Mr. Secretary, and you can take the example of India today. I would guess that we will probably end up by furnishing over two-thirds of the needs of India in the food line. Australia has no more wheat to dispose of because they sold it for gold to China. So has Canada. We are the only ones that have a fairly large amount on hand.

One thing that concerns me is that the present Prime Minister of India doesn't seem to want to become involved in trying to get other countries to assist. They want the United States to do it, as we have in the past. That is why the whole burden of assistance has fallen in our lap, because we have just been too soft and too easy.

Senator COOPER. Mr. Secretary, as I understand it, what you intend to develop in your statement is that you will expect these countries to begin, and promptly, to take measures to increase their own food production?

Secretary FREEMAN. That is correct.

Senator COOPER. And during the period in which they are improving their own food production, you would argue that they should receive help, is that correct?

Secretary FREEMAN. Yes, sir.

Senator COOPER. A little later I want to tell you something about my own experience with the Indian problem, because it is a fact that for a long time they took no measures to increase their food production by any considerable amount. That is when I was there.

I knew it and argued against that policy. Also, we made no effort for a long time to insist that they increase their food production. There has been a lack of effort not only on the part of these countries but also a lack of centering our own aid program on this problem. I argued this point when I came back from India 10 years ago, talked to AID, talked to the Secretary of State, talked to the President, and now 10 years later we come to the point.

But we will talk about that later.

Secretary FREEMAN. The point is very well made.

Senator COOPER. I will not read you my speeches, made years ago after my experience there, and since that time.

The CHAIRMAN. As the Senator from Kentucky knows, I made the same kind of suggestions year in and year out on my trips abroad.

Senator COOPER. Yes; I know that.

The CHAIRMAN. But they don't follow a pattern. We simply let them have it and there is no insistence on their doing their share. We are having a lot of difficulty with the countries to the south of us now, the Alliance for Progress. Our representatives there say, "We know that Venezuela, we know that Brazil, we know that Argentina is doing thus and so," but it is all on paper. There seems to be no way by which we can force them to act in order to develop as we intended them to develop. I will be very anxious to find out what your formula is and what your prescription is that will change the picture.

Proceed, Mr. Secretary.

Secretary FREEMAN. Can U.S. food fill the gap?

Now let's turn to the broken line. This represents the amount of grain that would be available for food aid—over and above all domestic uses and commercial exports—if American farmers were to bring back into production all of the acres now diverted. This line is based on expected yields under current price levels, and therefore represents more feed grains than wheat, even though wheat is most useful as food aid.

This chart assumes that if diversion programs were ended all diverted acres would probably be back in production by 1970. That accounts for the sharp rise in availability shown on the chart for that period. After 1970 the more gradual rise represents an expected increase in yields per acre.

If we were to follow this pattern, by 1970 we would be producing 44 million tons more than food aid requirements. By 1975 we would still have an annual surplus of 30 million tons. (Where would we put it?) By 1980 there would still be a small surplus.

But the point at which the lines cross signifies the onset of disaster. By 1985 there would be no way to fill the gap. As President Johnson said in his Food for Freedom message, "the time is not far off when all the combined production, on all of the acres, of all the agriculturally productive nations, will not meet the food needs of the developing nations—unless the present trends are changed."

This disaster cannot be averted by calling back into production all of our diverted acres and shipping the surplus to the hungry world. It is true that we could put these acres back into production. We could use them to produce some 60 million more tons of grain for use in food aid programs. If our commodity programs were adjusted so that at least two-thirds of this grain would be wheat (which now constitutes nearly 90 percent of our grain shipments under Public Law 480) the cost would be at least \$2 billion higher than present programs. (This is assuming that we would maintain farm income at its present level.) This estimate does not include the high cost of constructing in recipient countries the port and related facilities that would be necessary to handle such an increased volume of food aid.

Senator BASS. Can I ask a question right there? If we pass this program, Mr. Secretary, and give all this food to these people, are we going to follow their insistence that we ship it in their ships and pay them for taking it over there in their ships,

Secretary FREEMAN. I am not recommending, Senator Bass, that we should.

Senator BASS. That has been the history of some of these programs you know. We have to use their ships in shipping it over there. That is one of the things that worries me. I don't mind giving food away, but it seems to me that sometimes we have to give a lot of other concessions away when we do it. We are going to have to start building the ports to get them there and probably start shipping them in their bottoms.

Secretary FREEMAN. That is one of the reasons exactly why I don't think we should do it. That is the point I am making. I don't think we should do it.

The CHAIRMAN. The bill that is before us, Senator Bass, as I understand it, permits the payment by us of ocean freight, and transportation not only to ports, but to landlocked countries. We have got to deliver it into the country whether it is on the sea or not. I can envisage the time when we might have to send them cooked food out there.

Senator BASS. You know I am for giving all the food away. The thing that bothers me right now is this. That when we do pass this program then we are going to come into the proposition of how are we going to get it to them. They will say "we will rent you our ships and if you will ship it to us in our ships and pay for the ships, we will take it."

That has been some of the things that are getting a few of us a little disgusted with some of these programs.

Senator McGOVERN. Mr. Chairman, as long as we have broken in could I ask a question?

The CHAIRMAN. Surely, proceed.

Senator McGOVERN. Mr. Secretary, it seems to me that what you have pointed to here is a disaster on an enormous scale unless we start to move in cooperation with these other countries. When you look at the historic record of the United States, the American people, once confronted with a famine, have never really debated what to do. We have just responded. It is so deeply in our nature that it seems to me that when we are confronted with millions of people dying in the streets in any country, we are going to respond to it. So isn't the real question whether we are going to wait for that catastrophe to hit, and then respond in some kind of a makeshift emergency fashion, or whether we are going to start laying careful plans now and taking some steps to prevent what we know will otherwise be a catastrophe?

Senator BASS. I think the question should well be asked—we are going to start selling a major amount of food to India, and I think this is necessary. I think we ought to do it very soon. But at a very early date according to the press reports the Prime Minister is going to be in this country. I know that they have a situation in India now which is a food deficit and a bad one. I also know that they have enough of their own currencies, and they are doing business with enough other countries that they could pay for getting this food into their country. But I will bet you that the end result will be that we will have to ship it there and we will have to ship it on bottoms of their choice.

Secretary FREEMAN. As the matter now stands, they are paying the shipping costs.

The CHAIRMAN. That is under the recent law we enacted.

Secretary FREEMAN. Yes.

The CHAIRMAN. But here we reverse that.

Senator BASS. But you see we are going into a new program. This is going to be something new.

The CHAIRMAN. Yes.

Secretary FREEMAN. Mr. Chairman, might I ask honestly if you will let me get about two more pages read here, I think we will save a lot of time, because we are getting into things that are answered I think in the prepared testimony if I may say so.

Senator BASS. I am sorry.

Secretary FREEMAN. Not at all.

The CHAIRMAN. Senator McGovern had made suggestions. Do you wish to comment on what he said?

Secretary FREEMAN. I would agree with Senator McGovern that if we permitted the situation to develop where people outraced food more and more, that when a world famine threatens, this country is going to attempt to feed hungry people and not let them starve to death. As a politician I am not quite clear that is going to happen, and I think we are just a little wise to try and prevent that famine rather than trying to cure it when we are faced with millions of people starving in dozens of countries around the world. I think he is absolutely right.

The CHAIRMAN. You might be surprised if you submitted something like that to the American people. As I said a while ago, we have given our all up to now, and it seems not appreciated. To go deeper into debt and to do more for the people and not get more response than we have gotten in the past I think is getting to be a little discouraging. Proceed.

Secretary FREEMAN. But even at this cost, the cost of doing what I hypothesized on this chart and turning loose all of our production, assuming we are going to feed the world, even at this cost we could only postpone the disaster for a few years. The greatest cost would be the lost years—the years during which those massive amounts of our grain would serve as a “crutch”—as a deterrent to delay action on the part of recipient countries to help themselves. We would be contributing to, rather than working to prevent, that disaster.

ONLY ONE SOLUTION

The disaster can be averted in only one way—by greatly accelerating the expansion of food production within the hungry nations themselves.

There is no time to be lost. The hungry nations are faced with a tremendous task in increasing their agricultural productivity. Those most densely populated will have to do it the hard way by increasing yields, for they already have under cultivation most of their available acres.

Their efforts to increase yields face many serious roadblocks. Some of them even lack sufficient government stability for the establishment of effective policies. Most of them lack incentives adequate to make it worthwhile for farmers to make any great effort to produce more. They face low rates of literacy, lack of know-how, and the absence of means by which to help farmers to use new and better methods. Essential purchased inputs—fertilizer and other chemicals, machines, and tools—are scarce, and the hungry nations have little foreign exchange with which to buy them. Lack of roads, marketing facilities, farmers’ cooperatives, and sources of credit are other handicaps. Most of them are in tropical regions where agricultural research and technological advance lag far behind that which has developed in the temperate regions of the world.

With all these handicaps, these hungry nations will need to increase their agricultural productivity at a rate higher than that ever achieved by the agriculturally productive nations. Clearly the task cannot—must not—be delayed.

HELPING NATIONS TO HELP THEMSELVES

This is why the Food for Freedom program places highest emphasis on self-help.

We can and will provide technical and capital assistance to help those countries that undertake effective programs to increase their own ability to provide food for their people.

We can and will help to fill the gap in their food and fiber needs as they pursue those self-help efforts, and until they reach a level of self-reliance where they can either produce or buy what they need.

The task is difficult, but not impossible.

The Department of Agriculture has studied in detail increases in agricultural productivity over the years 1948 to 1963 of 26 developing countries, some in each of the major geographic regions of the world. Twelve out of the twenty-six have increased their agricultural production at annual compound rates of more than 4 percent per year. This surpasses rates ever achieved by the now economically advanced nations over comparable periods of time.

The CHAIRMAN. Could you put in the record at this point the countries that you are talking about?

Secretary FREEMAN. Yes, sir. I will be very happy to.

(The information referred to follows:)

The 26 study countries are Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, and Venezuela in Latin America; Nigeria and Tanganyika (as constituted in 1962) in Central Africa; the United Arab Republic (Egypt), Sudan, and Tunisia in North Africa; Jordan, Israel, Greece, Turkey, Iran, Pakistan, and India in the Near East and South Asia; Thailand, the Philippines, Taiwan, and Japan in the Far East; and Yugoslavia, Poland, and Spain in Central and Western Europe.

Secretary FREEMAN. Many factors have contributed in varying degrees to their success. The 12 countries differ widely in climate, literacy rates, land resources, culture, and governmental systems. They had only one factor in common—a national determination to carry out self-help policies to improve their food production.

With similar determination and with assistance from highly developed nations other countries can do as well. An annual average increase in agricultural production of 4 or 5 percent would go a long way toward defeating hunger in the decade ahead.

The Food for Freedom program is directed toward that goal. It is directed also toward one aspect of that goal that deals with quality as well as quantities of food.

One of the most serious manifestations of hunger in the developing nations lies in nutritional deficiencies, particularly the lack of proteins and vitamins, among infants and young children. It is estimated that in the developing nations of the free world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition. Millions die because malnutrition has sapped their resistance to childhood diseases. Millions who survive are permanently handicapped, physically and/or mentally. Progress in education as well as the nation's capacity to carry on vigorous economic developing are seriously retarded by the degree of malnutrition that prevails in many parts of the world.

Today we know how to meet such nutritional deficiencies. We have developed new methods by which essential food requirements

can be produced and processed at low cost. In the Department of Agriculture we are stepping up our own activities to meet the problem of malnutrition.

Other agencies of the U.S. Government are also attacking this problem. The AID is already fortifying donations under its Public Law 480 programs. I know that you will hear more about this aspect of the war on hunger when Mr. Bell presents his testimony.

WAR ON MANY FRONTS

Our Government is mobilizing for the war on hunger on many fronts. One of these fronts was described by President Johnson in his message on foreign aid. He proposed that the Agency for International Development increase its effort in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States.

The remainder will finance—

- Transfer of efficient farming techniques;
- Improvement of roads, marketing, and irrigation facilities;
- Establishment of extension services, cooperatives, and credit facilities;
- Purchases of American farm equipment and pesticides; and
- Research on soil and seed improvements.

I am sure that Mr. Bell will emphasize the importance of this effort to assist these nations to help themselves.

The President's message on health and education likewise offers intensive new programs, many of which will either directly or indirectly benefit the agriculture of the developing countries and help to win the war on hunger.

THE FOOD FOR FREEDOM ACT

You in this committee are now taking under consideration a major front in this war. Two companion bills are before you, one to authorize a new 5-year food aid program to replace Public Law 480 when it expires on December 31, 1966, and one to provide for an "ever-normal granary" by setting up commodity reserves.

The Food for Freedom Act of 1966 has two new features of utmost importance.

FOOD AID LINKED TO SELF-HELP

The first is the emphasis on self-help. This principle is referred to four times in the bill itself. It becomes an integral part of our food aid program.

This link between self-help and food aid is essential to economic progress and growth in recipient countries. Instead of becoming increasingly dependent upon the United States they can build toward the freedom that comes only with self-reliance. Instead of an economy whose growth is seriously held back because the great majority of the people in rural areas are still outside the market economy, the recipient nation can look forward to the overall economic progress that follows when agriculture becomes more progressive and pros-

perous. Only when farm people begin to both buy and sell will these countries really begin to move their economies forward.

The link between self-help and food aid is likewise important to the people of the United States. Paradoxical as it may seem, agricultural development in the poor and hungry nations offers to us the best opportunity for expanding exports of the products of our farms and factories.

We know that economic developing is the basis for expanding commercial trade. We have seen proof of that many times in recent years as we have observed how dollar sales of U.S. farm products have climbed in countries where economic growth is taking place most rapidly. For example, dollar exports of U.S. farm products in the 5 fiscal years, 1961-65, increased over the 5 years 1955-59 by 16 times in Greece; by 13 times in Taiwan; by 10 times in Spain. They almost doubled in Israel, and increased by $11\frac{1}{2}$ times in Hong Kong. We have further observed that for every 10-percent increase in incomes in developing countries we can expect their imports of our agricultural products on commercial terms to increase by 16 percent.

And since economic development in the hungry nations depends on so much increased agricultural progress, it is only by hastening that progress that we can hope to begin to tap the great potential market that lies dormant in the underdeveloped world.

Finally, the link between self-help and food aid is of paramount importance because it is the only way to insure victory in the war against hunger. By means of this link, food from American farms today can help to insure that, by that time in the future when needs would be so great they could not possibly be met by American productivity, productivity in the developing world will have increased enough to meet the need. It is only by this link with self-help that American food aid can make its major contribution to banishing famine from the face of the earth.

END OF "SURPLUS" CONCEPT

The second new feature of importance in the Food for Freedom Act is the elimination of the "surplus" requirement. Commodities to be furnished would be those determined to be available by the Secretary of Agriculture, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

The CHAIRMAN. Mr. Secretary, at that point we are veering away from the present act considerably. I can well recall that when we considered the present act several years ago, we permitted the sale on long term of agricultural commodities, but with the provision in the contract that the sale would become null and void unless we had the surplus at hand. Now under the bill that you are proposing, I presume that it is intended to have long-term contracts?

Secretary FREEMAN. No, I don't think so.

The CHAIRMAN. Year to year?

Secretary FREEMAN. I would think at least—I think that would depend upon the nature of the program in the receiving country. At this time I personally would feel not in favor of long-term agreements.

The CHAIRMAN. Suppose you didn't have the food at hand at the end of a year. Let's say you made a yearly contract. Where would you go to get the food to deliver it? In the market?

Secretary FREEMAN. No. I think you wouldn't in effect use it unless you either had it or would judge to try and adjust so that some time you would have it.

The CHAIRMAN. In other words, by increased production?

Secretary FREEMAN. By increased production in certain amounts.

The CHAIRMAN. You would anticipate that you would hope to dispose of——

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. In say a year and a half, and meet the situation by increased production?

Secretary FREEMAN. You do I think much the same as we do today. The provision in title III for the use of vegetable oils, which permits purchase in the market has been in existence for about 5 years. There has been usually availability of those vegetable oils, for a number of reasons, and therefore it has been used, and used rather broadly. I think the same kind of general application that we have seen in the case of vegetable oils would apply on the overall.

The CHAIRMAN. In the production of wheat or corn and other feed grains, I presume that in your estimation of what is necessary in the future, that is a year hence, you doubtless have a certain amount grown in order to take care of Food for Freedom.

Secretary FREEMAN. Yes.

The CHAIRMAN. So that it wouldn't be treated as surplus, but production by the farmers for the purpose of distributing the excess food or the food that is produced under the Food for Freedom Act.

Secretary FREEMAN. In terms of what we would estimate that would be needed, just as I have recently taken action to withdraw the option to the wheat farmers in the spring wheat belt to participate in an acreage diversion program.

The CHAIRMAN. What will happen under that order?

Secretary FREEMAN. It will mean we will get more wheat.

The CHAIRMAN. Exactly, and you expect, of course, to do the same thing probably as to corn?

Secretary FREEMAN. No, sir, not for some time to come. Right now I am worried about a surplus of corn, not a limit.

The CHAIRMAN. And of course the reason for that I presume is that there is more wheat exported than corn.

Secretary FREEMAN. Yes, sir, and there is more corn produced than wheat.

Senator COOPER. Most of these countries don't want to take corn for food.

Secretary FREEMAN. That is part of it.

The CHAIRMAN. They are choosy.

Senator COOPER. They don't like corn. They don't like corn products.

The CHAIRMAN. As I visualize this bill, from what you are saying, and having read it, in making your estimate as to how much wheat and how much corn and other feed grains are needed for the coming year, you will consider domestic consumption, foreign exports for dollars, and then Food for Freedom. And the reserve for carryover.

Secretary FREEMAN. That is correct.

The CHAIRMAN. So that will necessarily mean in my opinion increased production?

Secretary FREEMAN. Yes, I think it will mean increased production.

The CHAIRMAN. And before you get through, I would like to get estimates from you as to the cost of this program.

Secretary FREEMAN. All right, sir.

(The information is as follows:)

The current estimated cost for 1967 is \$2 billion for all titles of Public Law 480. We believe this will turn out to be somewhat higher by reason of larger than anticipated shipments of food to India. We do not, at this time, have detailed estimates as to cost of program in future years.

Secretary FREEMAN. Food for Freedom needs would be taken into account by the Secretary when he exercises his responsibilities under domestic farm programs. These programs are flexible enough so that production can now be geared to potential use. They will be administered so that American agriculture will produce enough food and fiber to meet domestic needs, commercial exports, food aid for those developing countries that are determined to help themselves, and reserves adequate to meet any emergency and to insure price stability.

The CHAIRMAN. I anticipated that. You have got that all in one sentence.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Proceed.

Secretary FREEMAN. Commodities available to food recipient countries will no longer be as limited as they have been in the past. The commodity "mix" sent abroad under concessional programs will be geared to the kind needed rather than circumscribed by the kinds held in stocks. We can expect the trend to be in the direction of commodities with special nutritional values.

Other features of the Food for Freedom Act reflect the best provisions of Public Law 480.

Emphasis on expanding international trade and building markets for American farm products is continued, with special emphasis on the long-term development of markets expanding under the impact of economic growth.

Financing will continue under the Commodity Credit Corporation. Private trade channels will be used to the maximum extent practicable. Usual marketings will continue to be safeguarded. Donation programs through voluntary agencies will continue. There will be increased emphasis on combating malnutrition both in terms of selection of the commodities and the authorization of the CCC to finance the enrichment of foods.

In the proposed act all sales, whether for foreign currencies or for dollars on credit terms, are placed under title I. The policy is established to shift from foreign currency sales to dollar credit sales at a progressive rate, so that the transition can be completed by December 31, 1971, except for U.S. requirements for foreign currencies.

All donation programs will be under title II of the act. Donations are authorized for such purposes as to meet emergency food needs, to provide food-for-work community and economic development programs and to carry out the U.S. pledge to the world food program.

Title III provides for uses that may be made of foreign currencies that accrue from foreign currency sales. Among the authorized purposes are: To finance U.S. expenses abroad; to develop new markets for U.S. agricultural commodities; to procure equipment for common defense; to promote economic development; to finance educational exchange programs; to make Cooley loans; and to finance research. Any U.S. agency having authority to operate abroad can use those currencies to carry out its programs.

I know you will study this bill carefully. I will be glad to go over it with you to answer any specific questions you may have.

FOOD AND FIBER RESERVES

The companion bill recommended by the President introduced by the chairman, would authorize establishment and maintenance of reserves of farm commodities. This bill is important to the people of the United States as consumers, to our customers abroad, and to those developing countries who must depend on our food for a few more years.

For many years, the need for such reserve policy has been overshadowed by concern with excessive supplies of agricultural products. But wise legislation, improved administration of our farm programs and increased foreign demands have now depleted the stocks of most farm commodities. We do not want to permit the inventories of key food commodities to decrease to the point that we cannot meet our domestic, export and Food for Freedom commitments and still have a safeguard against an unforeseeable increase in demand or an unexpected reduction in supply.

The bill would authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities primarily to assure a continuous, adequate, and stable supply to meet domestic requirements at fair and reasonable prices, and also to meet the requirements of commercial exports, domestic food programs, and the Food for Freedom program.

The CHAIRMAN. Are you prepared to give an idea to the committee of what those reserves should be?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. As to all commodities?

Secretary FREEMAN. Yes, sir; do you want me to do that now?

The CHAIRMAN. I think it would be appropriate at this point.

Secretary FREEMAN. The committee will I am sure have its own ideas, and properly so, of what reserves might or should be. I would merely bring to your attention some figures that have been the product of study over a period of time, which incidentally, Mr. Chairman, you will recall began with this committee's Senate document back in 1952, which directed attention to what ought to be reserves. That began the process of trying to determine the volume.

Based on that beginning, we have conducted some rather extensive studies, and the National Agricultural Advisory Commission made some recommendations. The current recommendations they make are, I think, sound, and these are the numbers they recommended, and these can be adjusted as a matter of judgment up or down a bit, but I

think they are basically sensible. Wheat 630 million bushels, rice 9 million hundredweights.

Senator COOPER. Rice is what?

Secretary FREEMAN. 9 million hundredweights, feed grains 45 million tons, cotton 6.2 million bales, soybeans 100 million bushels, edible vegetable oils 800 million pounds, dry beans 150 million pounds, lard 100 million pounds, nonfat dry milk 530 million pounds, butter 100 million pounds, cheese 380 million pounds, flaxseed 8 million bushels.

The CHAIRMAN. Assuming that you were to decide upon the amount of each of the commodities you have just indicated, are we to understand that those amounts would be set aside, kept separate for use in the future?

Secretary FREEMAN. Not quite, Mr. Chairman, in the sense of emphasis on the word "set aside."

Actually these stocks we envisage being handled much as we handle our carryovers today.

The CHAIRMAN. I understand though that this is in addition to the carryover.

Secretary FREEMAN. No sir. This would involve the amount of carryover we ought to have, not in addition, but this would be how much we ought to have on hand in the trade or in the CCC, the trade under loan or in our own hands.

The CHAIRMAN. In other words, that would be in addition to what you estimate to be our normal domestic consumption, our normal export, am I right?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And the normal amount necessary to carry out Food for Freedom?

Secretary FREEMAN. That is correct.

The CHAIRMAN. And this would be in addition to that?

Secretary FREEMAN. Correct. May I add this just for clarification. We would envisage that if there was a break in supply, such as a drought, or if there was an unusual demand, such as that of the Indian situation now, and that 600 million bushels of wheat was pulled down to 4, why then we could seek to bring it back up to 6. We do not contemplate that we would take this much and lock it up and always have it. It would be there to be used and the situation would require, but we would then seek to move it up to that level again so we would have that cushion.

The CHAIRMAN. The idea would be to have at least that amount on hand at all time.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And that, of course, as I said, would be in addition to what we would normally consume at home, what we would normally export, and what we would normally export under the Food for Freedom Act.

Secretary FREEMAN. That is correct. If I were trying to make an estimate under the act that you passed last year in connection with let's say the wheat program, we have got 600 million bushels of wheat, we would then not need to consider any additional reserves in making the estimate of how much we would target to seek to produce in the next year.

If, however, we drew down those wheat stocks to 400 million bushels, why then the coming year we would seek to not only meet current needs, but to produce an additional couple hundred million bushels to get back up to that 600 million level.

The CHAIRMAN. But as I understand it, if this act should be adopted, as you are proposing, it would mean a considerable increase in wheat acreage.

Secretary FREEMAN. No, sir.

The CHAIRMAN. Well now, why do you say that?

Secretary FREEMAN. Because at the moment we have adequate reserves of wheat, and we figure there will be at the end of this current crop year roughly 600 million bushels of wheat. It is possible in light of the Indian situation, that we might come below that, and calculate that in order to have 600 million bushels of wheat on hand at the end of the 1967 crop year, and still meet the current demands in India, that we would have to increase acreages some. But in the case of feed grains, where we have a more than adequate reserve on hand, why this would make no effect at all on the amount of production we would hope to accomplish.

The CHAIRMAN. You now have 55 million tons as I understand it?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. You anticipate having on hand at the end of the year.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Of corn and other feed grains?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And your normal—

Secretary FREEMAN. We would recommend a 45-million-ton carry-over.

The CHAIRMAN. Forty-five; so that you would have 10 million in excess?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Of this.

Secretary FREEMAN. Yes; that is correct.

The CHAIRMAN. Now when you proceed with a program for the production of corn and other feed grains, and wheat and soybeans and other commodities come 1967, your first attention would be called to this reserve, that is to be certain that that reserve would be retained?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And then a sufficient production as to each commodity to carry out your Food for Freedom program, domestic consumption, and export.

Secretary FREEMAN. Correct.

The CHAIRMAN. Now, do you envision the production of more wheat than we have in the past, under this bill that you are now proposing?

Secretary FREEMAN. I would say that I can't answer that question yes or no, at this time. I think there is a possibility in light of the current Indian situation that we may need more than the 48 million acres of wheat that currently is in production.

The CHAIRMAN. You always refer to India. Have you ever given thought that there are other countries that should be as much

interested in India as we are? Why put the burden on us? That is what I would like to hear from you.

Secretary FREEMAN. In this case, Mr. Chairman, because they have suffered their worst drought in 50 years in India and their production has dropped by 20 million tons.

The CHAIRMAN. Why should they look to the United States for that? That is what I would like to get you to tell us.

Secretary FREEMAN. They are looking and we are strongly insisting that they should look to every country in the world.

The CHAIRMAN. And suppose they don't? Suppose they say "you get the wheat for us," because that is their attitude now, Mr. Secretary, as you know. The present Prime Minister of India is not anxious to get out and ask England for any help. They are not willing to go to Switzerland for any help. They are not willing to go to Germany for any help. But they are looking to the United States to either provide it itself or get it from other countries. That is what irks me.

Secretary FREEMAN. Mr. Chairman, I think perhaps you overstate this a little bit. To my own personal knowledge they have two emissaries traveling around the world.

The CHAIRMAN. Who has?

Secretary FREEMAN. India.

The CHAIRMAN. That may have happened in the last 2 weeks.

Secretary FREEMAN. I think this has been going on for quite a while, Mr. Chairman.

The CHAIRMAN. That is not my information. I got it directly as to what was being demanded of us because they don't want to have to do something for other countries. In other words, they don't want to get in their grasp. They won't go to Germany; they won't go to England; they won't go to various countries because they are afraid that if these countries assist, they in turn will have to do something for them. Therefore they are looking for Uncle Sam to do the whole job of not only furnishing it but going around and begging for it.

Secretary FREEMAN. Mr. Chairman, I have been strongly urging them, and a number of people that I have sent to India have, that it is absolutely essential that they solicit strongly and urge the support of other countries, and I will give you—I will double check this again and give you—the latest information on it. There are conflicting reports of how effective this is, and some as to how strongly they are urging this help in other countries.

But I think, Mr. Chairman, if I may say so, that they are trying a little harder than your statement would indicate.

Senator YOUNG. Would the Senator yield at this point? Isn't the United States the only country in the world today that has a surplus of wheat available for shipment to India?

Secretary FREEMAN. There are about 6 million tons of wheat in the world that could be mobilized for this purpose. France has some, Canada has some.

Senator YOUNG. Canada is already committed to ship about all that they can get to the seaports.

Secretary FREEMAN. Ach, I don't believe it. That is what they say. I am with the chairman on this one. I think Canada can and should do more.

Senator YOUNG. Mr. Secretary, I think all the grain trade is of the opinion that the Canadians can't get much more to the seaports. We are in about the same position ourselves. In North Dakota most every grain elevator is waiting for cars, and the CCC loading orders present a serious problem.

Secretary FREEMAN. Yes, sir.

Senator YOUNG. They have to give priority to meeting these loading orders. A country elevator buys wheat and pays a premium price for it, but with the present shipping problems, they can't properly hedge on premium prices for high quality. When CCC loading orders have to come ahead of cash grain movement, the country elevator is liable to be stuck for a sizable loss.

I hope, Mr. Secretary, that you will give some consideration to relieving these country elevators of at least a part of the penalty for not being able to deliver CCC wheat at the present time, because the penalty is severe. I wish you would look into that.

Secretary FREEMAN. I will.

Senator YOUNG. They can't possibly deliver this wheat. There are few boxcars available. This boxcar shortage has been going on now for ever since I have been in the Senate and even long before. It is worse now than it ever was. I met with Mr. Bush, the Chairman of ICC yesterday and he says it is going to be worse next year. We do have a serious problem and a real limitation on the amount of wheat we can export and some other grains. Corn is in much the same position.

Secretary FREEMAN. Senator Young's point is very well made. This is true.

Senator BASS. They are already taking boxcars out of our country that we need, too, for this wheat they ship. They are taking them out of our country and our trains are having trouble.

Senator YOUNG. This is true all over the United States.

Senator BASS. Trouble getting enough to transport our goods.

Senator MILLER. Mr. Chairman.

The CHAIRMAN. Senator Miller.

Senator MILLER. What did you say the target would be for feed grains, 45 million?

Secretary FREEMAN. 45 million tons; yes.

Senator MILLER. How many months is that?

Secretary FREEMAN. It is about a 3-month supply.

Senator MILLER. About a 3-month supply. Just offhand it sounds rather light to me, but I am wondering, Mr. Secretary, why these reserves—for example, suppose the committee feels that those reserves you mentioned are adequate—why they should not be established by law.

Secretary FREEMAN. This is exactly what we are proposing.

Senator MILLER. I understood you were proposing to allow these to be established by the Commodity Credit Corporation.

Secretary FREEMAN. What is the difference?

Senator MILLER. Why shouldn't we establish them and write them into the law? Of course we should provide the guidelines for distribution of the surpluses in certain emergencies, but why shouldn't the target point be spelled out in the law?

Secretary FREEMAN. This is what we are recommending.

Senator MILLER. I did not so read it.

Secretary FREEMAN. I guess you are right.

The CHAIRMAN. There is nothing in the law.

Secretary FREEMAN. The law is general and subject to discretion. I misunderstood you. I apologize.

Senator MILLER. But with the guidelines laid out so that the Commodity Credit Corporation could dispose of these quantities within the guidelines.

Secretary FREEMAN. Either way, I don't feel strongly about it. It is a matter of judgment, and it can change and can change according to the circumstances. I think it is a normal thing that is usually why the Congress sets down a pretty clear guideline and has some flexibility here. If this committee wanted to say exactly to the bushel how much wheat ought to be in the security reserve, why I wouldn't argue about it.

Senator MILLER. And then guidelines for disposal which could be quite broad.

Secretary FREEMAN. Either way is of no great moment.

Senator MILLER. Do you envision any different way of handling such reserves than our present stockpile program of critical items?

Secretary FREEMAN. No. I think we would handle these reserves pretty much as we handle our current carryovers.

Senator MILLER. I was referring to stockpiles of critical items, like aluminum and copper and so on.

Secretary FREEMAN. I am not familiar, really, with how they do handle them.

Senator MILLER. I wonder, Mr. Chairman, if it wouldn't be a good idea to have the Secretary's staff analyze the stockpile program and see wherein they would feel that they should depart from that.

The CHAIRMAN. You mean the suggestions made by him?

Senator MILLER. In other words, we have a stockpile program that has been going on for quite a long while—of aluminum, rubber, and so on.

The CHAIRMAN. Yes.

Senator MILLER. And if his staff could analyze that and see wherein there might be a recommended departure from that, I think it might be helpful to the committee, because there has been quite a lot of precedent that has been established under GSA's handling of that, and it might be that we could benefit from it.

Secretary FREEMAN. I will be happy to do that.

Senator MILLER. Could we have that provided?

The CHAIRMAN. We can have that provided, what amount there is now on hand and what the amount was in the past.

Senator MILLER. I didn't make myself clear. There are laws and procedures for the present stockpile program of critical items, such as aluminum, rubber, and so on. Now as I see it, we are getting ourselves into a program which is not a lot unlike that. I am wondering if we couldn't benefit by having, not a long exhaustive analysis, but the main points.

The CHAIRMAN. You mean the yardstick used to establish the stockpile for aluminum?

Mr. MILLER. And the procedure.

The CHAIRMAN. All right, we will get that information.

(The information is as follows:)

AGRICULTURAL RESERVES AS COMPARED TO STRATEGIC MATERIAL RESERVES

The purpose of reserves, whether it be agricultural commodities or strategic materials such as aluminum or industrial diamonds, is essentially the same—to meet the needs of the Nation in case of an emergency or periods of scarcity.

Substantial quantities of strategic items have been purchased and large quantities have been acquired by bartering agricultural commodities. It is anticipated that a large portion of the agricultural reserves would be acquired under the price support program. Agricultural commodities could also be acquired by purchase.

Agricultural commodities are by their nature different from strategic materials such as industrial diamonds, aluminum, etc. Agricultural commodities are perishable—some more than others. It is for this reason that the Department is proposing to store and handle agricultural reserves in the similar manner as our current carryovers. The storage of reserves at or near the point of production will reduce the Government's investment in freight charges. They will be in position to move to where they may be needed at the least possible cost. This method of managing agricultural reserves will permit them to be rotated and freshened as required. Rotation and freshening of stocks is not a problem with strategic materials.

Grain commodities. Government stocks as well as private stocks, are stored in commercial elevators on a commingled basis. Over the years, this has been proven to be the most economical methods of storing and handling grain. Strategic materials, on the other hand, are stored on an identified basis.

Normally, agricultural reserve commodities would be disposed of through normal commercial channels of trade. Under emergency conditions, the nature and extent of the emergency would determine the exact procedures to be followed. Strategic materials are also sold or otherwise disposed of from the stockpile as circumstances dictate.

Senator McGOVERN. Mr. Chairman, could I raise a question?

The CHAIRMAN. Yes, indeed.

Senator McGOVERN. Mr. Secretary, the questioning here so far has tended to emphasize the benevolent aspects of this program, the charitable aspects of it. Even laying aside that consideration for the moment, don't you think this general program here would be in our self-interest?

Secretary FREEMAN. Well, it certainly would. It involves, as you know, a significant volume of exports in an area where we can produce with maximum efficiency, and it would make a strong contribution from the farm to the final shipment which had left this country for our own economy right up the line.

Senator McGOVERN. Have any projections been either prepared or considered for publication that would give us some indication of what the impact would be on the American economy if we could find some practical way to bring our idle acres back into production over a period of several years of time?

Do we know what it would do in terms of the gross product, let us say, and the overall impact on our own economic life, if instead of paying people not to produce over a period of time, we could gradually begin bringing those acres back into cultivation and finance part of the cost out of what we are now paying for acreage reductions?

Secretary FREEMAN. I haven't seen such an analysis in terms of the total, with the exception that we have analyzed what the increased costs would be if you put all acres back into production and assumed

as a physical matter that they could be distributed, and as a matter of policy that it would be wise to use that amount.

If you made that judgment, we calculate it would cost \$2 to \$3 billion more than the current program. But in terms of the other side of doing this and the effect on the economy, I haven't seen that projection.

Senator McGOVERN. We know the war in Vietnam costs \$2 or \$3 billion every month. It seems to me your opening statement today is right, that the most powerful tool we have got in checking communism is food and agriculture.

I think the formula you have offered here would do a lot more to check communism than chasing guerrillas in the jungles in Vietnam.

Senator BASS. We have got the problem, my friend, as you well know that a lot of these countries won't even distribute it if it has got our brand on it. It took 3 years to get a bill through the Congress requiring that the food we give away be labeled as donated by the people of the United States, having an American flag on it. Some of them won't give it away if it has it. They won't distribute it.

The CHAIRMAN. Proceed, Mr. Secretary.

Secretary FREEMAN. Page 19, gentlemen, reviews what I have pretty much covered through the chairman's question on the whole matter of reserves.

The commodities to be reserved and the reserve quantities for each marketing year would be determined by the Secretary of Agriculture after consultation with other interested agencies such as the Departments of Defense and State. They would be announced in advance of the marketing year. The Secretary would be authorized to adjust support prices, acreage allotments and marketing quotas to achieve the production necessary to establish and maintain reserves. Commodities in the reserve would be available for disposal through sales, barter, donations, or redemption of payment-in-kind certificates.

Such a reserve is not a new idea—it was the basic principle of the ever-normal granary. In periods when supplies exceed expectations and needs, we set aside a reserve for periods of unusual demand or a short crop.

Actually, public concern over reserve levels for agricultural products goes back nearly 15 years, to a report entitled, "Reserve Levels for Storable Farm Products," published in 1952 as Senate Document No. 130.

Department specialists estimated at that time that a reserve of 350 million to 400 million bushels of wheat held by CCC, in addition to normal working stocks of around 100 million bushels held by the trade, would have been sufficient to offset the effects of one serious drought year followed by a moderate drought year.

For corn, and other feed grains, a reserve supply of 700 to 800 million bushels would have been sufficient, in addition to normal working stocks of around 300 million bushels held in trade channels.

Since that time, we have done additional research on this problem, much of which contributed to the 1964 report of the National Agricultural Advisory Commission on the subject.

Under present law, the Commodity Credit Corporation is under a mandate to dispose of its stocks as rapidly as possible, consistent with its price support program and orderly market. The proposed legis-

lation would permit us to stop short of total disposition of our inventories, to use the reserve to meet priority needs, and to encourage production of those items for which larger reserves are needed.

Wheat and dairy products offer current examples of how this authority might be used. Our wheat stocks will have been reduced to about a reserve level by next June 30. We have advised spring-wheat growers that there will not be a program to reduce 1966 acreages below allotments. If it appears by midyear that the June 30, 1967, stocks will be below reserve needs, we may wish to increase wheat allotments by enough to build our stocks to reserve levels by mid-1968.

Dairy products are currently in short supply. We have virtually no inventory, although we expect to acquire some products again this spring. We have already announced our offer to purchase dairy products for school lunch programs, at market prices above support levels. Under this bill, authority would be provided to take actions to build up reserve stocks if that course of action seems to be required to assure adequate supplies and stable prices.

CCC inventories of rice, fats and oils, and nonfat dry milk are presently low, but some of these commodities may be increased as a result of 1966 production.

To the extent possible, reserve commodities would be maintained as a part of the Commodity Credit Corporation's overall inventory for the particular commodity without individual lot specification. Government-owned stocks of reserve commodities in most cases would be stored under existing Commodity Credit Corporation storage contracts, and handled in the same manner as price support commodities—utilizing the usual and customary channels of trade. Reserve inventories would be stored in or as near the area of production as possible so as to minimize the cost of transportation and handling and to permit greater flexibility in making dispositions.

Our aims would be to use the reserve agricultural commodities in the national interest. Under emergency conditions, the nature and extent of the emergency would dictate the disposal procedures to be followed. Under normal circumstances, dispositions from the reserve would be made under procedures now used for disposition of Commodity Credit Corporation price-support inventories. We would plan to announce our procedures as far in advance as possible, so that producers and the trade could make their plans for the year.

This is an important bill at a crucial time. We need it to protect our consumers at home. We may need it to meet commitments abroad.

It will supplement the Food for Freedom program.

THE OPERATION OF THE NEW PROGRAM

In many ways, the new Food for Freedom program will operate in a manner similar to the operation of our Food for Peace program under Public Law 480. But the new legislation, designed to meet new conditions and urgent needs in the years ahead, will call for some significant modifications in the operation of the program. We expect that there will evolve with experience. But I know you are interested in our expectation as to how the new features of the program will be

implemented. I will try to summarize some of the highlights of these new features.

GREATER RESPONSIBILITY

Food for Freedom programs and domestic farm commodity programs, while not dependent upon each other, must complement each other. This will add to the responsibility of the Secretary of Agriculture, who will be called upon to administer commodity programs in a manner that will assure the availability of commodities needed for food aid as well as to meet all domestic requirements and commercial exports.

Our commodity programs are flexible enough for us to meet that requirement, especially when buttressed by legislation for the establishment of commodity reserves. We expect that quantities needed for food aid may increase in the years ahead. As needs increase we can call back into production some of the acres now diverted.

Obviously, if this is to be done responsibly and effectively it will require more forward planning, a more careful evaluation of prospective needs and probable supplies, than was required when food aid was generally limited to "surplus" commodities. The resources and procedures of the Department of Agriculture, as well as those of the Agency for International Development, for estimating needs on both a short- and long-range basis will need to be expanded. The Secretary of Agriculture will need to take into account the foreign policy aspects of food aid and the degree of success of self-help efforts in recipient countries before he can make final determination about commodity programs.

ADAPTATION OF EXISTING INTERAGENCY PROCEDURES

A higher level of interagency coordination will be further implemented by adapting existing interagency operating procedures that have worked well under the old program.

Coordination under Public Law 480 has been carried out through the Interagency Staff Committee, on which representatives of Agriculture, State, AID, Defense, Treasury, Commerce, and the Bureau of the Budget meet under the chairmanship of the USDA. I would expect something like this interagency structure to continue, but that its increased responsibilities would enhance its importance.

CLOSER COORDINATION OF FOOD AID WITH OTHER ASSOCIATED PROGRAMS

The new Food for Freedom program contemplates closer coordination of food aid with other assistance programs directed toward food and agriculture in recipient countries. President Johnson, in his message on Food for Freedom, emphasized the need for a unified effort. He said:

To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together even more closely than they have in the past in the planning and implementation of coordinated programs.

The Department of Agriculture and the AID have for several years been developing closer working relationships with each other in the food aid part of U.S. assistance programs. But the kind of unified effort to which the President referred means that Agriculture will also be called upon to participate in the planning of agricultural assistance activities and in reviewing the progress made in agricultural development.

This means that we are called upon to develop closer interagency operating relationships that will involve the Department of Agriculture in a shared concern for not only the food component of assistance programs but also that part of economic assistance that relates to self-help in the agriculture related sectors of developing nations.

This planning is primarily the responsibility of the AID. In discussing this problem with the Administrator, Mr. Bell and I have agreed that both the AID and the USDA could carry out their respective responsibilities most constructively if representatives of the Department of Agriculture accepted AID's invitation to participate in the planning—particularly for those major aid-recipient countries where problems of food and agriculture are of critical importance.

Specific procedures will be worked out under which such participation in agricultural planning can be carried out effectively. Through such participation the Secretary would be currently informed about the level of success of self-help efforts, and of needs which Agriculture might be called upon to meet.

INCREASED TECHNICAL ASSISTANCE FROM USDA

President Johnson also pointed out that AID's policy of—

calling upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service would become even more important as we increase our emphasis on assisting developing nations to help themselves.

Mr. Bell has indicated his hope that the USDA will be increasingly helpful in this area. We have just signed a new interagency agreement under which AID seeks to—

enlist as fully and effectively as possible on a partnership basis the pertinent resources of the Department in planning, executing, and evaluating those portions of the foreign assistance program in which it has special competence.

Senator YOUNG. May I ask a question at this point, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Senator YOUNG. To what agency would the costs of this program be charged, the cost of assisting other countries to produce more?

Secretary FREEMAN. To the AID Agency in the State Department.

Senator YOUNG. But not to Agriculture?

Secretary FREEMAN. Not to Agriculture.

The CHAIRMAN. Why was it necessary to enter this agreement that you speak of? I thought there was always full cooperation among the agencies in respect to Agriculture and AID. Weren't you consulted in the past by the AID Agency as to food production abroad?

Secretary FREEMAN. Some.

The CHAIRMAN. Not too much?

Secretary FREEMAN. No.

The CHAIRMAN. Have you any kind of agreement between the State Department and you?

Secretary FREEMAN. Yes. I have had long discussions with Mr. Bell in connection with this, and he has volunteered and urged, and since he has been in the AID Agency he has advocated a stronger working relationship, and it has improved very significantly since he became Administrator of the program.

And one of the ways to make it work more efficiently has been for them to contract with the Department to take on a special project or in some cases possibly in the agricultural development in a country. Then the appropriation goes to AID. They contract with Agriculture. We then carry out to meet the contracted objective. We have been learning how to use this device and it is becoming more and more important.

The CHAIRMAN. I presume you are not giving up any of your authority. I hope.

Secretary FREEMAN. No, sir.

The CHAIRMAN. Neither to AID nor the State Department?

Secretary FREEMAN. No. Quite the contrary. This means that we will be more intimately involved in both the planning and the evaluation of the results. I might just add, to be sure the record is straight, that the so-called PASA's are merely an effort to formulate more effectively the effort we have tried to try over a long period of time.

The CHAIRMAN. It is my hope that the Department of Agriculture will remain at the top of the heap instead of at the bottom in handling such a program as you are now proposing.

Secretary FREEMAN. I believe the Department has an important contribution to make.

The CHAIRMAN. We will see that that happens as far as I am concerned.

Senator AIKEN. Mr. Chairman, there is nothing in this bill which would set aside the reorganization powers of the President, is there?

Secretary FREEMAN. No, sir.

The CHAIRMAN. Proceed.

Secretary FREEMAN. Under this agreement we expect to expand USDA's participation through participating agency service agreements with the AID.

The Department of Agriculture will thus become increasingly involved in providing technical assistance in agriculture and related fields. We will be able, too, as the President said, "extend to world problems in food and agriculture the kind of cooperative relationship we have developed with the States, universities, farm organizations, and private industry."

Senator TALMADGE. May I ask a question at this point?

The CHAIRMAN. Yes.

Senator TALMADGE. Does the Department of Agriculture contemplate sending county agents to all the various countries that participate and request our assistance throughout the world?

Secretary FREEMAN. No, sir.

The CHAIRMAN. Educating some.

Secretary FREEMAN. It contemplates that some county agents might be used for that purpose in some places. Frankly we are right now

trying to recruit some good county agents to go to Vietnam. They are needed there as much as more troops, if we are going to win that war.

Senator YOUNG. If you would yield there, I was in Vietnam 4 or 5 years ago and again about 2 years ago. Until the last year our agricultural people could travel all over Vietnam. I went to places that the Ambassador thought I was foolish to go to. He thought that I was running a lot of chances. The people of Vietnam liked our agricultural people, and they were friendly to them. I understand as late as 6 or 8 months ago that our agriculture people had no problem traveling around even in Communist-held areas. It is too bad that we waited all these years to do something about rural Vietnam, because this is where the war could have been won long ago and will have to be won.

Secretary FREEMAN. I quite agree.

The CHAIRMAN. Proceed.

Secretary FREEMAN. Effective encouragement of self-help.

The new Food for Freedom program can truly be an instrument under which the millions of lives that are now threatened by famine under present trends can be saved. But this will result only if it proves effective in changing those trends by stimulating, encouraging, and if necessary, insisting on effective self-help measures. This may mean agreements for no longer than 1 year, with provisions for periodic reviews of progress made toward self-reliance.

A FORECAST

I should like to conclude this testimony by sharing with you my own forecast of the course of this new war against hunger—a view of the potential outcome of the frightening race between population and food supply.

I make this forecast in the light of another explosion that has taken place in our generation—one that can hold far greater meaning, and that certainly holds far greater hope, than the explosion of population. I refer to the explosion of knowledge that characterizes our times.

Science and technology have progressed so far that it is now physically possible to produce enough for abundance for all.

But science and technology have likewise progressed so fast in the physical and material fields that our knowledge about the social, economic, and political relationships necessary to realize that abundance has not caught up.

This gap lies behind one of the most significant statements that I find in the World Food Budget, 1970:

The race is not so much one between population and food supply but a race between what could be done and what will be done.

What could be done has been largely determined by scientific and technological progress.

What will be done can be influenced in a large measure by how you, in this committee, take the lead in launching an all-out war on hunger by passing the Food for Freedom Act of 1966.

Under this Food for Freedom program, I foresee, in the years ahead:

A likely increase in our food aid programs, as they are used to meet the deficit in developing countries making a major effort to increase their own food production.

A consequent corresponding increase in American farm production, responsibly carried out under our flexible farm programs. As I see it, some, but not all, of our diverted acres will be needed in the years immediately ahead.

A gradual shift from aid to trade, under which our declining exports for Food for Freedom would be more than made up by increasing exports on commercial terms. These increased exports for dollars would be a product of the development that our food aid has helped to bring about.

As agricultural progress would stimulate accelerated economic growth in the developing nations I would hope to see higher standards of living, rising incomes, and a growing volume of international trade. As poverty, dependence, and insecurity decline, and as more of the developing nations become able to stand on their own feet and enter the international commercial market, I would expect a more rational pattern of international trade to develop. That would mean, for the American farmer, a very substantial increase in our exports of those commodities for which we have a real comparative advantage.

The CHAIRMAN. This is almost verbatim what has been said about the present law—about assisting countries with our technology and funds—that it would mean more trade for us, but it hasn't worked that way, Mr. Secretary.

Proceed.

Senator AIKEN. Mr. Chairman, I would like to ask a question.

The CHAIRMAN. We are not through yet.

Secretary FREEMAN. I just have a couple of more lines.

Most important of all, I would look forward hopefully to a future of peace and freedom, where—

Peace would be more secure;

And freedom more widely cherished—

because the fear of hunger no longer threatened the people of any nation.

The Food for Freedom program proposed by President Johnson less than 2 weeks ago is directed toward that goal. Its appeal has already aroused deep interest around the world.

I have seen cables and reports telling of that appeal. I have personally seen the hope that kind of program offers to the peasants in Vietnam.

The United States of America today has an unparalleled opportunity to use its abundance to the benefit of all.

Mr. Chairman, and members of this committee, the bill—and the opportunity—are in your hands.

The CHAIRMAN. Mr. Secretary, I want to compliment you for your presentation. Now as I understand the main difference between the bill you are proposing, at least one of the main differences is that you strike out the language now in the law requiring that the commodities be in surplus?

Secretary FREEMAN. Yes.

The CHAIRMAN. That is the main provision. It is more or less left to the Department of Agriculture to fix the amounts necessary to carry out this program as well as the amounts necessary for domestic consumption and foreign export and carryover?

Secretary FREEMAN. That is correct.

The CHAIRMAN. I noticed also that the amounts authorized are about the same as last year, except in one category, and that is under title 3 of the old act, which provided I think for 400 million maximum. You have it 800 million.

Secretary FREEMAN. No, sir. If I remember rightly, you are referring to title 2 that used to be 400 million.

The CHAIRMAN. Excuse me, I meant title 2.

Secretary FREEMAN. And title 3 was unlimited.

The CHAIRMAN. Yes.

Secretary FREEMAN. And we have lumped the two and put a \$800 million limit.

The CHAIRMAN. Does that mean for a disaster?

Secretary FREEMAN. That means for disaster and for our voluntary distribution.

The CHAIRMAN. Do you know how much we spent under disaster in the past year? Have you any recollection?

Secretary FREEMAN. I don't have it.

The CHAIRMAN. Will you put that in the record at this point?

STATEMENT OF CLARENCE R. ESKILDSEN, ASSOCIATE ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ESKILDSEN. The disaster feeding varies by year to year. It would average about \$100 million a year.

The CHAIRMAN. So what you are really doing is combining the disaster part.

Secretary FREEMAN. The economic development part.

The CHAIRMAN. The economic development part.

Secretary FREEMAN. And the humanitarian feeding part, the relief part.

The CHAIRMAN. As I understand the authorization, it would be possible for you to handle \$2.5 billion under title 1, and \$800 million under title 2.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. That would be about \$300 to \$400 million more than the authority that you had in the past, and the amount of money that you spent for relief under title 3?

Secretary FREEMAN. It is that much more. Actually I think under the current Public Law 480 there is even more authority.

The CHAIRMAN. Yes.

Secretary FREEMAN. Because there was no limit on title 3.

The CHAIRMAN. Yes, but you had to have a disaster in order to be able to —

Secretary FREEMAN. No, not under title 3. Title 3 is the program of CARE, the Red Cross, Church World Service —

The CHAIRMAN. You still have that though.

Secretary FREEMAN. We still have it, but now there is a limit of \$800 million.

The CHAIRMAN. But you kept within \$400 million in the past. For disaster relief the average that was just stated was \$100 million.

Secretary FREEMAN. You are talking about title 2, Mr. Chairman, and I am talking about title 3. Under title 2 there was a \$400 million limitation. That was the disaster section. It was also the economic assistance section. Title 3 was the relief program.

The CHAIRMAN. Yes.

Secretary FREEMAN. That the voluntary agencies distribute food to the needy.

The CHAIRMAN. No limit on that.

Secretary FREEMAN. No limit on that.

The CHAIRMAN. But your expenditures there averaged about \$100 million.

Secretary FREEMAN. More than that. What would the average be?

Mr. ESKILDSEN. I believe, sir, that the combination of title 2 and title 3 in the past has run in the neighborhood of \$500 million.

The CHAIRMAN. Instead of eight?

Mr. ESKILDSEN. Together, yes.

Secretary FREEMAN. You are right, Mr. Chairman, a little bit more involved than what we have spent.

The CHAIRMAN. I understand. Now another change made was the elimination of the language that would permit you to deal with countries behind the Iron Curtain.

Secretary FREEMAN. Well, not really I think.

The CHAIRMAN. I mean you have modified it.

Secretary FREEMAN. We have modified it some, yes.

The CHAIRMAN. Can you point out any provisions in this act that would permit you to spend more than is now authorized?

Secretary FREEMAN. To spend more than is authorized?

The CHAIRMAN. Yes.

Secretary FREEMAN. Of current Public Law 480?

The CHAIRMAN. Yes.

Secretary FREEMAN. Well, I think that we could spend more under the current Public Law 480 than we could spend under the act as recommended.

The CHAIRMAN. Under the act as recommended, is it your view that you are limited to \$2.5 billion per year?

Secretary FREEMAN. Yes.

The CHAIRMAN. Plus the carryover in succeeding years?

Secretary FREEMAN. Correct.

The CHAIRMAN. And \$800 million under title 2?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. As far as you know, that is your—

Secretary FREEMAN. That would be the limit under the bill as recommended; yes, sir.

The CHAIRMAN. So that title II would authorize you to spend probably \$300 million more than you spent?

Secretary FREEMAN. Than we have spent.

The CHAIRMAN. Under Public Law 480.

Secretary FREEMAN. Yes.

The CHAIRMAN. When you would prescribe the number of acres, let's say, to be in cultivation for certain commodities, you would use as your guideline the amount of authorization in the pending measure.

Secretary FREEMAN. No. That would be a part of it, Mr. Chairman, but I think what I would do is I would attempt to work it out

and estimate the volume of, let's take wheat, which is the biggest item, that we would need in the food for freedom program.

I would need to have been working very carefully on a country-by-country basis to determine, based on the self-help principle, what other countries were going to do, what we should do in relation to this program in those countries, and then would take that figure into consideration.

The CHAIRMAN. What about what you would expect other countries to do for the countries in difficulty?

Secretary FREEMAN. I mentioned that. That would be part of it.

The CHAIRMAN. Would you object to tying that part of it in?

Secretary FREEMAN. No.

The CHAIRMAN. What would you suggest should be our proportionate share?

Secretary FREEMAN. I don't know, Mr. Chairman, what it should be. It is true, as Senator Young pointed out earlier, that in terms of food availabilities, why there are limits.

We, Canada, and potentially Australia, and France in part are the only real grain-producing countries in the world that have exportable amounts of grain. However, other countries can make available the elements that are needed, such as fertilizer and the seeds, technical assistance, and a host of other things.

Just what this formula is I suspect there is just no rule of thumb. This is going to be a matter depending upon the development program for the country in question.

The CHAIRMAN. As I understand it, you wouldn't object to a limitation on the amount that we should furnish in relation to other countries, because in the past the whole world has been looking to good old Uncle Sam, and we have been in the past, as you know, carrying most of the load.

Secretary FREEMAN. I quite agree.

The CHAIRMAN. With very little assistance from anyone. Even though we have nurtured back to health a lot of the countries of Western Europe, we don't seem to be able to get them to assist.

What bothers me in this new program is that while it emphasizes that we should receive cooperation from other countries in carrying this load of feeding the world, it does not specify the share we should contribute. In my opinion we ought to have some limitation, because if we don't Uncle Sam will continue to carry this load as he has in the past.

Now I have asked quite a few questions while you were testifying, and I don't want to deny others the opportunity. It is my hope, gentlemen, to try to get through with the Secretary this morning if we can. If we can't, why, we will have to get him up some other time.

Senator Aiken.

Senator AIKEN. I will help. No questions.

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. Mr. Secretary, how many people who are suffering from malnutrition are we now feeding in the world?

Secretary FREEMAN. We estimate that we are reaching with our various programs in excess of 100 million people in the world today.

Senator TALMADGE. What is the world's present population?

Secretary FREEMAN. Oh, there is about 2 billion plus people in the world today.

Senator TALMADGE. The figure is closer to 3 billion, isn't it?

Secretary FREEMAN. Is it three?

Senator AIKEN. About three.

Secretary FREEMAN. Yes, it is about three. I beg your pardon.

Senator TALMADGE. Of those 3 billion how many do you estimate are suffering from malnutrition?

Secretary FREEMAN. The best figure is between a half and two-thirds of them.

Senator TALMADGE. In other words, you are discussing a program that may involve at least a billion and a half people.

Secretary FREEMAN. Yes; in all its reaches.

Senator TALMADGE. And this burden will be placed on the shoulders of 195 million people in the United States.

Secretary FREEMAN. That is correct.

Senator TALMADGE. It will require a pretty substantial undertaking, will it not?

Secretary FREEMAN. No. Well, yes, a substantial undertaking but the cost involved here is difficult to predict with firmness, but as we plan ahead, the volume involved and the cost involved is not going to be significantly greater than that which we have had under the program already. And we are going to get, I think, a much more meaningful return for our investment.

Senator TALMADGE. You have said that our present food program is now reaching 100 million people, and you envision reaching, if the Congress enacts the Food for Freedom plan, a billion and a half at least. This means that our obligation would then be 15 times as great under the proposed program as under existing Public Law 480.

Secretary FREEMAN. But I think what you are assuming in your question, Senator Talmadge, is that we are going out to feed the whole world, and we are not going out to feed the whole world. Quite the contrary, the primary emphasis here is going to be to get the world to feed itself, and our food is going to be used as the instrument to accomplish that economic development along with other resources.

Senator TALMADGE. We had a little experience in feeding ourselves following 1865. Our livestock was slaughtered, as you know, and our homes were burned to the ground, and many of the able-bodied men were disabled or invalids, and our people went onto their scorched fields with hoes and planted turnip greens and collards. Don't you think we might encourage the world to follow the pattern that we followed in 1865 in the South?

Secretary FREEMAN. That is exactly what we are trying to do in the self-help program.

Senator TALMADGE. If we undertake to ship needy nations various food products, we will be forced to assume in addition to the costs of the food itself the cost of labor, the cost of fertilizer, the shipping costs, and the harvesting costs, all of which will be involved. But if you send agricultural technicians to these countries and teach them how to use a hoe and a hammer and stock and provide them with seed and teach them how to use fertilizer, it might help them acquire the know-how to feed themselves instead of relying on us to do it for them.

Secretary FREEMAN. Exactly.

Senator TALMADGE. Don't you think that would be a better approach than our sending domestic food supplies with all the costs that would automatically be incurred?

Secretary FREEMAN. Yes, sir; I certainly do.

Senator TALMADGE. Don't you think we ought to abandon our programs where we have been building expensive dams on rivers in Ghana and other countries and developing aluminum plants and steel mills in India, and other such industrial development programs of that kind, and instead concentrate on trying teach the underdeveloped nations how to feed their people?

Secretary FREEMAN. Exactly.

Senator TALMADGE. It would be less costly and much more productive, wouldn't it?

Secretary FREEMAN. Yes, sir.

Senator TALMADGE. I think that is the goal we should point our program toward, Mr. Secretary, instead of leading these unfortunate people of the world to believe that they can look to Uncle Sam to feed them, an undertaking which in my opinion is far beyond our capacity.

Secretary FREEMAN. I quite agree.

Senator TALMADGE. I don't think it is possible for the United States, as productive as we are and as efficient as our farmers are—and they are the most efficient in the world—to destroy all the malnutrition in the world, nor do I believe that is a burden the American taxpayers ought to or want to assume.

I am in favor of assuming a reasonable amount of this burden, but it appears to me that the objectives of the program that you have presented here this morning embodied in the language of the bill that you have presented, is far beyond our capacity to undertake.

Secretary FREEMAN. Might I respond to that by saying that I agree to the statement with which the Senator prefaced his remarks, and the program that is designed here is to use food carefully and selectively tie it to exactly the goals that you outlined in terms of the receiving countries, so that the volume of food involved in the earlier figures to which you referred would not be necessary.

But I envisage not trying to distribute another 60 million tons of seed grains. I don't think it is physically possible. I don't think it is desirable.

I think food would become a crutch instead of a stimulant. But rather to carefully and methodically say, "You have got to get your agricultural house in order. You have got to feed your own people. Our capacity to do it even as a matter of policy, if we decided to do it, is sharply limited in terms of the world's people." Therefore this becomes an instrument to be used along with others to accomplish the kind of progress that you just outlined.

Senator TALMADGE. Now how can we compel them to do that? The Congress of the United States doesn't have extraterritorial jurisdiction in passing laws, as you, of course, know. Nkrumah wanted a \$15-million palace and jet airplanes, while what he actually needed was food.

Secretary FREEMAN. In this instance, Senator, I would say consistent with this program and the whole thrust of the President's program

would be to say to Nkrumah, "No; no palace, perhaps no dam, no steel mill. What we are going to do, if you want some help to get your economic house in order, why we will try to give you some fertilizer, we will send over some county agents. In the meantime we will help you with some food. We will use some food to pay people on the job, to put in irrigation or drainage so your land will produce more, and the goal is going to be so you can get your own economy straightened around, not to shoot off in the ozone some place."

Senator TALMADGE. Who is going to say "yes" or "no", you, the State Department, or the AID?

Secretary FREEMAN. I expect we are all going to participate in that decision, but at least it is quite clear in this law there won't be any food made available unless the Secretary of Agriculture makes it available.

Senator TALMADGE. I think that you have demonstrated the will and capacity to say "no", in matters affecting our foreign assistance programs but I think AID in giving aid to 118 different countries to the extent of \$110 billion hasn't demonstrated those desirable qualities, nor has the State Department. Would you object to language in the bill providing that the Secretary of Agriculture shall make the final determination as to which countries shall receive this AID and which ones won't?

Secretary FREEMAN. As I stated in my testimony, as has been increasingly the case, and it is quite clearly understood that the Secretary of Agriculture will participate in the judgments and in the decisions made in relation to this on a country-by-country basis, and it is quite clear in the bill that there will be no food availabilities until the Secretary of Agriculture gives the word.

Senator TALMADGE. Now how will we go about undertaking a program where we distribute food that is not in surplus? I don't see how you can accomplish that unless you go out on the open market, buy the products for dollars, and then give it away to a foreign country.

Secretary FREEMAN. Well, you are absolutely right, and it is contemplated in the Food and Agricultural Act of 1965 that we will do exactly that in case of dairy if necessary, and if we are caught in a short supply situation, that means we can't live up to our commitments.

What I would envisage here would be the kind of leadtime in relation to this so that we would have the commodities available that would fit into the hardheaded approach on a country-by-country basis.

Senator TALMADGE. But this bill has no such limit.

Secretary FREEMAN. The limit of—

Senator TALMADGE. You have authority to buy any commodity as I understand it that you determine may be needed in some foreign country to aid their nutrition; is that correct?

Secretary FREEMAN. No; I don't believe so.

Senator TALMADGE. What is the limitation in the bill? Your testimony doesn't indicate that. You would have authority to send a commodity that is not even in surplus. Will you buy such commodities?

Suppose for an absurd example one of these countries decided they needed caviar to aid their nutrition program. Would you go on the market and buy caviar and ship it to them?

Secretary FREEMAN. I don't believe that I could, and can assure you I wouldn't.

Senator TALMADGE. Can you show me language in the bill that prohibits you from doing that? I believe you have your general counsel with you. Have him, if you will please, read the limitation on the purchase of nonsurplus crops.

Secretary FREEMAN. Basically here before these foods can be made available, why the factors as outlined, which are quite similar to those in defining surplus in the current Public Law 480 Act, I refer now to section 301, are set down, taking into account the productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

If we in the process of trying to buy in the open market, there was such a short supply that we would seriously and adversely affect prices, I think that I would not be able to act under those restrictions.

Senator RUSSELL. What is the section?

Secretary FREEMAN. Section 301.

Senator TALMADGE. Page 9. Then under section 301 it would be theoretically possible for you to buy caviar, if we had an abundant supply of it, as I understand this provision.

Secretary FREEMAN. Theoretically I expect it probably would.

Senator TALMADGE. Theoretically it would. It would also enable you to buy cattle.

Secretary FREEMAN. I think under that section it would be rather highly doubtful dealing with the present supply-and-demand relationship.

Senator TALMADGE. On the present basis.

Secretary FREEMAN. That is right.

Senator TALMADGE. Under present conditions you couldn't buy hogs, but if the corn-hog cycle works its will, about October or November you could.

Secretary FREEMAN. Conceivably I could, just as I guess I could under Public Law 480.

Senator TALMADGE. Under certain conditions you could buy then any food that you wished and distribute it to a foreign country.

Secretary FREEMAN. No. I would have to say, coming back, as you acknowledge, I couldn't buy hogs now. I couldn't buy cattle now. I think under section 301 when I became Secretary of Agriculture I could have bought hogs, under Public Law 480, because hogs were in surplus.

As a matter of fact, I contemplated buying hogs and canning them and using them as a way of getting hog prices up and getting corn surpluses down. I discarded the idea after careful thought, because I concluded it wasn't sensible, but I could do it, and I could do it under current Public Law 480. I think the reason I wouldn't do some of the things that you are submitting now is for the reasons that I haven't done it in the past.

Senator TALMADGE. The language is somewhat loosely drawn, and is subject to broad administrative interpretation; do you not agree?

Secretary FREEMAN. Yes, sir.

Senator TALMADGE. Sometimes under those conditions not you but other Secretaries have gone to great lengths, have they not, to shape

broad language to fit their immediate needs, regardless of the intent behind the written law.

Is there any program where nations are acting in concert on this problem, donating supplies of food to needy nations as we are doing? Do we have any negotiations going on with Argentina or with Australia or with New Zealand or with Canada or France to try to allocate this problem fairly among the various nations who have plentiful supplies? I think our attitude toward them should be, "What are you willing to do? Here is what we are willing to do."

Secretary FREEMAN. The biggest and the broadest effort to do that today is in the world food program of the FAO, where some 100 nations are making voluntary contributions of over \$300 million for food purposes and for economic agricultural development. That, of course, is a minor part of the total——

Senator TALMADGE. How many nations?

Secretary FREEMAN. About 100 nations.

Senator TALMADGE. What is the total amount involved?

Secretary FREEMAN. \$300 million.

Senator TALMADGE. One hundred nations, \$300 million, and you are talking about a program here of \$3.3 billion?

Secretary FREEMAN. The maximum.

Senator TALMADGE. That is a rather unfair burden to place on us in view of their performance, Mr. Secretary.

The CHAIRMAN. How much of that \$300 million do we contribute, Mr. Secretary?

Secretary FREEMAN. Forty percent of it.

The CHAIRMAN. Forty percent of it. So even of that \$300 million, we contribute 40 percent of it.

Senator TALMADGE. I think the self-help program is the most important feature of the bill, and should be vigorously followed up, Mr. Secretary. It has been a source of great disillusionment to me in connection with our foreign aid programs, that both the AID program and the surplus farm foods program have been going to countries which have not tried to help themselves, and so the problem has been getting worse instead of better.

Secretary FREEMAN. That is correct.

Senator TALMADGE. That has been true in India, and even worse in Indonesia and Egypt. They have burned down our Embassy and insulted our American Ambassador time after time. Nasser's Egypt shot down one of our unarmed airplanes. He is fighting an aggressive war in Yemen at the present time. Yet I understand we have an extensive aid program in effect with him now, haven't we?

Secretary FREEMAN. We have some agreement with him now.

Senator TALMADGE. How can we justify aid to Nasser's Egypt, in view of the situation in the world today?

Secretary FREEMAN. I wasn't privy to all of this, but I think there were some agreements reached that were consistent with the foreign policy of the United States, at least the President so determined, because the Congress authorized him to act in that instance if in his judgment it was consistent with our national interests and he so determined.

Senator TALMADGE. There is a sentence on page 19 that needs further comment and I quote from your statement, not the bill:

The Secretary would be authorized to adjust price supports, acreage allotments and marketing quotas to achieve the production necessary to establish and maintain reserves.

Does this bill give you complete authority to adjust acreage allotments in any way you see fit, or price supports in any way you see fit?

Secretary FREEMAN. No.

Senator TALMADGE. What authority does it give you that you don't have now?

Secretary FREEMAN. In this connection it says that it is the policy of the United States and the Congress, if it establishes that policy, that we should carry reserves.

Under current law, if we took the letter of the law in the charter of the Commodity Credit Corporation I would be mandated to dispose of every last kernel with no provision to carry anything over.

The authority really to adjust allotments and price supports is in the Food and Agricultural Act of 1965. There is where basically the authority to make these adjustments rests. The security provision merely says that as a matter of policy we should carry levels over, and then we would adjust our domestic program accordingly.

Senator TALMADGE. It doesn't give you authority to reduce price supports below the limit Congress is now specifying.

Secretary FREEMAN. No, sir.

Senator TALMADGE. Or to reduce acreages below the limits Congress is now specifying.

Secretary FREEMAN. No, sir.

Senator TALMADGE. But it would give you authority to increase acreage allotments and also increase price supports; is that correct?

Secretary FREEMAN. No. It would only give me authority as Secretary of Agriculture to carry as a matter of policy certain levels of reserves which I determined were in the national interest.

Senator TALMADGE. Now on page 25, at the top of the page, the first paragraph, I ask you if that language contemplated sending county agents throughout the world. You indicated that it did contemplate some; in particular Vietnam.

To what extent does this program contemplate sending further American agricultural experts abroad? First, how many American agricultural experts do we have abroad now, and how many do you anticipate this bill will ultimately require?

Secretary FREEMAN. Well, I am just estimating, and I would defer the question as to how many agricultural experts to Dave Bell when he appears up here, because this is under the AID Agency and not under the Department of Agriculture.

Senator TALMADGE. All you have is a foreign agricultural service?

Secretary FREEMAN. All I have is the foreign agricultural service with the attachés who have heretofore been primarily commercial in their mission.

Senator TALMADGE. They are not involved in giving technical assistance abroad.

Secretary FREEMAN. Generally speaking, no. Plus some assignments under this contract arrangement that I described earlier, where we have involved under contract how many, 100? Roughly 100.

Senator TALMADGE. Agricultural experts work under AID and not the Department of Agriculture.

Secretary FREEMAN. No; they work under the Department of Agriculture. Oh, generally speaking, yes. Those under contract work under the Department of Agriculture, and they are responsible to and the objective is set out in the contract. That is the difference.

Senator TALMADGE. Thank you, Mr. Secretary. I have no more questions. I congratulate you on your presentation.

The CHAIRMAN. Senator Young.

Senator YOUNG. Mr. Secretary, there was a news story a few days ago which didn't elaborate very much on an order which I understand you issued relating to the shipping of Public Law 480 surpluses in foreign-flag vessels that did business with North Vietnam. Was there such an order?

Secretary FREEMAN. I am not too familiar with this.

Mr. ESKILDSEN. Senator, there was an official announcement of this a few days ago, and we notified all of the purchasing missions of foreign governments that they would have to abide by this order with respect to what ships may be used.

It does provide, and I don't remember the exact wording, that as in the case previously of Cuba and some other places, ships calling at North Vietnam ports on or after, January 25, 1966, would not be permitted to carry cargo on U.S. Government-financed programs such as title 1. Exceptions may be made if the persons who control the vessel give satisfactory assurances that no ships under their control will henceforth be employed in the North Vietnam trade.

Senator YOUNG. I am all for this, but I am wondering how this will work out. Will they continue to do business there or will they look for continued business with the U.S. Government?

Mr. ESKILDSEN. Well, I think the example that we had before with Cuba will indicate that it is possible still to get a very considerable amount of shipping. However, I think that this order will discourage free world shipping from going into these places, which was the intention of the order.

Senator MILLER. Would you yield for a question?

Senator YOUNG. Yes, I yield.

Senator MILLER. I appreciate that. Mr. Secretary, I have three questions. I would like to read them and then would you supply the answers for the record?

Secretary FREEMAN. Fine.

Senator MILLER. The first is how would this program fit in with the world food program of FAO?

Second, how would it be coordinated with that world food program?

Third, why wouldn't it be better to let this program be carried out through FAO as a part of the world food program. I notice Mrs. Jacobson is here. I am sure you have thought about that.

Secretary FREEMAN. Yes indeed.

Senator MILLER. I think it would be helpful to us if we could get the answers.

Secretary FREEMAN. I will be happy to put that into the record.

Senator MILLER. I also appreciate your fine testimony.

Secretary FREEMAN. Thank you, sir.
(The information requested follows:)

1. How would this program fit in with the world food program of the FAO?

The Food for Freedom program complements the world food program. The bill submitted by the administration specifically provides for U.S. contributions to the world food program. Together with the support for the FAO found in the President's message to the Congress, and with the President's program for increasing participation of multilateral agencies, we can look forward to increasing responsibility on the part of FAO and the world food program.

2. How would it be coordinated with the world food program?

Both the world food program and the U.S. Government are working together to coordinate their efforts. This cooperation will continue and increase, since both are working toward the same goal, and since U.S. representatives are active as members of the Intergovernmental Committee that sets policies for the world food program.

3. Why wouldn't it be better to let this program be carried out through FAO as a part of the world food program?

The principal reason why the United States must have a food aid program of its own, on a bilateral basis, in addition to the world food program is that our program is so much larger than that of the world food program.

The United States lead the other countries in establishing a 3-year goal for the world food program totaling \$275 million, and even that goal has not yet been reached by the pledges already made. Compare this—\$275 million for 3 years—with our program approaching \$2 billion a year. In order to maintain a true multilateral character for the world food program there must be a more balance relationship between the amount contributed by the United States and the amounts contributed by all other countries. If we were to channel all of our food aid through the world food program the contributions of others would be so small a fraction that it would seem to be a totally American program. Yet the other nations have equal votes in its operation.

It has been assumed that a true multilateral character dictates that the United States should not supply more than one-half and preferably not more than 40 percent of the world total.

Our position, therefore, is to encourage the growth of the multilateral program as much as possible while still maintaining a proportionate share of the responsibility on the part of the donor countries. We will encourage the growth of the world food program as much as possible. We will continue to encourage other nations to have their own bilateral assistance programs to help share the burden. Meanwhile, with world food needs as great as they are, we will also carry out our own Food for Freedom program.

The CHAIRMAN. Mr. Secretary, in answer to a question asked by Senator Talmadge, you said that your authority more or less was in the Food and Agriculture Act of 1965.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. To carry out this program.

Secretary FREEMAN. Right.

The CHAIRMAN. Now in the bill that we are now considering, that is the one to establish the reserves, you have this language in section 4:

Notwithstanding any other provision of law, the price support level, the acreage allotments and the marketing quotas for any agricultural commodity may be increased above that which otherwise would be established for such commodity to the extent that the Secretary determines necessary in order to obtain production needed for the establishment and maintenance of the reserve established under this Act.

Now would you like to comment on that in trying to justify your answer to Senator Talmadge? You seem to be overriding the 1965 act there, or you could if you desired to. Your answer was that you propose, as I remember it, to act under the Food and Agriculture Act of 1965.

STATEMENT OF CLAUDE T. COFFMAN, DIRECTOR, FOREIGN AGRICULTURAL AND SPECIAL PROGRAMS DIVISION, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. COFFMAN. Would you like me to comment on that? Mr. Chairman, under our laws they now provide for setting allotments to grow enough to meet domestic needs, exports, and the carryover.

Now some of those are rather specific about what an adequate carryover is. It was our thought that while possibly we could construe this reserve as a part of the carryover and make the adjustment without it, that we should have this language to make it clear that this would be regarded as the adequate carryover rather than some that are now in the statute. And this is not intended to override say the maximum of 90 percent of price support. But as you know, some of those levels of price supports you set between certain levels.

Now some of the factors that we are authorized to take into account are specified in the act. They do not, however, include this. We thought that this then would be one of the factors that the Secretary could take into account in deciding at what level between 60 and 90 percent, for example, that he would set.

The CHAIRMAN. Well, there has been a lot of trouble in the past, and I thought that the 1965 act would be a cure-all, I am afraid that a thing like this will get us back in trouble.

Secretary FREEMAN. I think this language could be improved, Mr. Chairman.

The CHAIRMAN. I know it can, and I expect to do it.

Secretary FREEMAN. Yes.

The CHAIRMAN. Proceed, Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman. I was in India and Pakistan and a number of other areas in December of last year. I visited with Mr. Shastri, who is dead, and I think every major official of India, including Mrs. Gandhi. At that time she was Minister of Information. She had no particular interest in this problem.

I sensed a rather lack of desire to do some of the things that I think they have got to do and that we are going to have to persuade them to do, and I say persuade them because we can persuade them and we are going to have to persuade them to save themselves, in my opinion.

I also spent about a half a day with Ford Foundation officials who are spending about \$100 million in India, and with the Rockefeller Foundation people who are there, and they have both done a marvelous job in my opinion.

One of the things that they are working on is birth control, and I think that is one thing that we are going to have to insist upon being expanded, because we have helped extend their lives, but with the birth rate up and longer life expectancy, it takes more to feed them.

Secretary FREEMAN. That is correct.

Senator JORDAN. I think they have shown not only a desire but a determination to do what they want to do with our money and our food, rather than do what they ought to do. Any nation that can't feed itself is doomed to trouble, there is no question about that. And they are not doing it now, largely because of a lack of rain there, but they had a deficiency before.

One of the things, and I think we are going to have to take our AID program and the whole business and just say, "Now this you must do to save yourselves." Their foreign investments, you know what it is. They insist on owning 51 percent of all the corporations that come in there, which gives them control, and they set the price on what they are going to sell for. No American or anybody else who has any brains will invest their money over there under those conditions.

They should change that and then foreign investments will go in and develop a great many things that they need very badly. They have shown a lack of desire to build fertilizer plants. They are building a couple now I believe, aren't they, maybe three?

Secretary FREEMAN. Yes.

Senator JORDAN. Fairly sizable fertilizer plants.

Secretary FREEMAN. And the restrictions to which you refer have been removed. The requirement of 51 percent of Indian ownership has been removed. The requirement of Government price setting is removed, and the requirement of aluminum markets has been removed, and the fertilizer business has been turned loose very significantly in the private sector of the economy.

Senator JORDAN. That is one thing that I told them specifically that I was going to recommend, on our foreign aid program and our food too.

I think they have both got to be tied together, because they were just hopeless with those restrictions. They still wanted to build airplane factories and they are building one. Russia is helping them build it, and steel mills, and they want to export that.

They are taking some of the AID dollars that we have given them, not the Public Law 480 money, but some of our AID money, and buying stuff that they ought not to be buying.

One thing they need is more dams to hold more water, so that when these typhoons don't come, they will have some water to carry over. And they need drainage ditches and canals for irrigation, because they have got to have it, if they are to ever develop their agriculture.

Sending agricultural experts to help them, I think, is very, very wise. The Mexican hybrid wheat seeds were sent to India. This has helped them a great deal. But they ought to be producing in their own fields their own hybrid seed, because they can't keep on buying them from Mexico or elsewhere.

They must have cash to do that. That is something we are going to have to teach them.

This transmigration of the soul business has got them all fouled up too. They will hardly kill a fly. It might be a grandmother. That is true. Senator Cooper knows that. Cows wander all around eating up everything in sight, and if a cow gets in a man's cabbage patch, she eats that.

Senator COOPER. You can't change that any more than you can change Methodism.

Senator JORDAN. I know that, but some of these things can be done. I think we are going to have to tie restrictions into it saying, "You are going to have to do these things." That is the only way we can get it done, or they are going to keep on doing largely what they have been doing. Your program that you have outlined here is the answer

to many of the problems, but we are going to have to say to them, "This is it."

As long as we sort of yield to them, they just do it the other way. Another thing, too many of those people down there don't know that we are helping them up here. The Peace Corps is doing a pretty good job of teaching. They were teaching them how to raise chickens, but the trouble was they didn't have anything to feed the chickens. They didn't have enough food. It all goes together. Food is food, I don't care what it is.

I think that part of your program is absolutely necessary. It will have to be done, if they are ever going to get themselves out of the hole that they are in, and they are going to have to do it for themselves. We can't do it forever. That is all I have to say.

The CHAIRMAN. Senator Bass.

Senator BASS. I can visualize, Mr. Secretary, how we are going to raise the commodities and how we can finance this by going a little further in debt maybe. But I want you to tell me now, after this food gets to this port in this country, how does it get to the people?

Secretary FREEMAN. It will get to people programatically much the same as it does now.

Senator BASS. But it is not getting to them now, and that is the problem.

Secretary FREEMAN. Under title I it is distributed through the normal commercial channels of distribution. It is sold just like a commercial sale to that country in question.

Under title II, where we have our disaster programs, that speaks for itself. That is a feeding program. Our food for work is involved—

Senator BASS. I am talking about the food we are going to give them. I am not talking about what we are going to sell them.

Secretary FREEMAN. This is what we are giving them.

Senator BASS. I am talking about the food that we are donating.

Secretary FREEMAN. I mean the work project food is tied into economic development projects like irrigation or roads and schools or new improvements is food that we give them, donate to them.

A big volume goes out with the voluntary agencies that are there for relief feeding purposes primarily, although they are now getting some economic development phases in as well, where it is distributed by CARE, Catholic Relief Service, Church World Service, Red Cross, and various agencies; voluntary agencies who take on the responsibility of getting the food to the needy people.

Senator BASS. This has been a problem.

I am not a world traveler, and I don't intend to be, but in every country that I have been in where we have been distributing food, one of the problems is letting the people know that we are distributing it, that we are giving it to them. It goes into, like you say, an agency, a church agency or this over here.

Now they happen not to go to that particular church, or if the people who are distributing it happen not to like the United States, they are giving it to them as though it were coming from their civic or charitable organization, and it only reaches that part of the community or that part of the hungry people that they want to reach, so they can sell their own image with it.

Now if you are going to give away 100 million tons of wheat, it is going to take about 5,000 Americans to give it away, if you get it to the people. This business of continuing to vote to send food into countries to be sold, pilfered, and pillaged by the people who are supposed to be giving it away to the needy has got to come to a halt, just like the business of channeling all of our foreign aid to the head of the country which is receiving it, because it is almost a mark of social distinction in many of these countries to see how much you can get for yourself, with these programs. They always have to keep a little aside in case of a revolt.

You need to set up an army of people similar to the Peace Corps, an aid corps or a food corps or something, to go into these countries and see that this food actually gets to the hungry people, without a certain amount of tariff being taken off for these various religious groups, and if the religious groups don't like the United States, they won't even let our label go on the food that is going into the community.

I am a Methodist, and if the bishop was giving away food over there, if a Methodist bishop was giving away food, he would want to make certain that the people thought it was coming from the Methodist Church. And the Catholics or anybody else are just as guilty.

And this business of distribution in my opinion is much more important than where it comes from or how we get it to this country. If we don't establish about 5,000 people to go out and distribute this food and to see that it gets to the right place and see that the equipment and fertilizer and all this other stuff is given in the right area, then you may as well forget the program, because you are just going to fester another sore and keep some of these people alive, while they are producing more people who will be born into poverty.

Do you have any ideas on how it is going to be distributed, or are you going to let them do it? Are you going to turn it loose at the ports and say, "here it is, take it"? If you are not going to control it after it gets into that country, I am not going to vote for it.

Secretary FREEMAN. Well, this program envisages selling it to the country or to commercial areas on a long-term credit basis instead of the soft currency sales.

Senator BASS. I don't want to sell it to them. I am not worried about that. I am talking about the food we are going to give to the people. What is the need? We have got billions and billions of these currencies in these countries now. We can't use them.

Secretary FREEMAN. That is why now the big volume is going to move, and the only way it can move is through the duly constituted commercial methods. The great volume—the amount of food that is given away through the voluntary agencies for relief purposes is a relatively small part of the total.

Senator BASS. Let's talk about the major part of the total and feed these people if they are hungry. The thing we are doing, we are making more fat cats.

Senator YOUNG. Will the Senator yield there? I want to support your position.

I was talking to a rather high Egyptian official recently. He made the same point. He said the trouble with the United States is when

they give something away, food in particular he said we give to the nation. The Communists are a lot smarter. They give it to the people, he said.

Senator BASS. Yes.

Senator YOUNG. Somehow they get their propaganda across to the people better than we do.

Secretary FREEMAN. The law now provides quite clearly—

Senator BASS. As an example, when the Soviet Union went to Cuba, do you know who went first? They sent dozens and dozens and dozens of technicians in there, before they sent any kind of aid, either military or economic.

And what we do is go over and dump it at the coastline and say, "Now you vultures, take this and handle it any way you want to." We are not getting it to the people that need it.

Secretary FREEMAN. I don't want to dispute you on that, but I am sure you will find some evidences where it has not been done. It has been as effectively handled as possible. I think on balance, the overwhelming majority of food distributed under title II by the voluntary agencies has gotten to the people that need it, and it has been identified as being furnished by Americans, and is labeled as required by law.

Senator BASS. I had a little experience where we sent a bunch of drugs to Chile when they had a big disaster. We sent them millions of dollars of drugs there. Do you know where the drugs went? They went to the commercial houses that were selling drugs, and they got them for nothing and then sold them to the people.

This has happened in country after country, and unless we can get some way to distribute this food and control the distribution of it, instead of giving it to these people who are just going to be vultures and to feather their own nests with it, then I just don't simply see how we are gaining anything by doing it.

I think you ought to start recruiting now. You visualize the passage of this program. Start recruiting now the people who are going to distribute this food, and be sure that if it is going to India, that we have got hundreds, thousands maybe, of people to go to India to see that the food goes to the right place, because there is no need of spending a billion dollars and not having it go to the right place. That is what is happening.

This is the thing that to me is the worst phase of all of our aid programs. Here is a man who has been an ambassador.

Senator COOPER. I would like to speak on this.

Senator BASS. And I will bet you he has seen time after time when aid has gone into a certain commercial channel over there in the very country that I am talking about, and I will let you go ahead and talk.

Senator COOPER. I know that the fact that I spent some time in India as Ambassador—a year and a half, but it has been 10 years ago—doesn't entitle me to know everything that is going on there now. However, I have been back there twice, and I have talked to their officials from time to time, and I have known about this problem ever since I was there.

First, I think I would be correct in saying, Senator Bass, and I think you will agree with me as will the chairman, that this food is dis-

tributed in this way: The food that goes in there that is given to the people by church organizations and voluntary organizations, is given to them. But the great bulk of the grain that is sent under Public Law 480 just goes into the regular trade channels of distribution. It is sold, the Government secures the proceeds, and theoretically at least uses part of those proceeds to repay us for the grain.

Now among other problems they have, and I will talk about India because it is probably typical of many other countries, are the unloading of food, the storing of food, the distribution of food, and their need for distribution facilities—so it is a difficult task to distribute the food properly.

I thought when I was there that India had as good a governmental organization as you will find in most developing countries, perhaps one of the best. I would say also it is, at the top level anyway, honest.

I am sure there is waste. I assume there is some corruption. And I don't know what our administration is doing to check on that. I would say that certainly they would never agree to our taking over the task of distributing this huge volume of food, nor could we assume such a large task.

As to appreciation, they consider, and I think wrongly, that just because they pay an infinitesimal amount for the food, that it is their food, and they should distribute it. They consider they have paid for it, and that they do not have to give public approbation all the time.

I felt when I was there that they did not give our country even the nominal—I wouldn't say thanks, but just acknowledgment—of what we did for them. I know I used to say, "We are not asking for thanks, but we would like for it to be known that we are undertaking a great task, in terms of money and in terms of our purpose."

Secretary FREEMAN. Senator, could I make a point there, please for the record?

Senator COOPER. Yes.

Secretary FREEMAN. I think the point you make is a very important one. I know it bothers the chairman, too, and it is obviously what Senator Bass has said and Senator Jordan, that we have not, because it has gone in through commercial channels, but for another reason.

That is because in the strong emphasis of the word "surplus," and our own domestic problems, a lot of these people have gotten the idea that they are doing us a favor by taking it up.

Senator COOPER. That is true.

Secretary FREEMAN. Because we don't know what to do with it. Now when I have gone to these countries, the first thing I say at a press conference is, "Look, the American farmers produce it and the taxpayers pay for it, and if you don't want it we won't send it."

Now under this new thrust of the current Food for Freedom program, believe me, the word is out, and the attitude of these countries has changed already, because they now realize we no longer have the galloping surpluses. The whole philosophy of "This is a surplus, we do you a favor by taking it" I think is eroding and it is one of the things I think that is important in this.

Senator JORDAN. May I interrupt a second? I talked to one of the Members of the Parliament, and he told me just exactly that. He said, "It is cheaper to give it to us than it is to burn it. You have to get rid of it somehow."

Secretary FREEMAN. That is right.

Senator JORDAN. I said, "Mister, who has been talking to you? The American taxpayer pays for that wheat." He didn't believe it, but I told him.

Senator COOPER. I think they are now in their second so-called planning period of 5 years—under which they set up their goals and their expenditures for 5 years. Of course they made a decision at the beginning to place emphasis upon their industrial development, rather than upon agricultural development. And they have been slow in seeing that they had to do more toward agricultural development—because actually as their income increases just a little bit, it puts pressure on food first, because people want to eat more. Then they have the problem of inflation.

I don't want to talk about myself. But during the time I was there, I did call to the attention of our Government this problem. And when I came back, I did introduce in the Senate, year after year, amendments to the foreign-aid program, to require that our country look at each country we aid to see if it was doing as much as it should in this agricultural field, to undertake the country-by-country study which you are now advocating. But that wasn't undertaken, and now we are at this point.

India has a very small amount of foreign exchange, and it did not want to devote that foreign exchange to building fertilizer plants and the importation of machinery and the importation of oil which they needed to run it. That is a decision they made.

Also, as you have said, there were a number of companies that came there from the United States, from Germany, from Britain, that wanted to build fertilizer plants, when I was there and later. But they would not accept them.

So this is the problem that you have got to devote yourself to, and it is not going to be solved quickly or easily. The task is to convince them, and other countries, that they must devote more of their resources to irrigation, to seeds, to tools and chemical plants, fertilizer plants—and that is going to take a period of time, even if they enter into it wholeheartedly.

But in the meantime there is the serious problem of this interim period, when our country is going to have to continue to furnish food just to keep people from starving.

Secretary FREEMAN. You have made a very good analysis, Senator. It is not easy, but I would say this: That I am encouraged by the somewhat close working relationships that I have had with the current Indian Minister of Agriculture.

Senator COOPER. Yes; I agree.

Secretary FREEMAN. Who I think is a strong and solid and sensible leader. And I have spent several days reviewing their agricultural program, and he enunciated it. I think it is a sensible one. It was accepted by the Parliament.

But it is a long, hard road, and in the meantime, as you very aptly put it, as we seek to use our food and our know-how, we also I think have some responsibility where the people are starving otherwise around the world, if we don't act.

The CHAIRMAN. Any further questions? Senator Russell.

Senator RUSSELL. May I just ask one question. On page 6 of your statement you spoke of the world food budget of 1970, to the effect that food aid is at best a temporary and inadequate measure. Higher food production is the only permanent way to overcome the food gap.

I would assume from that, that you are indicating that whatever we do is temporary, and it should be a diminishing contribution in a country. Now if that be true, would it not be permissible in connection with the authorization here, since all of us don't want to permanently engage in this, to provide for a diminishing authorization year by year, so as to emphasize that idea that we are not becoming a permanent structure, but that we are accepting only a temporary responsibility to enable you to bridge this gap and take care of yourself?

Secretary FREEMAN. I think as the statement of principle and direction and purpose that this would be very sound. But we do envisage that the amount of food used would move up, and then as economic development begins to take and commercial sales begin to climb, that the concession would move down and the commercial would move up. This would be the pattern in the future.

Now to measure that precisely enough to put limits on it year by year is another question. Certainly this is clearly the direction, and I hope it comes out in the testimony.

Senator RUSSELL. Now in connection with the sale for dollars, you are speaking about credit sales.

Secretary FREEMAN. I am speaking about—I foresee a repeat of what we have already enjoyed in Taiwan, in Spain, in Greece, in Japan.

Senator RUSSELL. Are those cash sales or credit sales?

Secretary FREEMAN. Those are all cash sales. Today Japan, for example, is our No. 1 cash customer, and we have moved very rapidly in Taiwan, and as I say, in Israel and in Greece. And in the long run the only market for American agricultural productivity is in the developing countries. That is the only market that can possibly absorb the tremendous agricultural productivity we enjoy.

I think this will happen, and we will one day look back at Public Law 480 and the Food for Freedom program as an interlude as we built the economic base upon which we can participate commercially.

Furthermore, it has been my experience that these countries don't want Public Law 480 or they don't want concessional programs. They are like any other human being. They want to stand on their own feet and be able to pay for it and buy it and have the pride of equal participation, but they don't have the horses yet, and I think this program will make that possible.

Senator RUSSELL. That is all.

The CHAIRMAN. Any further questions? If not, the committee will stand in recess until 10:15 tomorrow morning.

(Whereupon, at 12:45 p.m., a recess was taken until 10:45 a.m., the following day, Thursday, March 3, 1966.)

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

THURSDAY, MARCH 3, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Talmadge, McGovern, Montoya, Mondale, Cooper, Boggs, and Miller.

The CHAIRMAN. The committee will please come to order.

As most of you know, we are considering the Food for Freedom bill, and we have as the first witness Mr. Reuben L. Johnson.

Mr. Johnson, will you come forward?

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, members of the committee, on behalf of the president, board of directors, and members of National Farmers Union, I want to express appreciation to the committee for the opportunity to present the views of our organization on the Food for Freedom program.

Mr. Chairman, we have had the opportunity to appear before this committee on numerous occasions to discuss the program we have called in the past Public Law 480 and food for peace. I want to take this opportunity to extend our appreciation for your leadership in the programs that we have supported in the past.

We have reviewed all of the bills, including the bill of the chairman, relating to the extension and expansion of the food and fiber aid programs begun in 1954 with the enactment of Public Law 480. The authors of these bills, whatever the label—"Food for Peace," "War on Hunger"—have all recognized the worth of our food and fiber and have all embraced the concept of our organization concerning the program. Food is an instrument of our foreign policy and should be administered accordingly. The President's message gives full recognition to the concept and much more. In fact, in our review of the President's message on Food for Freedom, we find that the policies of National Farmers Union have been and are now in hearty accord with his stated policy and objectives. We commend him for his leadership. Parenthetically, it seems clear that the direction the President has chosen is the same as authors of bills now before the Congress with some additions.

We, therefore, will not attempt to comment on specific provisions of these bills but upon the areas of our special concern.

The worldwide demand for food today is unprecedented. The Department of Agriculture recently reported that again in 1965 world food output did not keep up with world food needs. In the underdeveloped countries, especially, food production is failing to keep pace with population growth. Therefore the world food gap is growing. Famine looms in India, where severe drought has desperately complicated an already serious food deficit. Such problems as India now faces dramatize the need and the effort that our Nation is making to help fill the food and fiber gap.

This increased use of food is made possible by the productivity of the American farmer and the abundance which makes it possible proves beyond doubt the worth of a system of agriculture, the hard core of which is the commercial family-type farmer.

In recognition of the great productivity of U.S. agriculture, President Johnson's message called for the Secretary of Agriculture to—

1. Increase the 1966 acreage allotment for rice by 10 percent.
2. Buy limited amounts of dairy products under the authority of the 1965 act.
3. Take action that will increase soybean production in 1966.

Farmers Union supported these changes all of which are possible under existing law. We have further urged an increase in the support price on manufacturing milk to \$4 per hundredweight and a more attractive feed grain program (1) to increase farm income, and (2) to get maximum producer participation in the program. We want our Food for Freedom program to work in concert with our farm programs and the concept of supply adjustment.

Supply adjustment can work to decrease or increase production.

President Johnson has sent to Congress a new Food for Freedom Act. Retaining the basic provisions of Public Law 480, the act proposed stresses the following:

1. Make self-help an integral part of our food aid program.
2. Eliminate the "surplus" requirement for food aid.
3. Emphasize the development of markets for American farm products.
4. Authorize greater food aid shipments than the current rate.
5. Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies.
6. Continue to finance the food aid program under the Commodity Credit Corporation.
7. Increase emphasis on combating malnutrition.
8. Continue to work with voluntary agencies in people-to-people assistance programs.
9. Provide for better coordination of food aid with other economic assistance.
10. Establish a national food and fiber reserve establishing the principle of the ever-normal granary.

He called for strengthening of the Food and Agriculture Organization of the United Nations, the efforts of the multilateral lending organizations, and the United Nations developing program.

Farmers Union recommendations and influence are to be found throughout the message. More than any other farm group, Mr. Chairman, we believe that Farmers Union's work over the years is to be noted in the recommendations of the President.

We applaud these new directions. Farmers have traditionally had a moral concern for the food needs of others—both in and outside of the United States. Jim Patton, president of Farmers Union, expresses it this way: "Food for myself is of material concern.

Food for my brother is of moral concern."

Farmers Union delegates to recent conventions have demonstrated their interest in Food for Freedom by directing their Washington staff to support our Nation's effort to use food and fiber to fill the urgent need of developing nations.

But one note of caution.

Food and fiber aid is costly and has to be paid for in dollars and at a price that will protect the income of farm families.

In a quarter century of abundant production, U.S. farmers have done all they were permitted to do to put an end to famine in the world through grain and milk made available through Food for Peace and the cash markets. Our food has been an important factor in helping developing nations help themselves.

Farmers have been providing this great service to mankind at a heavy cost as evidenced by the exhausting of rural capital and the distressing gap between existing low farm net income and decent American standard of living.

Therefore, Farmers Union urges that farm producers of food have the safeguard of an adequate price structure supported by government, where necessary, so that disadvantaged American farm families will not continue to subsidize international affairs as they are today.

In addition, our organization also supports these further basic concepts of Food for Freedom:

One. We want our food and fiber to be used as an instrument of foreign policy, and not administered as a means of ridding ourselves of commodities in "surplus" supply. In other words, we want to emphasize the positive rather than the negative as we go about administering our Food for Freedom program.

The CHAIRMAN. I want to point out that the present law was put on the statute books in 1954 as a means of disposing of our surplus commodities. Today it looks as though we are on the way out of our surplus position, that is, consumption is being balanced by demand for corn and other grains, including wheat as well as rice.

Now, are you ready to advocate that we embark on a program to increase production of these commodities for the special purpose of feeding hungry people abroad at the expense of the American taxpayers?

Mr. JOHNSON. Well, Mr. Chairman, I think this statement that I have clearly states the interests that we as farmers have. We are ready to embark on growing whatever food may needed based upon the—

The CHAIRMAN. Provided you are paid to produce it.

Mr. JOHNSON. Provided we are paid for producing it.

The CHAIRMAN. Yes; and that means quite a drain on the American taxpayers.

Mr. JOHNSON. Yes, sir.

The CHAIRMAN. And quite a drain on the potential of our soil.

Mr. JOHNSON. That is exactly why we want to change the whole concept of this program and look on it as a foreign aid program and not as a farm, f-a-r-m, program.

We feel that this is a step toward justifying the sharing of the costs by taxpayers generally.

Mr. Chairman, I think the remainder of my statement, which is not too long, will further amplify on this.

The CHAIRMAN. Proceed.

Mr. JOHNSON. Two. We want to arrange the bookkeeping so that the cost of carrying out this program is charged to the agency which has the responsibility for foreign policy.

Three. We want a substantial increase in the funds now available to pay for food and fiber aid, if that is the desire of our Congress, to continue this program.

Four. We want the use of food and fiber, in concert with other assistance, to make a lasting contribution to the ability of needy nations to feed their own population.

While we believe that we must act for humanitarian reasons, if for no other, to relieve current food shortages among friendly people, we are also keenly aware of the fact that we cannot travel this road forever.

We cannot, out of the resources available to us, as ample as they are, feed hungry people in the rest of the world over the long term.

Last November, I was privileged to attend the Food and Agriculture Conference in Rome, Italy, as an adviser to the delegation of our Government. I had the opportunity to meet with many agricultural leaders from other countries, and to discuss the problems of agriculture and of economic development.

Many of the developing countries, in getting about the job of economic expansion and development, want to span the century it took the United States to become an industrial power. They want to move as rapidly as possible into an industrial economy. Five or ten years is what many of them talk about. Many of them do not realize that a fully developed agricultural economy which will provide most of the food needs of the country is essential before industrial development can take place.

It interested me greatly that Dr. B. R. Sen, Director General of FAO, supports a policy of making additional food and other aid contingent upon expansion of food production and other self-help measures within the countries aided.

Many of the representatives of the underdeveloped areas were misled into believing that our farm programs enacted by Congress last year might curtail production to the point that we would be unable to continue our efforts to help meet food needs of their countries. I don't think they realized that at the time our storehouse of our abundance carries a price tag of nearly \$5 billion, and that we had just harvested a wheat crop in excess of a billion bushels. I don't think that they are aware, for example, that our total wheat carryover including CCC and private holdings, as of February 1, 1966, was 1,220 million bushels.

I don't think they realize either that farmers in the United States would not be in the business of producing this abundance unless they were able to make a profit from farming. One of the cardinal principles will be violated if it is assumed in all of our talk about using food and fiber aid that somehow or other we can meet the need that exists without regard to the need of protecting the income of the American farmer. It is quite obvious that the use of our food and fiber abundance in the Food for Freedom program is of benefit to everyone in our Nation, for it is through the use of food and fiber that we have been able in large measure to counteract the political propaganda that emanates from behind the Iron Curtain. We have demonstrated the worth of our democratic system of government by the fact that we are able to outproduce any other nation, and furthermore, have been willing to put our food and fiber to use beyond our own boundary.

Even with our greater ability to produce, there is a limit to what we, together with other agricultural nations, can produce and distribute to other nations. No nation has acted more generously toward her neighbors in the world than has the United States of America. Certainly, we want to continue to do our part, and more, but others must help in assuming the financial burden for this humane effort.

The CHAIRMAN. Who are those others?

Mr. JOHNSON. Other nations that have the ability to produce a surplus of food.

The CHAIRMAN. Along that line, how would you enlist their support?

Mr. JOHNSON. Well, Mr. Chairman, we have already made—

The CHAIRMAN. We have been trying now for the past 15 years.

Mr. JOHNSON. We made a beginning through the world food program which is administered by the Food and Agriculture Organization. We have increased—

The CHAIRMAN. You mean under U.N.?

Mr. JOHNSON. This is the Food and Agriculture Organization which is a specialized agency of the United Nations.

The CHAIRMAN. Do you know how much we contribute to the support of that agency?

Mr. JOHNSON. I believe their budget next year is something around \$125 million and we are providing most of these funds.

The CHAIRMAN. All right. FAO is another one in which the whole amount spent is about \$300 million and we put up 40 percent of that.

Mr. JOHNSON. That is correct.

There are limitations, also, in the nations we seek to aid. The need is urgent to expand their capacity to produce more food. Their lack of foreign exchange, their illiteracy, inadequate roads, and other modes of transportation, their lack of marketing structure and facilities, of storage and processing facilities, inadequate fertilizer resources, and antiquated land tenure systems are a few of the problems.

We know that food production can be increased in these countries. The U.S. Department of Agriculture recently made a study in several countries of the potential for increasing their food production. There is considerable optimism to be noted in their report. We, too, believe that food production can be expanded in these countries in a most dramatic way in developing nations.

We, therefore, strongly urge, Mr. Chairman, that the legislation reported by the committee give recognition to the use that our food aid can play in this effort.

This should be one of the main justifications of the program we should have, in our judgment.

In closing, we again urge that no action be taken that in any way will weaken our farm programs and that the sense of the Congress be that of paying our efficient farm families for their contribution to this effort. Food for freedom is a bold and dramatic program. It is worthy of the Nation's support and since it is of national significance it should be supported by all of our organizations in the interest of foreign policy objectives.

The CHAIRMAN. Well, have you any doubt that if this program is carried out as envisioned that the cost of our farm program would continue to rise or at least remain at the present high level.

Mr. JOHNSON. Well, Mr. Chairman, I think that the sharing of the cost of this program of Food for Freedom is the way to keep the budget for farm programs at a minimum. In the past all of the cost of Food for Peace programs have been charged to farmers. For example, the CCC pays the transportation on all these commodities and we have a provision that provides that half of these commodities must be shipped in American bottoms.

This is in the interest of another group and their department of government, Commerce Department. We would like to have you take a real hard look at how we can share some of these costs.

The CHAIRMAN. When you say "we," you mean the farmers?

Mr. JOHNSON. Yes.

The CHAIRMAN. But how about the taxpayers?

Mr. JOHNSON. Well, the Congress is going to represent the interests of the taxpayers and, of course, farmers themselves are taxpayers and as taxpayers they have an interest in this program. I think farmers are willing to share their cost as taxpayers if our Government decides that we can serve our foreign policy objectives through expanding this program, and furthermore, they are willing to produce the food. We have always viewed supply adjustment as working two ways.

We can increase it or decrease it as the need arises. All we are saying here is that we don't want to have our Government move to take on obligations overseas to feed other people, loading the cost of these programs on the farmers' already sore backs.

The CHAIRMAN. Any further questions?

Senator TALMADGE. No questions.

Senator COOPER. May I ask a question?

The CHAIRMAN. Off the record.

(Off the record.)

Senator COOPER. Mr. Johnson, I appreciate your statement all the more because it is short.

Mr. JOHNSON. Thank you. I always try to keep my statements short and to the point.

Senator COOPER. It is concise. We are starting to consider this program, and I might say that I have sympathy for its objective. But I think the Department of Agriculture and the farm organizations have got to be very frank about its consequences—and you have

raised one question about the cost. As the chairman said, it is not a question of simply shifting the cost from one agency to another. The cost is to the Federal Government and taxpayers.

Mr. JOHNSON. Certainly that is a concern of the Congress.

Senator COOPER. I think it very important that we know what the cost is.

Second, what is your idea about the way this reserve, the supplies which would be going to our aid programs abroad, would be financed? Would it be under the regular farm programs?

Mr. JOHNSON. Are you thinking of the national food and fiber reserve?

Senator COOPER. Yes.

If a reserve is set up, and a certain part of that reserve supply will be going into an aid program abroad, what would the farmer get for that additional production?

Mr. JOHNSON. We are assuming——

Senator COOPER. Would he produce at the world price, or under the regular farm programs for the domestic price?

Mr. JOHNSON. We would urge that the farmer produce for whatever use, independent use, might be made of this food under the regular farm programs and at the regular price that these programs provide for.

Senator COOPER. You mean for domestic prices——

Mr. JOHNSON. Yes, sir.

Senator COOPER (continuing). Or for the world prices?

Mr. JOHNSON. We, for example, have not supported the export price at which we are now supporting wheat. We worked last year to get an export certificate on our export wheat of 25 cents a bushel, and we feel that moving in the direction of putting farmers on the free market would penalize them and, in effect, load on them the costs of these programs. We are very strong proponents, as you know, Senator, of the bill passed last year and the programs it provides.

Senator COOPER. I voted for it. What I am trying to get down to now is that you have just said that farmers are prepared to help share the burden. Now, what part of this burden would they share? Would you insist that they produce this reserve supply or surplus to be used in the food program abroad at the domestic prices under our farm programs——

Mr. JOHNSON. Yes.

Senator COOPER (continuing). Or under the so-called world price?

Mr. JOHNSON. Under the domestic programs and at the price provided in these programs.

Senator COOPER. I have been interested in another thing. I have read, of course, President Johnson's statement, heard most of Secretary Freeman's statement, and after thinking about it, and studying the bill it seems to me that the Public Law 480 program—which was enacted in 1954 under President Eisenhower's administration and has been amended from time to time—is still the basis of this program. I can find only 2 items in the 10 that President Johnson mentioned, and which you have repeated, which are not specifically included or at least implicit in the present program.

I have just looked at them all. The only one that I can find is to eliminate the requirement that food aid be furnished from surplus commodities.

Do you know of any others different from the present Public Law 480 program?

Mr. JOHNSON. Well, yes. I think the establishment of a national food and fiber reserve is another one.

Senator COOPER. Well, of course that would follow elimination of the surplus requirement.

Mr. JOHNSON. There are several. The shifts in emphasis, I think, in the language in the President's bill. I would agree with you, it isn't an attempt—

Senator COOPER. That is a policy matter, which could have been determined at any time since the Public Law 480 program was enacted. As these surpluses were sold for local currencies and long-term credit throughout the world, the State Department, under the AID program could have insisted that these countries make a larger effort in self-help—and in the development of their own agricultural production. Isn't that correct?

Mr. JOHNSON. Well, I think the President's message speaks for itself.

Now—

Senator COOPER. I know it does. But I am asking you.

Mr. JOHNSON. Just looking here, Senator, he has provided, for example, more emphasis on nutrition. There is authority in this new bill to go out and buy commodities in the marketplace which we haven't had before. There is, as I mentioned, the establishment of the national food and fiber reserve and—

Senator COOPER. That is all built around eliminating the surplus requirement.

Mr. JOHNSON. Yes, but it expands I think—

Senator COOPER. Beyond the present program?

Mr. JOHNSON. It expands substantially, though, in terms of what the President has in mind in giving leadership to this program.

Senator COOPER. I understand that. We value that. But I am saying that these policy matters he is now speaking to represent an emphasis that could have been given at any time, and I think should have been given, under the Public Law 480 program and by the AID agency of the State Department.

Mr. JOHNSON. This is perhaps true. I wouldn't want to get into a discussion—

Senator COOPER. I am not one to quibble about it.

Mr. JOHNSON (continuing). On the technique.

Senator COOPER. The chief point in this bill, apparently, is to produce more food, beyond the present level at which it is declared to be a surplus in the farm commodity programs. It is to produce an additional amount for the purpose of furnishing food to the countries abroad, rather than sending what has accumulated or been declared as a surplus.

Mr. JOHNSON. Yes. I think another one of the very significant new directions which the President has set forth is the self-help concept on the part of some of these countries that we are aiding.

Senator COOPER. I just said that could have been done before. It has been urged for years that they do it, and they haven't done it.

Mr. JOHNSON. We haven't done it.

Senator COOPER. That is right.

Mr. JOHNSON. And we need to get about that job and I believe this is one of the most urgent and immediate needs of our Government. If they have got some way to make our food of lasting benefit rather than meeting these crises that come up, such as the one now in India.

Senator COOPER. I will just ask one more question, which is this:

In our farm programs, food and fiber are made available to other countries at the world price. I know we subsidize the farmer to make up the difference. At least in many cases we pay the farmer the difference between the domestic price and the world price. But if we engage in this charitable and humane program, don't you think that at least there are some farmers, with their increasing efficiency and yields and their large capacity for production, that could produce at a profit at the world price for this reserve?

Mr. JOHNSON. We provide some alternatives in our programs for farmers who want to stay out of the program and produce at whatever the market price is, and I assume that this provides sufficient latitude for those farmers who think they can go the market route without regard to farm programs to go that route if that is what they choose to do.

Senator COOPER. It isn't in the administration bill or in the program that has been submitted to us. From your experience, would there be any possibility of having such a provision written in the bill—that such farmers as desire to produce at the world price, and thereby as you say help join in this program, could do so?

Mr. JOHNSON. We don't think we need any more authority of that type, Senator. We have got programs now in cotton and feed grains through which farmers can produce for whatever the market price is, and in my judgment this is going to be closely related to what the world market price of these commodities amounts to.

Senator MCGOVERN. Would the Senator yield? They can't do that without sacrificing the domestic price support protection under the present law.

Mr. JOHNSON. That is true.

Senator MCGOVERN. I think what Senator Cooper is getting at is, could we not have some provision whereby farmers could be protected on what they sell in the domestic market and yet participate in this program at a somewhat lower price? They can't do that under the present law.

Senator COOPER. That is right. That is the reason I raised this point.

The CHAIRMAN. If we did that we would change the entire concept of the highly touted act we passed last year, the 1965 act.

Mr. JOHNSON. Perhaps I didn't clearly understand what you meant. We would be opposed to moving in that direction.

Senator COOPER. My question is this, Could not the present farm commodity programs be maintained and protected as to domestic production, but if farmers wanted to go into additional production, let them make that choice and produce at a lower price, perhaps the world price? Some farmers could not do that economically. Others

with large capacity might be able to do it. You have referred to a contribution by the farmers, which that would be, they would also make some money out of it, and it would also reduce the cost of this program.

Mr. JOHNSON. Well, Senator Cooper, there may be some farmers that would go into this but I feel that there would be very little that farmers could do to give more than they are giving and we do, as I cited, have some alternatives for farmers that want to stay out of our programs in the bill passed last year.

We feel that is sufficient. The fact that farmers in this country have been able to produce our great abundance seems to me to be a very valuable contribution to our posture in this whole effort to meet food needs in other countries.

We feel they are already contributing immeasurably and beyond even the call of duty to financing these programs as they are presently structured.

The CHAIRMAN. In answer to a question by Senator Cooper as to any other changes in this bill, I am sure you are acquainted with the change made with respect to sales made at a rate of exchange different from what the actual exchange is. For instance, in Poland we are able to obtain today I think 55 zlotys for a dollar, but their legal rate of exchange is 22 to 1. And what these countries have been doing was to buy at the legal rate of 22 to 1 but in other transactions it is 55 to 1. So we took a loss not only of the difference between support price and world price but on the exchange rate. This committee 2 or 3 years ago tried to correct that and did write language in the bill to sell to foreign countries at a more realistic exchange rate, but this is taken out of the bill, Senator Cooper.

And also another thing, another change suggested is that the rate of interest for the loaning of this money to the host countries be not greater than what is provided in the foreign aid act which could be as low as three-quarters of 1 percent. So that if this change is made, it would be possible for our food to be sold at world prices which would represent a heavy loss to us.

It could also be sold at unrealistic exchange rates and the rate of interest could be three-quarters of 1 percent which hardly pays for the administration of this program. So those are changes that have been made to what is contained in the old law.

Any further questions?

Senator MCGOVERN. Mr. Chairman, just one question. Maybe this should be directed to administration witnesses rather than Mr. Johnson. He makes a point about the bookkeeping costs should be charged to the agency which has responsibility for foreign policy. Apparently, he means to transfer the costs from USDA to the foreign-aid program. One of the problems with that, and that has been proposed before, as you know, is that it is hard for one agency to have control of the operation of the program to the extent that the Department of Agriculture has control, and yet put the budget cost over in another department. Partly because of that dilemma and also because there is an overlap between foreign policy considerations and domestic agricultural considerations, I put an arrangement in my bill where there would be a White House director of this program and the

appropriations would be made to the President. I believe that there should be a director. President Eisenhower had Paarlberg down there as a kind of a coordinator of the program and we have got Mr. Reuter there now as Director of the Food for Peace program, but the idea of that was to try to represent both the interests of foreign policy and also to protect the interests of the American farmer, of American agriculture, without disturbing these existing arrangements that leave the Department of Agriculture primarily in charge of the operations.

Do you have any feeling about that possibility as a way out of the dilemma here?

Mr. JOHNSON. Well, Senator, I think that something should be done. I frankly have always felt that there should be a White House Office in this whole area, and that the Director of this Office should somehow or another be able to corral various agencies involved and determine their respective roles.

Now, I don't know whether all of these food costs could be charged up to farm policy. Perhaps not. But somebody ought to be sitting at a point where they can decide on appropriate sharing of charges of these programs. Transportation, for example, certainly ought not to be charged up to the Department of Agriculture, particularly since we have a 50-50 shipping provision. Some other agency of Government ought to share part of it. I do know that even though you get the bookkeeping in the Department and charge the costs of this program that relate to the national welfare and show that these programs are for school lunch and school milk, we still are faced with the problem of having our critics when they show the expenditure of the Department lumping all of the expenditures for agriculture and consumer programs into one big pile and projecting this as being a program which should be—which is charged to the agriculture. Anything that you can do here to help us provide for some kind of a system to show the cost of these programs that actually are in the interests of all of our Nation as that kind of expenditure, as contrasted with a farm program cost, would be helpful.

Senator MCGOVERN. I think your statement points up the double nature of the program. You talk about providing an adequate safeguard for the price structure to the American farmer. I think that is right. Then you say this program is basically an instrument of foreign policy.

Well, it seems to me where you have programs that so clearly overlap both departments that there does need to be somebody who sits above both departments and provide some degree of——

Mr. JOHNSON. I would agree with that.

Senator MCGOVERN. I think it is inevitable that there are going to be disputes develop between the State Department and Department of Agriculture. They don't have the same mission in the world.

Mr. JOHNSON. That is true.

Senator MCGOVERN. One department is supposed to take care of the American farmer primarily and the other is supposed to take care of our interests overseas. It just seems to me some kind of overall director is needed.

Mr. JOHNSON. I would certainly agree with that, and we would like to urge the committee to give careful consideration to a means to this end.

The CHAIRMAN. Any further questions?

Senator BOGGS. Mr. Johnson, I agree with you about the emphasis on self-help, but I was just wondering, do you visualize any additional methods of self-help in addition to those already possible and authorized?

Mr. JOHNSON. I don't have anything specifically in mind. I would emphasize the need for greater coordination of programs that we have, the AID program, with the food aid programs, so that you can get the greatest mileage out of nonfood aid and food aid in providing the infrastructure these developing countries need to increase their food production.

Senator BOGGS. Just one other thing. In your last paragraph you mentioned that "we again urge that no action be taken that in any way will weaken our farm programs." I was wondering if in that statement you had a couple of red lights in your mind.

Mr. JOHNSON. Yes, I do.

Senator BOGGS. What did you mean by that?

Mr. JOHNSON. I would be very happy to comment. You know, right now, Senator, we have campaigns out in the country that seem to be over broad areas in some locales, to tell farmers that they don't need to participate in feed grains and wheat programs any more, that somehow or another we are going to solve all these problems by shipping our food overseas. We feel that it would be a mistake on the part of the farmers to attempt to read into the program now the possibility of a greater volume of production than we can manage and get the money to pay for. Farmers have a tendency to do this because they are producers and they want to produce. So our organization is encouraging farmers to stay in the feed grain program and to stay in the wheat program and cotton program and to see the money laid up on the line in terms of paying for these programs before we start to take upon ourselves the expansion of production.

The Secretary of Agriculture can expand production and he will expand production as these commodities are needed, and he can do this in a way which does not interrupt the market in agriculture, does not interrupt farm programs, but makes them work in concert with this Food for Freedom program. That is what farmers need to appreciate and understand today.

Senator TALMADGE. Will the Senator yield at that point on that?

Senator BOGGS. Yes.

Senator TALMADGE. Mr. Johnson, don't you think that this broad ambitious program may mislead some farmers to believe that they are going to be able to plant their entire farm from fence to fence in all commodities on the theory that they have the responsibility of feeding a billion and a half hungry people all over the world, which is definitely the wrong impression as to what we are capable of undertaking or even should attempt to undertake under this program?

Mr. JOHNSON. I think it already has.

Senator TALMADGE. I do, too. I agree with you because I have found considerable misconception on the part of the farmers. The Secretary testified yesterday that we are reaching approximately a hundred million people now with our food program overseas. He further testified that we have about a billion and a half people overseas

who now have an inadequate diet. So if this program were carried to its ultimate dream, it would be expanded fifteenfold what we are already spending on our foreign food program which is, I think, something on the order of a billion seven hundred million dollars a year. Thus you are talking about a dream that could ultimately involve substantially greater costs.

Are you of the opinion that such an ambitious program with its tremendous obligations can ever be accepted and fulfilled by our taxpayers and farmers?

Mr. JOHNSON. Senator, these are questions I think that the legislative process, one of the aspects of which is this hearing here today, will ultimately solve. I would not want to make a prediction. I would say that the time may come when we have to expand this program and perhaps it is here now.

All I am saying is that when that time comes, we hope that this committee and other committees concerned will see that the American farmer gets rewarded for his contribution through his great efficiency to this effort.

Senator TALMADGE. Thank you.

Senator MONDALE. Mr. Chairman, the National Farmers Union, then, is endorsing the President's Food for Freedom program but expressing the hope that it will be structured in such a way that the American farmer will receive a decent return on the increased production required to meet that share of the world food needs which we feel we can afford to meet.

Mr. JOHNSON. That is an excellent summary statement of our position, Senator.

Senator MONDALE. And I applaud the Farmers Union for its position. I think it is typical of the vision of your organization.

Yet what suggestion do you have for changing the program to guarantee the farmers a fair return for this increased production?

Mr. JOHNSON. I would suggest in the short range that we don't do anything to weaken the commodity programs that Congress provided for us last year.

Senator MONDALE. At that point hasn't the Secretary said pretty clearly that he does not desire any weakening of the farm program that we have.

Mr. JOHNSON. Yes. As a matter of fact, I heard him speak to a group of Farmers Union people from Iowa in the patio of the Department of Agriculture yesterday and he made that point. I do not mean to imply here that we feel that the Secretary is going to run off and leave our concept of what farm programs ought to be.

Senator MONDALE. As a matter of fact, there has been a debate in the past as to whether that was intended, and the Secretary has repeatedly taken the position that the domestic farm programs must be maintained.

Mr. JOHNSON. Yes, and I am here to back him up. We have some people in our Nation who make their living selling supplies to the farmer—seed, fertilizer, and all of the inputs—and these are the people I think we have to be careful about listening to at this particular time. Their interest is in all out production, and this includes some of the processor groups.

This is the reason I took this opportunity to comment about some of these concerns that we have. We want you to help us watch this group.

Senator MONDALE. Do you have a suggestion as to how the administration's proposed bill might be amended to protect the American farmer from the fear that you have expressed that the farmer might not receive a fair return on his effort?

Do you have a suggestion?

Mr. JOHNSON. I believe that an expression of the policy of the Congress concerning the concept of supply adjustment would be helpful to the American farm community. In other words, your view that supply adjustment programs are vital and that we can use the approach that we have adopted as our national policy through the Food and Agriculture Act last year for either expanding production or reducing it as the situation may require.

This might be helpful. I would be very happy to give some thought to specific suggestions. We are going through a process of adopting policy at our National Farmers Union convention very shortly and will bring back to the committee suggestions that may come out of our discussion.

Senator MONDALE. I would certainly appreciate any suggestion you might have along that line, because I am sure that no one on this committee wants the American farmer to be in a position where he is penalized for the success of a program that depends entirely upon his productive capacity.

Mr. JOHNSON. We appreciate very much your concern and I will attempt to try to bring more information to the committee.

The CHAIRMAN. May I suggest that yesterday when the Secretary of Agriculture was on the stand, I questioned him as to the point you are raising and if you look at section 4 of S. 2932 you will see that—

Notwithstanding any other provision of law, the price support level, the acreage allotments, and the marketing quotas for any agricultural commodity may be increased above that which otherwise would be established for such commodities to the extent that the Secretary determines necessary in order to obtain production needed for the establishment and maintenance of the reserves established under this Act.

In other words, if he can find any other methods than those provided for in the present 1965 Agricultural Act, he could use them. So as far as I am concerned, I want to limit him to the 1965 Agricultural Act that we passed last year. Let that be his guideline.

Any other questions?

Thank you very much.

Mr. JOHNSON. Thank you, Mr. Chairman.

The CHAIRMAN. All right, Mr. Norton.

Senator COOPER. Mr. Chairman, I will be back in about 15 minutes. I have to go to another committee meeting.

STATEMENT OF M. J. NORTON, DIRECTOR, SPECIAL SERVICES, AND M. R. GARSTANG, GENERAL COUNSEL, NATIONAL MILK PRODUCERS FEDERATION

Mr. NORTON. My name is M. J. Norton, director, special services, National Milk Producers Federation, and I have here with me today Mr. M. R. Garstang, general counsel of the federation.

Mr. Chairman and members of the committee, the National Milk Producers Federation appreciates this opportunity to express its views and support of the proposals that the United States lead the world in a war on hunger through expanded food aid abroad.

It has been conclusively demonstrated that there is an urgent need for effective programs to meet food and nutrition deficiencies in many developing areas of the world. The race between population growth and agricultural production is of worldwide concern and merits careful consideration.

It is generally recognized that the segment of the population penalized most severely by malnutrition in nearly all of the developing countries of the world is the age group from weaning to 5 years. In order for infants of this group, as well as all children, to achieve their maximum proficiency in building up their minds and bodies, the most essential requisite is sufficient quantities of protein, particularly animal protein, in their daily diets. Without protein there can be no growth, no muscles, and no powers of mental concentration developed.

Unfortunately, the diets of many of the people of these developing countries suffer from acute shortages of such protein. Regardless of any population control measures which may be undertaken in the future, the plain fact is that these undernourished children live among us now, and must be cared for if reasonable physical and mental growth is expected of them.

Since milk and dairy products are the best source of the high-quality animal protein so essential to the diets of the malnourished of the world, the most effective way of remedying this acute shortage of protein is to include milk and dairy products in the diets of these people. Milk and dairy products are the most convenient food for meeting the nutritional requirements of infants, children, expectant and nursing mothers, the old, and the sick. Therefore, milk can and will play a vital role in the world war on hunger and dairy farmers and their cooperatives are deeply concerned with the directions taken by such a program.

There is no doubt that food and fiber produced by American farmers are potent weapons in the ever-increasing struggle to maintain peace throughout the world. Over the past several years the United States, through Public Law 480 and the Food for Peace program, has made substantial contributions in an effort to avert hunger, malnutrition, and famine by sharing our agricultural abundance. The Congress is to be highly commended for continuing and expanding Public Law 480.

Public Law 480 and an expanded Food for Freedom program can provide expanded outlets for dairy products, as well as other commodities, and can enable the U.S. dairy industry to gain a foothold in some foreign markets. Such markets could eventually grow into permanent markets for American dairy farmers and businessmen.

This aspect that commercial foreign markets can or will eventually be developed from a food aid program abroad has been one that has been stressed repeatedly as an outgrowth of the food aid programs. Although it is a debatable point and reflects a good deal of optimism, at the very least, we can express the hope that such markets will be developed as a consequence of a food aid program.

At any rate, the Government should plan with the milk-producing industry to carry on its activities in such a manner that markets once obtained through Public Law 480 can be retained.

The CHAIRMAN. How would you do that?

Mr. NORTON. Well, sir, I think the next statement will clarify that.

The payment-in-kind program can be a valuable aid and should be expanded to include all dairy products, thus making it possible to develop foreign markets, while food aid is being extended, and high-quality American dairy products are introduced commercially to new potential consumers.

The CHAIRMAN. You know, we had a program in Japan where we spent thousands of dollars to teach the Japanese how to use milk and milk products in their schools. Well, they found it to be a very good program and as soon as we stopped giving them the milk, giving them the dairy products, they proceeded to buy from Australia and New Zealand and left us out in the cold. But I think they have changed that policy somewhat here recently.

Now, in order to force the issue with the Japanese and with any other country in which we develop the use of milk, what would you suggest that if we do develop that they should buy from us? That is what you are saying.

Mr. NORTON. Yes, sir. I suggest that the payment-in-kind program be used to offset the disparity between the world market prices for dairy products and the domestic prices for dairy products.

The CHAIRMAN. You mean that we subsidize them.

Mr. NORTON. Yes, sir. American dairy farmers cannot compete in the world market without such aid, especially since the governments of some of the foreign countries with which American producers compete—like New Zealand and Australia—subsidize their entire dairy industry. This type of a program would minimize the cost of the price support program and would encourage the U.S. dairy industry to develop products more acceptable to foreign consumers.

In the past the Food for Peace program has been geared to the utilization of "surplus" agricultural commodities. Most of the recommendations being considered by your committee would eliminate this "surplus" concept and authorize the procurement, in the open market, as well as from Government stocks, of agricultural commodities needed in the war on hunger. It is undoubtedly true, such a change in the direction of the Food for Peace program would allow for substantially better planning and administration of the foreign food distribution programs.

Furthermore, such long-range nonsurplus planning should be carried over into domestic programs as well.

Congress should not, however, relinquish control over such a program. The authority, extended to the Secretary of Agriculture, to determine which commodities are available for use in a food aid program should be determined by specific congressional guidelines.

It was for these same reasons that the National Milk Producers Federation, with the help of many friends in Congress, developed such procurement authority for milk and dairy products. This authority was provided the Secretary of Agriculture by the Congress last year in the Food and Agriculture Act of 1965. Section 709 of the 1965 act authorizes the Secretary to use Commodity Credit Corporation funds to purchase sufficient supplies of dairy products at market prices to meet the requirements of any domestic or foreign distribution program when stocks of dairy products in the hands of Commodity Credit Corporation are insufficient to meet the requirements of

these programs. The federation sought this authority to allow for the same planning and administrative improvements in distribution programs, both foreign and domestic, that is being sought by the elimination of the "surplus" concept. These programs need minimum and specific quantities of food for use regardless of whether or not surpluses are accumulated under present Government programs. Furthermore, to the extent that agricultural commodities are required in food aid programs as a foreign aid tool, they should in no way be considered as "surpluses" nor should costs of their procurement be charged to the farm programs.

Unfortunately, as yet, the Secretary of Agriculture has not made use of this authority to purchase milk and dairy products for either domestic or foreign programs. The Department of Agriculture has, however, called for bids for butter to be used in the school lunch program. Nevertheless, section 709 of the Food and Agriculture Act of 1965 did give the Secretary of Agriculture the authority to plan ahead in his domestic and foreign distribution programs, at least as regards milk and dairy products.

I think it is appropriate here to think back for a moment on an earlier assumption that I made, that milk could play a role in the Food for Freedom program. Over the past few months a situation has come about where milk production has decreased at an alarming rate and it is predicted and expected that this downward trend in production will continue, so that within the next few months there will not be an adequate supply to meet even domestic requirements, much less any foreign needs that might be determined or developed under the Food for Freedom program.

The CHAIRMAN. What is the cause of that?

Mr. NORTON. The cause of this decline is that it costs more to produce milk than the income that the dairy farmer is receiving. Basically, incomes from other agricultural enterprises, and from industry as well, are proportionately higher than the income that is available from dairy farming as compared to the high investment and labor that is involved. I think what really is happening is that dairy farmers are selling their herds to neighboring farmers who in turn are culling the worst of the cows and selling them on the beef market. Over a million cows disappeared from dairy farms last year. It takes a minimum of 2 years to replace this slaughtered animal in the production line.

The CHAIRMAN. Well, would you suggest any change in the present laws?

Mr. NORTON. No, sir. Not in the present laws, no, sir. But to remedy this problem the Secretary of Agriculture must take immediate action right at this time to raise the price support level on milk and dairy products.

The CHAIRMAN. Well, our milk program today is costing almost a half billion dollars a year even under present conditions. Would you want to increase that?

Mr. NORTON. I don't think that the relative increases in the cost of the program would be anywhere near the results that would occur from drastically increased inflationary milk prices if the supplies were not adequate. Milk prices to consumers would skyrocket, will skyrocket, unless the Secretary does take some immediate action to raise the price support level, and the few cents that this might increase the cost of the program or the price of milk would in no way compare to

the inflationary prices that would result from the inadequate supply that we are headed for.

The CHAIRMAN. Well, in 1964 the cost of the milk programs was in excess of \$850 million, and I thought we were doing well to cut it back to just about half, a little over half of what it was.

Now, you are suggesting that we go deeper into it and increase the support price which in turn would certainly increase the cost of the program to the taxpayers.

Mr. NORTON. Yes, sir. It would in turn increase the cost but not significantly.

The CHAIRMAN. I understand. Not in proportion to—

Mr. NORTON. Not in proportion to inflationary price increases.

The CHAIRMAN. The same argument could be advanced as to any commodity. I was in hopes that we could get away from that.

Mr. NORTON. Well, that same argument is also advanced on a foreign food aid program. Costs of program administration are certainly going to be high if this type of program is undertaken.

The CHAIRMAN. Proceed.

Mr. NORTON. At any rate, it must be recognized that there are many administrative and practical difficulties involved in the implementation of a worldwide war on hunger. Many problems, such as transportation and distribution, packaging, and the relationship between the local commercial market and U.S. and local government distribution efforts must be reckoned with and resolved before a full-scale war on hunger can be undertaken.

It is also extremely important here to recognize that in our efforts to lead a war on hunger we don't overlook our domestic needs. There are a great many children from all income levels in the United States who suffer from inadequate diets and inadequate nutrition, and consequently we were—our organization, many school and education officials and nutritionists, and I think the general public as well was extremely disappointed by the drastic reduction in the budget request for the special milk program for children.

The CHAIRMAN. That special milk program, though, was put on the statute books for the assistance principally of the producers of milk.

Mr. NORTON. Yes, sir. In 1954 when that program was enacted it was a surplus disposal program. Over the years, however, the program has become so accepted and has been such a success that it is now generally considered as a nutrition program rather than a disposal program.

The CHAIRMAN. Well, that is usually what happens in programs of that kind.

Proceed.

Mr. NORTON. As one further word of caution, a world war on hunger if led by the United States cannot be a one-way street. There are important domestic policy considerations that should not be overlooked. The Department of Agriculture must, insofar as the American farmer is concerned, operate on the basis of enlightened self-interest. In the administration of a food aid program based on a need basis rather than a surplus basis, the Department of Agriculture should project its requirements, both foreign and domestic, on a long-term contractual basis. The American farmer has in the past responded to the requests of the United States and the rest of the world

to produce for expanded markets, only to find a short time later that these markets no longer exist.

It has been pointed out repeatedly in the testimony of nearly all of the preceding witnesses that food aid to developing countries is, at the very best, a temporary and inadequate measure and that a highly productive agriculture must be developed in each country. It has been said that this is the only permanent way to overcome the existing food and population gap. This means that a program utilizing American agricultural productivity while self-sustaining economies are being built in foreign countries must be administered so that the American farmer is not caught in a vise of producing at a maximum level in response to the call for a war on hunger only to be faced in a few years with surpluses of commodities which are no longer needed for any outlet, foreign or domestic.

In view of this aspect it is vitally important that these food aid programs act independently of or supplemental to, but in no event in place of, the price-support program authorized by the Agricultural Act of 1949. Since foreign food aid programs have been characterized as, at best, temporary measures, it is essential that American farmers be protected from the drastically depressed prices that could result from large-scale increases in production for short-term needs.

By the same token, American consumers must have some assurance of stable prices of commodities used in these foreign distribution programs. For this reason legislation should be passed to authorize payments to dairy product manufacturers, on a standby basis, as a means of stabilizing prices to American consumers for manufactured dairy products, such as butter. This could be used to stabilize prices to U.S. consumers, even though substantially higher farm prices may be necessary to stimulate sufficient production for an effective worldwide war on hunger.

In connection with the war on hunger it has been proposed that there be established and maintained a stockpile of reserve commodities to assure a continuous, adequate, and stable supply to meet both domestic and foreign requirements. It is acknowledged that the ability of the American farmer to produce food and fiber is one of our greatest national assets. There is no other nation in the world with the ability to produce such quantities of the necessities of life. Therefore, a committee should be created by Congress to evaluate and determine the optimum amounts of food commodities necessary to be kept on hand, and the disposal policies of these commodities.

If strategic reserves are established, it is essential that they be managed in such a way that the domestic market as well as those few commercial foreign markets that have been developed, not be depressed by indiscriminate sales and disposal policies.

Unwise policies with regard to the disposal of reserve commodities can only be detrimental to the American farmer since income received by farmers would be drastically depressed while prices paid by consumers were made artificially low.

In other words, if such strategic reserves are established, farmers must be assured that these reserve supplies will not be used to prevent or inhibit reasonable prices to farmers.

In the event strategic reserves are deemed to be necessary, the storage facilities of cooperative dairy processors should be utilized to the maximum possible extent in storing Government-owned stocks of

reserve commodities. It would undoubtedly be cheaper for the Government to enter into contracts with dairy farmer cooperatives to build and maintain storage facilities near the source of production rather than to finance commercial storage facilities at distant locations. Storage in far away urban areas would entail unnecessary transportation costs and higher storage charges.

In summary, Mr. Chairman, the merits of a world war on hunger to combat malnutrition among starving nations cannot be denied. However, it is vitally important to the American agricultural community and to the national economy as well that Congress consider the interests of the American farmer in this war on hunger. We must proceed with extreme caution to insure that the American farmer is not again subjected to economic hardship for producing to meet our needs and then subjected to the depressed prices that may result when these markets no longer exist.

Thank you, Mr. Chairman.

The CHAIRMAN. Well, is there not another subject we must think of, that is, if we increase the production of products abroad so that the foreign nations can feed themselves, it is entirely possible that our exports of food would be greatly curtailed in the future; isn't that so? Or do you think so?

Mr. NORTON. It is true that this could be a problem. However, exports of milk and dairy products on a commercial basis are not substantial since they cannot compete unless they are subsidized.

The CHAIRMAN. I am speaking of food such as grains.

Mr. NORTON. I cannot speak with any authority or knowledge to that.

The CHAIRMAN. All you know is about milk and dairy products.

Mr. NORTON. Yes, sir. And I have a little trouble there sometimes.

The CHAIRMAN. Very well. Thank you.

Any questions?

Senator MONTOYA. Mr. Chairman, I would like to ask a question.

Do you have the census of dairy cattle in the United States at the present time?

Mr. NORTON. I do not have the figures with me, the correct figures, but it seems to me the number of dairy cattle is around 16 million at the present time.

Senator MONTOYA. You say in the last year about a million were culled?

Mr. NORTON. About a million dairy cattle have disappeared from the farm and have gone to slaughter.

Senator MONTOYA. Well, is that an unusual number or is that the average per year?

Mr. NORTON. No, sir. This is an unusually high number.

Senator MONTOYA. What is the usual number?

Mr. NORTON. I am not certain what that is but I would be glad to supply these statistics for the record if you would like.

Senator MONTOYA. And what is the national production of milk?

Mr. NORTON. Around 125 billion pounds a year.

Senator MONTOYA. 125 billion?

Mr. NORTON. Yes, sir.

Senator MONTOYA. Does that average out in that amount, say, during the last 5 years or has it been increasing?

Mr. NORTON. The last couple of years, Senator, the production has been declining I think about a percent, approximately a percent or a

percent and a half a year. The years preceding the last year or two, however, production has increased to a slight degree each year.

Senator MONTOKA. Will you insert in the record the production for the last 5 years?

Mr. NORTON. Yes, sir; we will be glad to.

Senator MONTOKA. And also the census of daily cattle during each of those years.

Mr. NORTON. Yes, sir.

Senator MONTOKA. And can you tell this committee what the amount in surplus might be by category?

Mr. NORTON. I do not have the figures but I would be glad to supply them. There are relatively no stocks of dairy products on hand at this time, however.

(The information is as follows:)

Total milk production on U.S. farms, 1960-65 and percentage change from previous year

Year	Total milk production (millions of pounds)	Percentage change from year ago (percent)
1960.....	122,951	0.8
1961.....	125,442	2.0
1962.....	126,021	.5
1963.....	125,009	-1.8
1964.....	127,000	1.6
1965.....	125,061	-1.5

Source: Milk Production and Dairy Products, Annual Statistical Summary, 1965, USDA, February 1966.

Jan. 1 estimates of cows and heifers 2 years old and over kept for milk, 1960-66 and percentage change from previous year

Year	Jan. 1 estimates of cows and heifers 2 years old and over kept for milk (thousands)	Percentage change from previous year (percent)
1960.....	19,527	-3.0
1961.....	19,361	-.9
1962.....	19,167	-1.0
1963.....	18,679	-2.5
1964.....	18,088	-3.2
1965.....	17,592	-2.7
1966.....	16,607	-5.6

Source: Milk Production and Dairy Products, Annual Statistical Summary, 1965, USDA, February 1966

Quantities of dairy products in hands of Commodity Credit Corporation

[In millions of pounds]

	Butter	Cheese	Nonfat dry milk powder
June 1965.....	166.4	3.3	227.4
July 1965.....	129.0	6.6	216.3
August 1965.....	124.4	4.4	217.1
September 1965.....	68.7	1.6	172.0
October 1965.....	54.1	.5	137.9
November 1965.....	24.3	.3	164.5
December 1965.....	9.0	.1	143.0
January 1966.....	3.7		26.7
February 1966.....	.1		5.6

Source: USDA, ASCS.

Senator MONTTOYA. Do you think that prices for dairy products are depressed in this country?

Mr. NORTON. Are you speaking of consumer prices——

Senator MONTTOYA. Yes.

Mr. NORTON (continuing). Or farm prices?

Senator MONTTOYA. Consumer prices.

Mr. NORTON. I think that the price the consumer pays is very reasonable in relation to the income that the farmer receives as compared to the prices of other consumer items and wage rates.

Senator MONTTOYA. Well, now, let me ask you, do you think that the prices that farmers receive are depressed prices?

Mr. NORTON. I am not sure that they are depressed but I think they are substantially lower than the investment involved and labor necessary to produce.

Senator MONTTOYA. Well, why has that not been taken care of in the marketplace?

Mr. NORTON. Well, the market price at the moment is substantially higher than the support level but there is a disparity in the income level that can be obtained from dairy farming and the income from other agricultural enterprises, and consequently dairy farmers for the first time in their lives can escape from the day-to-day drudgery of dairy farming and sell out their operations without a huge loss and get into something that is equally or a little bit more profitable.

Senator MONTTOYA. What remedy do you have other than that for curing the situation?

Mr. NORTON. Well, the Secretary of Agriculture could do two things. He could raise the price support level on milk and dairy products and in conjunction with that he could utilize the open market purchase authority that was authorized under section 709 of the Food and Agriculture Act of 1965. It is unfortunate, but the Secretary has not as yet bought 1 pound of dairy products. If he were to utilize this authority on a regular basis, this would serve to stabilize the market, the consumer market, while at the same time income to dairy farmers was significantly improved.

Senator MONTTOYA. That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator MONDALE. One question, Mr. Chairman.

On page 3 of your testimony, which incidentally I think is a very fine statement, you mentioned that Congress should retain control over purchases needed to fulfill the objectives of this Food for Freedom program, that it ought to determine specifically what commodities should be made available for use in the food-aid program. Apparently this stems from the experience we have had with section 709, which I was pleased to support and which I think was a good addition. It really is our first experiment with a nonsurplus approach.

How do you propose that we establish such congressional guidelines?

Mr. NORTON. Well, this statement refers both to the food-aid aspect and to the reserve aspect of the proposals, and in thinking of specific congressional guidelines, it is possible that there should be restrictions on the percentages of funds that could be expended on any one commodity. This is the same type of approach that is used with section 32 funds. Second, in determining which commodities can be used in

a food-aid program, the commodity's relative importance to agriculture and relative contribution to farm income and to the national economy as a whole should be considered. As far as reserves are concerned, we recommend that the Congress create a committee to study the necessary food reserve levels, the required or requisite food reserve levels, and then also that the Congress or this committee determine the disposal policies of these food reserves, and it seems to me that it might be helpful for the committee to work with the industry itself to garner whatever help they might be able to give in this regard. These are a few of the specific guidelines that I felt would improve the programs.

Senator MONDALE. I can see where, in the establishment of a national reserve policy, there ought to be specific targets established for specific commodities, and so on, as the National Agricultural Advisory Committee did. But in the Food for Freedom program, it seems to me that one of the basic changes that the President envisages is to look at world food needs from the standpoint of need rather than from the standpoint of surplus disposal. We ought to be considering the food quality, high-protein quality, intensified efforts to enrich foods, and so on.

If that is done, it seems to me that almost by definition more dairy products will be in demand because of their unique high protein value. It is sort of difficult for me to see how we could, in a congressional enactment, establish rigid standards that the Secretary or whoever is going to administer this program must follow in determining world food needs or our share in meeting those needs.

Mr. NORTON. Senator, one further guideline or limitation should be the inclusion of specific long-term contractual control over a food aid program, so that long-term contracts are entered into with producers to supply these needs. In this way the producer would not be subject to short-term fluctuations. I think this would substantially improve it.

The CHAIRMAN. Any further questions?

Senator BOGGS. Mr. Chairman, Mr. Norton, I want to thank you for your testimony. I think it was a very good presentation. It seems to me you emphasize two essential concerns. One is that on a short-term haul on foreign aid of this nature it could result in—if appropriate action isn't taken—eventually depressing prices to the farmers. And the other one, it goes right long with it, that some action must be taken to protect the American consumers from highly increased prices that could go with this program.

Mr. NORTON. Yes, sir.

Senator BOGGS. Two basic concerns about it.

Mr. NORTON. Yes, sir.

Senator BOGGS. On the first, to protect the farmers from depressed prices, after a temporary program was over, what is your specific thought on that?

Mr. NORTON. Well, we feel that when needs have been met in the event that production is still above those needs, the Secretary of Agriculture can within the statutory authority of the price support requirements of the Agricultural Act of 1949 bring down the price support level to 75 percent of parity, which is the minimum legal level, on a slow, long-term basis. Over the years this level of 75 percent, when-

ever the market has gotten out of balance, has proved to be a level at which supply comes close to demand. This is the situation we are in at the present time. We don't feel, however, that there should be a drastic reduction from whatever price level is in existence at the time down to this level since this subjects the farmer to unnecessary and drastic income reduction.

Senator BOGGS. That would take a period of years to gradually adjust it.

Mr. NORTON. Yes, sir.

Senator BOGGS. Now, from the standpoint of the American consumer, to protect him from the increased prices, did you imply a subsidy there?

Mr. NORTON. Yes. This is a form of a consumer subsidy, a payment to the plant processors on a standby basis whenever it appeared that prices to consumers were out of line, to enable the processor to reduce his price to the consumer while at the same time the necessary income was being returned to the farmer.

Senator BOGGS. You didn't visualize price controls at all.

Mr. NORTON. As far as——

Senator BOGGS. To meet the two problems here.

Mr. NORTON. As far as resale?

Senator BOGGS. Yes.

Mr. NORTON. No, sir.

Senator BOGGS. Do you think they would be necessary?

Mr. NORTON. I don't think they would be necessary; no, sir.

Senator BOGGS. Thank you.

Senator MONTOLA. Would the gentleman yield at that point?

Senator BOGGS. Surely.

Senator MONTOLA. In other words, when you speak of a subsidy to the producer, you are trying to apply the same principle that we have applied to the textile industry, giving them a subsidy to insure a proper domestic return to the initial producer.

Mr. NORTON. If that is the textile industry program, then our proposal is similar to it.

The CHAIRMAN. Any further questions?

Senator COOPER. Just one. Can you give us any information about the volume of dairy products going into export through private trade channels?

Mr. NORTON. No. I have no statistics on it. I can certainly put it in the record.

Senator COOPER. Is there a considerable volume?

Mr. NORTON. I am just not familiar with the statistics. Mr. Garstang, do you have that——

Mr. GARSTANG. In private trade there is not a whole lot. The volume of dairy products exported by private trade is not substantial and, by and large has to be subsidized.

Senator COOPER. Could you supply information on that point?

I wish you would also supply information as to the relative price level of dairy products going into export, compared to domestic prices.

(The information is as follows:)

U.S. exports of dairy products by type of shipments, 1964¹
[In thousands of pounds]

Commodity	Total exports ²	Public Law 480—						AID programs ³	Government to government sales ⁴	PIK	Dollar sales ⁵	Percent dollar sales is of total exports
		Title I	Title II	Title III		Total, Public Law 480						
				Donations	Barter							
							Donations						Barter
Butter ⁶	296,404	4,081	9,243	134,495	12,617	160,436	1,278	72,569	62,211	21.0		
Cheese	9,086	1,058		769		1,827	24	2,841	4,394	48.4		
Canned milk	100,551	62,442		427		62,869	76		37,606	37.4		
Dry whole milk	18,715	1,054				1,054	204		17,457	93.3		
Nonfat dry milk	1,306,085	16,871	40,125	476,439	37,928	571,363	303	152,841	496,855	6.5		

¹ Preliminary. Distribution among programs by Dairy and Poultry Division, FAS.

³ Partly estimated.

⁶ Includes butter equivalent of butter oil, ghee, and anhydrous milkfat.

² Data from Bureau of Census adjusted for estimated donations of butter oil.

³ Formerly shown as Public Law 665, sec. 402.

⁴ Concessional sales for restricted uses; namely school lunch programs.

Source: Dairy Situation, USDA., May 1965.

U.S. support prices through Mar. 31, 1966

	<i>Cents</i>
Butter—92 score or better, New York.....	59.75
Cheddar cheese, grade A or higher.....	36.10
Nonfat dry milk, extra grade in bags.....	14.60

Selected foreign prices

London:	<i>Cents</i>
Australian butter—Choicest (per pound ex-store) ¹	37.50
New Zealand butter (per pound ex-store) ¹	37.88
New Zealand cheese, cheddar, 40-pound rindless (per pound) ¹	33.75
New Zealand nonfat dry milk (per pound) ¹	13.63

¹ Figures are for week of Mar. 4.

Source: FAS, USDA.

Mr. GARSTANG. I can tell you generally what that is. On the powder there is a difference of about 1 or 2 cents in subsidy, and on butter it is 28.5 cents. There is a tremendous difference in world price and domestic.

Senator COOPER. Could the industry sell in the world market at world prices?

Mr. NORTON. No, sir; they could not sell at world price.

Senator COOPER. Then what you are speaking about is along the same line that Mr. Johnson spoke—that to meet these needs abroad the American farmer would have to produce larger amounts and would be paid the domestic price.

Mr. NORTON. Yes, sir. The problem is the American dairy farmer can't afford to produce at domestic prices much less substantially lower foreign prices.

Senator COOPER. I understand there is a difference between your problems, and those, say, the wheat farmer.

Senator BOGGS. Your theory is if you are going to subsidize for the foreign markets, you should also protect the American consumer by subsidizing domestic markets.

Mr. NORTON. Yes, sir.

The CHAIRMAN. Any further questions?

We are very thankful to you, Mr. Norton. All right, Mr. Brooks.

STATEMENT OF WILLIAM F. BROOKS, GENERAL COUNSEL, NATIONAL GRAIN TRADE COUNCIL

Mr. BROOKS. Mr. Chairman, I am William F. Brooks, general counsel for the National Grain Trade Council. I believe there has been distributed to you a statement headed "Statement of William F. Brooks." Accompanying this document is another document described as "Views and Position of the National Grain Trade Council," and a number of bills are listed in the forepart on the first page of that statement. This rather lengthy statement, "Views and Position of the National Grain Trade Council," I would like to submit for the record, have it part of the record along with my remarks. My intention is, if it is agreeable with you, Mr. Chairman and members of the committee, to shorten the forepart of that statement and then refer to it in the latter part of this short statement.

The CHAIRMAN. Without objection, the whole statement will be placed in the record at this point.

(The statement referred to is as follows:)

VIEWS AND POSITION OF THE NATIONAL GRAIN TRADE COUNCIL ON H.R. 12152, H.R. 12784, H.R. 12785, S. 2826, S. 2932, AND S. 2933¹

VIEWS ON H.R. 12152 AND H.R. 12785; S. 2826 AND S. 2933

The National Grain Trade Council favors an extension of the Agricultural Trade Development and Assistance Act, Public Law 480, 83d Congress.

To accomplish this a number of bills have been introduced. These include H.R. 12785 and S. 2933, endorsed by the Secretary of Agriculture; H.R. 12152, introduced by Congressman Cooley, and S. 2826, introduced by Senator Mondale.

Each bill envisions, and to a degree would require, recipient or purchasing countries to develop or improve their indigenous agricultural production, including the production of food. Each would extend to all agricultural commodities or agricultural products, rather than those in surplus, eligibility for shipment to approved foreign claimants. Each in varying degree would grant to the Government authority to purchase these commodities or products for resale or exchange or grant to recipient or purchasing nations. All in varying degree are based on the hope that export trade in these commodities and products will work toward dollar exchange and that the delivery of these commodities for soft currencies or as gifts or grants will be reduced to a minimum.

The grain marketing industry has, since 1954, been able to operate effectively and efficiently within the provisions of Public Law 480 and the rules and regulations issued under that law, all to the end that foreign markets might be maintained, developed and increased for U.S.-produced grains and oilseeds. Regulations issued under Public Law 480 and other programs have from time to time been changed and amended to assure that the private channels of trade be used to the maximum to carry out the policy objectives of Public Law 480.

Individuals, firms, and organizations within the grain marketing system, who are directly concerned with selling grain in foreign commerce, recognized the probability that the United States would, on an increasing scale, be the source to which many grain importing countries would turn for their supplies of food and feed grains and oilseeds. To handle this increased volume these individuals and firms and organizations have made substantial investments in improving and increasing the grain handling and storage facilities at port locations.

In late 1947 and early 1948, in anticipation of the requirements of what became the Marshall plan and at the request of the Government, a group from the grain marketing industry estimated that the then existing port elevators could move into export in any one year working under optimum conditions, no more than 500 million bushels of all grains. Today, grain elevators and handling facilities at port locations, including the facilities at Great Lakes ports, are able to handle and move into export at least four times that amount.

If present estimates are correct, there will move through these facilities this year approximately 2 billion bushels of grains and oilseeds. The capacity of the port elevators to handle this volume of international trade will be limited only by the capacity of domestic modes of transportation, boxcars, barges, and trucks, to deliver this volume of grain to appropriate ports as and when it is needed.

Of the wheat moving into export channels, it is estimated that at least 30 to 35 percent will be sold for dollars and that the balance will move on a concessional sale or grant basis. It is estimated that all soybeans moving into export will be sold for dollars. It is estimated that 80 to 85 percent of the feed grains moving into export will be sold for dollars with the balance delivered on a concessional sale or grant basis.

The grain marketing system generally favors the idea that export trade in these commodities should be preempted by dollar transactions. The National Grain Trade Council endorses those provisions in pending legislation which go in this direction.

To the extent that the commercial grain export trade has made sales under title I of Public Law 480 most of the wheat and feed grains that cover these sales have come from open market stocks. This has been accomplished by the Government's practice, after an agreement has been reached with a foreign

¹ Bills to amend the Agricultural Trade Development and Assistance Act of 1954; to enact the "Food for Freedom Act of 1966"; to enact "A World Hunger Act of 1966"; and to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities.

government, of announcing that a given amount of money has been allocated to a foreign government for the purchase of wheat and corn or grain sorghums or some other commodity which, on the record, is regarded as being in surplus.

Tenders are thereafter made to the purchasing government or its purchasing agency, of given amounts of that grain of the class and type specified in the purchase authorization. If a tender is accepted this is subject to an immediate price review at the Department of Agriculture. If the pricing arrangements are not disapproved a sales contract is made and the assembly and delivery of the grain becomes the sole responsibility of the U.S. exporting firm.

Under this procedure, all sections of the private grain trade can and do participate to some degree in export business. This procedure we recommend be continued.

To continue this procedure will eliminate the necessity for the Government to purchase agricultural commodities or agricultural products, including high protein animal and vegetable foods for resale for use within foreign countries. Far better, it seems to us, to authorize the Executive to negotiate and carry out agreements to provide for the sale of agricultural commodities and agricultural products, including oilseeds, than to authorize the Government to buy these commodities for the purpose of resale.

In other words, we believe that the methods of operation under Public Law 480 have been successful; that they have encouraged grain firms, including export firms, to carry their own inventories bought from farmers; that all sectors of the grain marketing system participate in the export activities at little or no cost to the Government, and that as a result, farmers have obtained improved income from the marketplace. We therefore recommend against the enactment of those provisions of the pending legislation which would grant to the Government authority to purchase commodities or products for resale.

Two of the pending bills, H.R. 12152 and S. 2826, would strike out the word "surplus" wherever it appears in Public Law 480 and then, amending the bills in other respects, extend the period during which Public Law 480 will be effective.

This approach, it seems to us, has a great deal of merit. We have attempted to analyze the results were a bill to be enacted following this procedure, and find that while the proposals, for reasons of simplicity, contain substantial merit, the results obtained might lead to some confusion.

We do believe that techniques available now under Public Law 480 should be continued and expanded. As expanded we believe they should encourage the development and improvement of agricultural production in recipient countries. We believe these programs should, wherever possible and sooner than later, be placed on an exchange for dollar basis. We have pointed out, however, that our internal transportation system may not be able to handle grain and oilseed exports on the order of the volume estimated to be in the works this year. We assure you, however, that commercial operated grain export facilities are prepared to handle whatever the volume of grain export and oilseed requirements may be to the extent that our domestic transportation system can deliver those commodities to ports, and to the extent that ocean shipping, whether it be cargo ships or tankers, is available to move U.S. grains and oilseeds abroad.

VIEWS ON H.R. 12784 AND S. 2932

The National Grain Trade Council opposes the enactment of bills H.R. 12784 and S. 2932, to authorize Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes.

Their enactment, in our opinion, is unnecessary; their enactment at this time would be inappropriate; their enactment now would severely limit and perhaps permanently cripple the country's low-cost efficient grain marketing system, all to the detriment of producers, consumers, and the Government.

The council's position on adequate carryovers or reserves of each and every food and feed grain was adopted at the annual meeting of the board of the council on February 11 of this year. The policy reads as follows:

"The United States has reached the point in agriculture wherein the existing consumption of food and feed grains in domestic and export commerce and the estimated increase of both require a national agricultural policy designed to insure a sufficient annual carryover or reserve of each and every food and feed grain of a quantity bearing a fixed percentage relationship to total annual

consumption. The National Grain Trade Council urges the immediate establishment of such goals and recommends that any supporting or enabling legislation recognizes private commercial inventories as being the most desirable and liquid source of said carryovers or reserves; that the legislation clearly stipulates the conditions under which any of the carryovers or reserves would be held by the Federal Government and that the acquisition and disposition of Government stocks would require fixed and completely predictable obligations on the Government and complete and immediate disclosures of their intentions and activities at all times."

The National Grain Trade Council's policy emphasizes grain carryovers and the fact that private commercial inventories are the most desirable and liquid source of carryovers or reserves. The pending legislation emphasizes Government stocks owned, carried, and administered by the Government. Their handling by way of disposition or acquisition would be at the complete discretion of the Secretary of Agriculture. To him, under the proposal, would be given authority without limit to place in reserves not only agricultural commodities, but the products thereof.

This pending legislative proposal in its entirety has been described as an extension or enlargement of the ever-normal-granary principle. A careful reading of the proposal indicates that under its terms the Department of Agriculture would be in a position to operate at least ever-normal wholesale and perhaps retail grain, grocery, or food businesses. This, in our opinion, is too great a grant of authority for any Government department or agency to be in a position to exercise. Under the proposal, price-control mechanisms on a grand scale would be available at levels completely within the discretion of the Executive.

Is the grant of authority necessary? Should any grant of authority relative to reserves be based on factors other than an adequate carryover of stocks?

On November 3, 1965, the President signed Public Law 89-231, the Food and Agriculture Act of 1965. This statute had been enacted after extensive hearings by the Senate and House Committees on Agriculture, after extensive debate in the House and Senate, and after deliberate consideration by a conference committee. To us it is significant that its title reads: "To maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs, and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes."

The title, in our judgment, is not meaningless. One purpose of the bill was to assure adequate supplies of agricultural commodities. This, we believe, can be done under that proposal, all in accordance with the policy statement of the National Grain Trade Council set out above.

Last fall these views were shared by both the President and the Secretary of Agriculture.

On November 3, the President, in commenting on the Food and Agriculture Act of 1965, stated, in part, "the legislation * * * will insure our ability to produce food and fiber in the quantities we need, when we need them." In late October, in anticipation of the presidential approval of the action of the House and Senate conference committee, a Department of Agriculture document stated that the act would "foster ample supplies to fill adequately consumer's needs and to meet our foreign obligations." On November 17, at a press conference, the Secretary of Agriculture, according to a United Press International ticket item No. 105, stated: "The new farm law was flexible enough to permit an increase in food production if needed. He said U.S. farm resources were adequate to meet any threat of shortage."

On the record, therefore, it would appear that as recently as 4 months ago the President and the Secretary of Agriculture were pleased with the congressional action in enacting the Food and Agriculture Act of 1965. In none of the documents issued in connection with its approval by Congress or its approval by the President, was mention made of the necessity to increase the Secretary's or the President's authority to establish reserves held and owned by the Commodity Credit Corporation or to obtain additional authority to buy or to sell or to process agricultural commodities.

A reading of the currently effective statutes justifies the conclusion that the administration then believed, and should believe now, that adequate authority exists to effect all the purposes which would come about with the enactment of S. 2932 and H.R. 12784 and that these purposes could be effected within the policy statement on carryovers, as distinct from reserve stocks, as contained in the National Grain Trade Council's policy statement.

Title 7, United States Code Annotated, section 1333, provides in part that if a national marketing quota for wheat is not proclaimed, the Secretary, in proclaiming a national acreage allotment for each crop of wheat, should set an acreage which will result in a production of wheat as would have been obtained had a national marketing quota for wheat been established.

Title 7, United States Code Annotated, section 1332 (b) requires, as to the national marketing quota for wheat, the Secretary to consider the volume of prospective exports in determining acreage allotments and requires the Secretary to provide for an adequate carryover of wheat. This statute appears to us to grant to the Secretary, in the case of wheat, adequate authority to provide for all domestic and export needs and at the same time to assure the country of an adequate carryover. We must conclude that the administration's satisfaction with the Agriculture Act of 1965, as applied to wheat, extended to all contingencies which might arise to require even part of the authority requested in the pending bills.

On feed grains the Food and Agriculture Act of 1965, section 302, provides, in amending section 16 of the Soil Conservation and Domestic Allotment Act, as amended, as follows:

"(1) For the 1966 through 1969 crops of feed grains, if the Secretary determines that the total supply of feed grains will, in the absence of an acreage diversion program, likely be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices of feed grains and to meet any national emergency, he may formulate and carry out an acreage diversion program for feed grains * * *."

The plain language of this statute recognizes the need and the authority of the Secretary to provide for an adequate carryover of feed grains. It is no wonder, therefore, that as to feed grains the President and the Secretary were satisfied that the Food and Agriculture Act of 1965 would afford to the country an adequate supply of feed grains which the Secretary, in his judgment, believed adequate to meet any of the contingencies for which the authorities contained in S. 2932 and H.R. 12784 would provide.

On January 25 of this year, in view, in all probability, of the supply-demand outlook for wheat, the Department withdrew for spring wheat producers the option to divert more than the minimum acreage for eligibility for price-support loans. As to winter wheat producers whose crop had already been planted, the Department stated: "Winter wheat farmers will be urged to divert only the 15-percent minimum."

These actions indicate to us that even at this late date in the crop year, steps can be taken and have been taken to increase wheat production.

And acting under the 1965 act, the Department on the same day took steps to increase stocks of malting barley by authorizing producers of acceptable types of malting barley to plant up to 110 percent of their barley bases. This program, in accordance with the statute, is limited to producers who have a history of prior production of malting barley.

On the record, in our opinion, the Department already possesses authority to increase plantings to meet all requirements for wheat and feed grains. And these authorities have already been used and are being used to assure adequate supplies of wheat and malting barley.

Our conclusion is that the Secretary needs no additional discretionary authority to increase carryovers or supplies of wheat or feed grains.

It has been suggested that present law requires the Government to dispose of its grain stocks as rapidly as possible and there is need now to provide by law that the Government should not follow this course.

What have been the recent sales procedures of the Government?

Until October 1964, the Government appeared to be and was an aggressive seller of wheat. In that month, however, the Government's stocks of Spring wheat were withdrawn from the market. In the spring of 1965, similar action was taken for Winter wheat. Thereafter, until November and December 1965, the Government's stocks of wheat were not available for sale at any price for unrestricted use.

The Government's abrupt withdrawal from the market was hardly consistent with a statutory mandate to dispose of its stocks as rapidly as possible. Its equally abrupt return to the market as a seller was hardly consistent with its obligation to provide orderly markets for agricultural commodities.

On November 23 the Department announced that its stocks of high quality bread wheat would be available for sale to avoid higher prices for flour and

bread because as of that date "high quality bread wheat was attracting abnormally high market premiums."

On December 15, the Department announced that all qualities of wheat owned by the Government would be for sale for unrestricted use at "market price or 108 percent of the current support price, plus carrying charges, whichever is higher."

The Department's announcement on December 15 stated that this was done "to assure adequate market supplies"; to proceed in a manner "consistent with the ever-normal-granary principle of adding to stocks when production exceeded needs and using reserve supplies when demand is strong"; and to bring about that "price and income stability" which is "in the interest of producers and the Nation as a whole."

These two sales decisions, particularly the announcement of December 15, were taken for many of the reasons which H.R. 12784 and S. 2932 state requires their enactment. If in December the Department believed it then possessed statutory authority to make wheat sales for the reasons stated, why now does it need additional authority to establish and use Government-owned reserves as envisioned by the pending bills.

It is our judgment that, to the extent that the Government owns stocks as part of the overall carryover, Congress should establish guidelines spelling out price ranges at which Government stocks might be sold after Congress has determined desirable carryover levels. Congress has already established a desirable production level of wheat at 1 billion bushels. Cannot Congress spell out a desirable carryover level for each food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption?

Price-support programs, operating through loan and purchase agreements, are announced prior to each crop year. The Government's acquisition of stocks through price-support operations, is known, announced, and predictable and can vary only slightly upward during each crop year.

Its sales policies and procedures and its selling price levels should have the same characteristics. When to sell and when not to sell could be governed by available visible stocks or estimated carryover. The price levels at which Government stocks should, in our judgment, be sold, ought to be set at a minimum of 115 percent of the loan level plus carrying charges.

And it is essential that when the Government will enter the market as a seller and the initial prices at which its stocks will be sold should be announced in advance of each crop year. It is equally essential that the Government should not change, or vary from, these announced policies during the crop year. We recommend in essence that Government stocks be released into market channels under announced and known conditions at announced and known price levels for announced and known quantities.

The Department's current corn sales program was not announced prior to the crop year and has been changed from week to week, commencing in January of this year. The Department has sold a substantial volume of corn under its current program. If its present rate of sales continues through September, the end of this crop year, this year's volume of Government corn sales will exceed last year's volume.

On December 17, 1965, the Department, in a press release, announced its "Feed Grain Sales Policy for 1965-66 Marketing Year." Under this policy feed grain stocks were to be offered to assure an orderly movement of supplies. Again, as in the case of wheat sales, the procedure represented "a further application of the ever-normal-granary principle."

In announcing the 1965-66 feed grain sales policy, the Department stated: "The Department reports that anticipated 1965-66 requirements can be met largely out of the 1965 crop, with only limited amounts expected to be made available from CCC owned stocks."

The same announcement stated that feed grains would be relocated at terminal positions to meet program requirements.

Loading orders were issued for roughly 20 percent country-warehouse stored corn. This was to be moved to terminal position if the storing country warehouseman did not choose to buy the corn on an in-store basis.

The original intention was to sell at terminal markets only that corn which was regarded as out of condition or in danger of going out of condition. In addition, it was apparently determined that sales would probably be made, irrespective of condition, of corn grading No. 3 or lower.

At some point during the week of January 10 it was decided to expand Government sales activities. As a result corn grading not only No. 3 or below, but grading up to and including No. 1, was sold for unrestricted use at the formula price or the market, whichever was higher.

Neither this decision nor subsequent changes in the Government's corn sales program were subject of a Department press release.

During the latter part of January, corn sales were expanded. Offers were requested to purchase round lots of No. 2 corn, up to 50 car lots, with deliveries in 60 or 90 days. On these sales a fixed scale of discounts would apply.

Early in February this sales program was changed and expanded when the Department offered its corn in unlimited amounts from some States and locations. On these sales the 90-day delivery guarantee was removed. At the same time, storing country elevators were precluded from buying corn subject to additional loading orders. Simultaneously sales of bin-site corn were stepped up.

These sales procedures could not have been anticipated or predicted by producers or handlers or users of corn, in view of the Department's December 17 announcement. That announcement indicated that sales would not be stepped up. In fact they have been stepped up.

For the period October 1, 1965, through February 18, 1966, the Government has sold 154,413,000 bushels of corn compared to 138,897,000 bushels sold in a comparable period a year ago.

These sales, particularly those recent heavy sales with no guaranteed delivery dates, will sooner or later confound and confuse an already developed crisis in boxcars. These procedures will hardly assure an orderly movement of corn into domestic and export use.

Our judgment is that if the procedures now available under the Food and Agriculture Act of 1965 are to be changed at this time, those changes should be in the direction of requiring that sales programs and policies be predictable, announced well in advance, and adhered to during a crop year.

In our judgment, no case has been made to approve H.R. 12784 or S. 2932 and thus amend by inference or implication the Food and Agriculture Act of 1965. In our judgment to do so now would be premature.

The President, on November 4, 1965, after he had approved the act of 1965, established a Committee on Food and Fiber and a Commission on Food and Fiber. To the Committee he appointed the Secretary of Agriculture, the Secretary of State, the Secretary of Commerce, and the Secretary of Labor. To the Commission he appointed a number of distinguished citizens.

The Committee was to appraise and develop programs after taking into account the recommendation of the Commission, whose final report is to be submitted no later than 18 months after its first meeting.

The Commission only recently held its first meetings. Additional meetings are contemplated. To facilitate its work, subcommittees of the Commission have been established. These include Subcommittees on Policies for Commercial Agriculture and on Agricultural Trade and Foreign Economic Development. There may now well be compelling reasons to extend and amend Public Law 480. There is, in our judgment, no compelling reason now to adopt the pending bills until after Congress and the country has studied the recommendations of the President's Commission and Committee.

Just over a year ago the President submitted to Congress a special message setting forth recommendations for a farm program for the Nation. This message contained, among other recommendations and observations, the following:

"Our objective must be for the farmer to get improved income out of the marketplace, with less cost to the Government.

"To do this, I am asking the Secretary of Agriculture to so utilize the Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies."

Pending proposals to authorize the Commodity Credit Corporation to establish, maintain and handle reserves, do violence, in our opinion, to the objectives stated in that farm message. The proposal, if enacted, would not encourage, and would discourage, the private segment of the economy to carry its own grain inventories bought from farmers. The pending proposals would permit, and perhaps encourage the private segment of our economy to depend on the Government as a source of supply rather than to rely on the marketplace as a source of supply.

The pending proposals would permit the Government to perform many services which should be performed by the private sector and preclude farmers from obtaining improved income from the marketplace with less cost to the Government.

Mr. BROOKS. We appreciate the opportunity to be heard on the pending bills to extend and amend Public Law 480; the proposals endorsed by the Secretary of Agriculture to enact a Food for Freedom Act, and to authorize Commodity Credit Corporation to establish reserves.

The National Grain Trade Council favors extension of Public Law 480, the Agricultural Trade Development and Assistance Act. Provisions of this act and operating procedures of this act have maximized the use of every sector of the commercial grain trade.

Supplies of food and feed grain sold under Public Law 480 have by and large come from open market stocks. This is due to the Government's practice, after a sales agreement has been reached, of allocating a given sum of money for the purchase of wheat or corn or sorghums, or some other commodity which on the record is regarded as surplus. Commercial firms then, after bids have been accepted, make sales contracts covering part or all of the foreign client's requirements. Pricing arrangements of these contracts are reviewed by the Department of Agriculture. If they are not disapproved, the assembly and delivery of the grain becomes the sole responsibility of the U.S. exporting firm.

Under this procedure, all sections of the commercial grain trade can and do participate to some degree in export business. Government participation is at a minimum.

We believe that the methods of operation under Public Law 480 have been successful; that they have encouraged grain firms, including export firms, to carry their own inventories bought from farmers; that all sectors of the grain marketing system participate in the export activities at little or no cost to the Government, and that as a result farmers have obtained improved income from the marketplace. We therefore recommend against the enactment of those provisions of the pending legislation which would grant to the Government authority to purchase commodities or products for resale.

The capacity of commercial export facilities to handle the Nation's export grain requirements will be limited only by the capacity of our internal transportation system to deliver grain for export.

Government sales policies of corn in the domestic markets for unrestricted use and attempts to make delivery of this corn are already straining our internal transportation system. These heavy and unanticipated sales will sooner or later confound and confuse an already developed crisis in boxcars and may well, later in the year, prevent a realization of the volume of exports of grain and oil seeds which is now estimated.

We oppose the administration's proposal to authorize Commodity Credit Corporation to establish, maintain, and manage reserve stocks of agricultural commodities.

This legislation would permit the Department of Agriculture to operate not only an ever-normal granary but to operate ever-normal wholesale and perhaps retail grain, grocery, or food businesses. Under the proposal, price control mechanisms on a grand scale would be available at levels completely within the discretion of the executive.

The council's policy on carryovers or reserves provides:

The United States has reached the point in agriculture wherein the existing consumption of food and feed grains in domestic and export commerce and the estimated increase of both require a national agricultural policy designed to insure a sufficient annual carryover or reserve of each and every food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption. The National Grain Trade Council urges the immediate establishment of such goals and recommends that any supporting or enabling legislation recognizes private commercial inventories as being the most desirable and liquid source of said carryovers or reserves; that the legislation clearly stipulate the conditions under which any of the carryovers or reserves would be held by the Federal Government and that the acquisition and disposition of Government stocks would require fixed and completely predictable obligations on the Government and complete and immediate disclosures of their intentions and activities at all times.

The National Grain Trade Council's policy on carryovers or reserves emphasizes the fact that commercial grain inventories are the most desirable source of carryovers or reserves. The pending legislation emphasizes Government stocks owned, carried, and administered by the Government with their disposition or acquisition at the complete discretion of the Secretary of Agriculture.

We believe that this grant of authority is unnecessary; that this grant of authority at this time is inappropriate, and that this grant of authority would severely limit and perhaps permanently cripple the administration's low-cost and efficient grain marketing system.

Parenthetically I should add that there is a typographical error here. The phrase is "the administration's low-cost and efficient grain-marketing system." Perhaps that was done by design, for my secretary has been hearing so much about the administration's corn sales and marketing system. I apologize.

We believe that the recently enacted Food and Agriculture Act of 1965, described as an act which would permit farmers and agribusiness generally to make plans for 4 years, contains adequate authority to obtain desired carryovers. The statements by the President and the Secretary of Agriculture at the signing of the bill and before and after this occasion, indicated their concurrence in this conclusion.

The January decision of the Department to seek increased plantings of spring wheat, and winter wheat, and of malting barley, indicates to us that the 1965 act can be used to increase production of wheat and feed grains.

Our judgment is that if the procedures now available under the Food and Agriculture Act of 1965 are to be changed at this time, those changes should be in the direction of requiring that sales programs and policies be predictable, announced well in advance, and adhered to during a crop year.

Vacillations and changes in the decisions not to sell or to sell have been the hallmark of the Government sales activities in wheat and feed grains in recent months.

I would like to refer to those activities. These begin to be set out on page 8 of this longer statement, setting forth our views and our position.

The first reference is to the decision to make sales from wheat stocks. This came in November of last year after the Government had been out of the market for both spring wheat and winter wheat

for an appreciable number of months. The various reasons are given for this. One was high-quality bread wheat covered in the first announcement was attracting abnormally high market premiums.

The second announcement gave as the reasons for it that the sales were being made to assure adequate market supplies; to proceed in a manner consistent with the ever-normal granary principle of adding to stocks if production exceeded the needs and using reserve supply when demand is strong.

Another reason given was to bring about that price and income stability which is in the interest of producers and the Nation as a whole.

These two sales decisions were taken for many of the reasons which the pending bill to establish a reserve state requires their enactment. If in December the Department believes, it then possessed statutory authority to make wheat sales for the reasons stated, why now does it need additional authority to establish and use Government-owned reserves as envisioned by the pending bills?

I repeat here the observation that when Government stocks are part of the carryover Congress should establish guidelines for spelling out price ranges at which Government stocks might be sold after Congress has determined desirable carryover levels. Congress has already established a desirable production level of wheat at 1 billion bushels. We wonder why Congress cannot spell out a desirable carryover level for each food and feed grain of a quantity bearing a fixed percentage relationship to total annual consumption.

Price-support programs are announced prior to each crop year. They can only be varied upward during the course of a crop year. The Government's acquisition of stocks through price-support programs is known, announced, and predicted.

Its sales policies and procedures and its selling price levels should have the same characteristics. When to sell and when not to sell could be governed by available visible stocks or estimated carryovers. The price levels at which Government stocks should, in our judgment, be sold ought to be set at a minimum of 115 percent of the loan level plus carrying charges.

It is essential that when the Government will enter the market as a seller and the initial prices at which its stocks will be sold should be announced in advance of each crop year. It is equally essential that the Government should not change or vary from these announced policies during the crop year.

We recommend in essence that Government stocks be released into market channels under announced and known conditions at announced and known price levels for announced and known quantities.

The Government's current corn sales program was not announced prior to the crop year and has been changed from week to week commencing in January of this year. The Department has sold a substantial volume of corn under its current sales program. If its present rate of sales continues through September, the end of this crop year, this year's volume of Government sales will exceed, and I might add far exceed, last year's volume.

On December 17, last year, the Department, in a press release, announced its "Feed Grain Sales Policy for 1965-66 Marketing Year."

Under this policy feed grain stocks were to be offered to assure an orderly movement of supplies. Again, as in the case of wheat sales, the procedure represented "A further application of the ever-normal-granary principle."

In announcing the 1965-66 sales program, the Department said:

The Department reports that anticipated 1965-66 requirements can be met largely out of the 1965 crop, with only limited amounts expected to be made available from CCC-owned stocks.

The same announcement announced that the feed grains would be located at terminal positions to meet loading requirements to carry this out, and loading orders were issued covering approximately 20 percent of their stocks in country elevators. This was to be moved to terminal position if the storing country warehouseman did not choose to buy the corn on an in-store basis.

The original intention was to sell at terminal markets only that corn which was regarded as out of condition or in danger of going out of condition. In addition, it was apparently determined that sales would probably be made, irrespective of condition, of corn grading No. 3 or lower.

Sometime during the week of January 10 it was decided to expand Government sales activity. As a result, corn grading not only No. 3 or below but grading up to and including No. 1 was sold for unrestricted use at the formula price or the market, whichever was higher. Neither this decision nor subsequent changes in the Government's corn sales program were subjects of a Department press release.

During the latter part of January corn sales were expanded. Offers were requested to purchase round lots of No. 2 corn, up to 50 carlots, with deliveries in 60 or 90 days. On these sales a fixed scale of discounts would apply.

Early in February the sales program was changed and expanded when the Department offered its corn in unlimited amounts from some States and locations. On these sales the 90-day delivery guarantee was removed. At the same time, storing country elevators were precluded from buying corn subject to additional loading orders. Simultaneously sales of bin site corn were stepped up.

These sales procedures could not have been anticipated or predicted by producers or handlers or users of corn in view of the Department's December 17 announcement. That announcement indicated that sales would not be stepped up. In fact, they have been stepped up, and in the period from October 1, 1965, through February 18, 1966, the Government has sold 154,413,000 bushels of corn compared to 138,897,000 bushels sold in a comparable period a year ago.

As I commented in my earlier statement, these sales are merely tending to confound and confuse already developed crises in boxcars.

The CHAIRMAN. How does it affect the price—

Mr. BROOKS. Well, the Department representative is quoted as saying if they could have obtained boxcars at the time they got into these sales, the price would have gone down 6 cents. I didn't hear him say this but this has been reported in the news. As a matter of fact, I don't think the corn market has gone down appreciably as a result of this sale, largely because they can't get it moved into consumption, but at some point in the not too distant future, maybe about the time

the winter wheat harvest will come along, they may have some boxcar problems to confound that harvest situation about the corn will then begin to hit the market.

The CHAIRMAN. Because of the boxcar shortage and your inability to deliver corn at the point needed, doesn't that have the tendency of raising the price of corn?

Mr. BROOKS. It keeps the price up; yes.

The CHAIRMAN. How has the price been here lately?

Mr. BROOKS. I haven't got the exact figures but my recollection is that—

The CHAIRMAN. It is above support price.

Mr. BROOKS. It is above the resale price as far as I know. It is approaching, however—it has been going down the last week or 10 days, the cash price, that is. What they did is, Senator, they used to determine the market price by taking the middle of the range, the prices quoted on the exchange. It might be a nickel spread—2 or 3 cents—they would take the middle of the range. This would be their sales price. When they went from a 60–90 delivery date to an indefinite delivery date they went to the low end of the range. They sold more corn that way but also became sellers to a number of users who ordinarily might use trade facilities; but that I mean merchandisers, the person who bought corn for the purpose of resale. Corn has gone direct to these ultimate users—exporters among them.

The CHAIRMAN. You agree, I presume, there has been quite a considerable improvement in the level of our surpluses of corn and other feed grains as well as wheat, rice.

Mr. BROOKS. I would say this—

The CHAIRMAN. In other words, what I mean to ask you is that the amount on hand now is more in keeping with what we should have had years ago.

Mr. BROOKS. I will state it this way: The amount on hand now, due to a variety of reasons, is appreciably less than it was a number of years ago and depending on what you look at as the required carryover, you have to answer your question whether it is more desirable or not.

The CHAIRMAN. Well—

Mr. BROOKS. It is less than it was several years ago for a variety of reasons.

The CHAIRMAN. The next question I was going to ask you is if we enact the bill as presented, wouldn't it tend to aggravate the situation and put us back to where we were several years ago?

Mr. BROOKS. Which bill do you mean, sir, this reserve—

The CHAIRMAN. I am talking about not only the reserve but this food-for-freedom program where we would be—would be trying to grow more food, to sell more food abroad.

Mr. BROOKS. Well, our position is that the reserve bill as it is pending here should at least be tabled for further study. If you are going to talk about a—

The CHAIRMAN. Well, we won't do that. We are going to further study it.

Mr. BROOKS. Well, our position is that in looking at the stock position of the country, you should take those steps which will encourage farmers to market grain and the industry to carry inventories, and therefore, you should look at the overall picture from the point of view

of actual or prospective carryovers largely held by commercial interests, noncooperatives and cooperatives, merchandisers and processors, who will know with some certainty the limitations which Congress may put on the administration, some predictable guidelines under which they will hold Government stocks. We would recommend against any enactment here, either under Public Law 480 as extended or anything else, of any provision for the Government to act as a purchaser to respond to purchase requirements except possibly when you have got a giveaway such as a grant or some other program that involves emergency feeding, particularly abroad.

The CHAIRMAN. Well, if that were to happen, though, the thing—if the commodity were not in surplus, we would have to go out on the market and buy it.

Mr. BROOKS. No, you wouldn't.

The CHAIRMAN. Why not?

Mr. BROOKS. You would allocate funds—I am talking about 480. Is that what you are talking about?

The CHAIRMAN. I am talking about 480.

Mr. BROOKS. The same procedure as under 480 when we were making a sale of surplus commodities.

The CHAIRMAN. I am assuming this. We passed an act here last year and we were told that by the end of 4 years we would be producing just about our requirement.

Mr. BROOKS. Yes, sir.

The CHAIRMAN. And, of course, that would mean that the Government would be out of the feed grain business and out of the wheat business and probably out of the rice business. The only commodity that is in trouble is cotton. Can you see that if this program is enacted as presented to us, wherein we are making an effort to feed the world, that it will mean more production and maybe—doubtless more costs, and veering away from the proposal that we let private enterprise handle our production.

Mr. BROOKS. You refer to section 4 of this reserve bill—

The CHAIRMAN. No. I am referring to this Food for Freedom.

Mr. BROOKS. Yes, sir. Our position is that there is ample statutory authority now through the mechanics and machinery of acreage allotments to increase or cut back, so that the production that is needed in our judgment in the foreseeable future at least can be taken care of there. I believe what Mr. Freeman said at the time this bill was signed, that this gives us a program that will enable us to increase production and get it where it is needed when it is needed.

The CHAIRMAN. That is my conception of the bill that we enacted in 1965. But now my fear is that if we veer away from that and get into this Food for Freedom proposal that we may get back into trouble.

Mr. BROOKS. I think an extension of Public Law 480—

The CHAIRMAN. As is. Almost as is.

Mr. BROOKS. Almost as is.

The CHAIRMAN. And let it deal with surpluses as such.

Mr. BROOKS. Well, I can't argue with the proposition that you may have to buy some more nutritive food. I can't argue with the proposition that instead of giving this away, such as this amendment on the fats, the oils and the dairy products as I understand it, is within the

grant provisions of the statute rather than with title I and there may be a desire because of the shortage of them to make them available under title I.

The CHAIRMAN. Well, I am not questioning that at all.

Mr. BROOKS. If you do that, then you have got to amend the bill. That is the point.

The CHAIRMAN. I say I am not questioning that at all. I believe in some areas we could do what you suggest and what the Secretary of Agriculture suggested, but make that as a part of foreign aid and not a supplement to it.

Mr. BROOKS. Well, this is an area that I am not—this is your problem.

The CHAIRMAN. Proceed.

Mr. BROOKS. There are a couple of other reasons why at this time we think that it is premature either to think seriously about setting up specific reserves in the hands of Commodity or possibly to give a changed emphasis to Public Law 480. One is the fact that at the time the President signed the farm bill he issued an Executive order setting up a Committee on Food and Fiber and a Commission on Food on Fiber. The Committee is composed of the Secretaries of Agriculture, Labor, Commerce, and State, and a number of distinguished citizens have been appointed as members of this Commission. They are supposed to make a report 18 months after their first meeting. They just held their first meeting.

These are areas to which they are going to develop their talents, and I would suggest that until the Congress and the Public generally has had a chance to hear from them, Congress might well go slow.

Secondly, we object to the enactment of these bills because in our judgment they run contrary to the recommendations of Mr. Johnson's farm policy message of 1965 where he said our objective must be for the farmer to get improved income out of the market, that is, with less cost to the Government. We believe these bills are contrary to that. He then went on to say:

"To do this I am asking the Secretary to so utilize Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies.

In our judgment the administration bill carrying as it does—both of them carrying as they do provisions for purchase and then resale, run counter to this recommendation. In our judgment the administration's bill is at least ambiguous if it doesn't require that, instead of making funds available as Public Law 480 does now in one of its sections which shall be used for the purchase of commodities, it may require that the Government buy these in the market and deliver them or make them available for delivery under programs carried on under it. For all these reasons we would prefer an extension of Public Law 480 with some minor amendments, perhaps, and with no enactment of the statute as envisioned here in S. 2932. S. 2932 is the reserve bill.

Thank you Mr. Chairman.

The CHAIRMAN. Any questions? Thank you very much.

Senator MONDALE. May I ask one question?

Under Public Law 480 are all of the stocks sold in concessional sales handled by the kind of grain council you described?

Mr. BROOKS. Yes, sir.

Senator MONDALE. Do any of them come directly from Government storage?

Mr. BROOKS. Yes. They come to this extent, Mr. Mondale. The wheat export program is operated in what is known as a PIK certificate program where subsidies are earned in the form of a certificate which you take to the Government and have delivered to you their stocks which in turn have to be exported. It is not a dollar payment to the exporter. So to the extent that a subsidy is required and I believe the subsidy is now running on the order of perhaps 50 cents a bushel, part of which goes to cover the export certificate under the 1965 act, these stocks are in fact coming out of the Government stocks.

Now, as to feed grain stocks, I don't think there has been any PIK certificates engendered there but the wheat certificates, as I understand it, can be used to call on the Government for any grain stocks that they have.

Senator MONDALE. Now, if the proposed freedom measure carried forward this same concept in terms of procurement of stocks, that would satisfy your objections from that standpoint.

Mr. BROOKS. If it did, yes, but perhaps it is inertia on the part of people that operate within the program. Over the past 12 years because of the importance of this program in the beginning for promoting agricultural trade it was essential and it has come about that the private trade, whose facilities were to be used to the maximum extent possible, have been consulted regularly as programs have been developed and they worked within the framework of the statute and the regulations very well. As I say, it may be concern or inertia, and we wouldn't like to have this framework changed unless we were quite certain that the legislative authority now in 480 did extend over into whatever the substituting bill was. This is a difficult thing to do.

I would like to point out right there, Mr. Chairman, that in 1954, when this bill was enacted, we supported it. One of the bases on which we supported it was that it would develop markets.

Now, the last information I had was that exports of wheat on a year overall basis, 1-year basis, will be moving at about 30 to 35 percent for dollars with a balance going for title I or other programs. Feed grains export trade is 85 percent for dollars today and I might add, sir, that the increase in the exports of corn since this program came in, for a number of reasons, some of them connected with this particular law, are now in excess of 500 million bushels. Ten years ago they were relatively negligible. These go mostly for dollars. All the other feed grains go by and large for dollars, so Public Law 480 has accomplished a part of its original objective. This is another reason why we hesitate to change the statutory framework within which we have been operating.

Senator MONDALE. I would like to make one further comment. I notice you underscore the matter which has been repeatedly brought to my attention in Minnesota; namely, the boxcar shortage. We hear so much about the question of whether ports and internal transportation overseas are adequate to receive and handle increased Public Law

480 shipments but the people in the industry back home wonder whether our internal rail transportation system is going to be adequate to permit us to deliver on the commitment made plus the other commercial demands upon boxcars. I think that is something that has not been fully explained.

Mr. BROOKS. I would like to say there, if I may, sir, back in 1948 and 1949, we point this out in the basic statement, the Marshall plan was starting and Mr. Cooper was just newly arrived at the time. We had a group survey the available port facilities to handle exports and their judgment was—and the Senator may recall this discussion in connection with the original enactment of the export control law—their judgment was that the capacity for handling grain through export port facilities at that time, might be able to accommodate 500 million bushels. Since then you have had several things happen, not the least of which is that the Great Lakes have opened up, but in addition to this, the handling facilities at all ports, particularly the gulf as you know, Mr. Ellender, New Orleans and Baton Rouge and over through Texas, have extended now so that as recently as the other day we foresaw no difficulty in exporting of 2-billion-plus bushels of grain providing the internal domestic transportation system can get it there, providing you don't have a longshoreman's strike, providing additionally you get the bottoms to put this in.

Senator MONDALE. There is a grave doubt that we are going to have boxcars sufficient to use these modern port facilities.

Mr. BROOKS. That is correct and there is a great deal of concern.

The CHAIRMAN. Any further questions?

Senator COOPER. I would like to say that in my own State we are now feeling this pinch of boxcars. We have problems in the eastern part of Kentucky where coal production is so badly needed and great complaints that they can't even get cars to ship coal. Further, I have just had letters from people in industry and agriculture and from the railroads saying that because of the shortage of boxcars, on the Southern Railroad, now, they cannot meet their usual transportation obligations. So I think this is something that will have to be looked into.

May I ask this? As I understand your statement, you are not directing it particularly to the standard merits of this proposition but more to the procedures that would be followed if such a program were adopted.

Mr. BROOKS. My statement is directed to the merits particularly of this reserve bill and the merits of the administration proposal which would grant them authority in combination with or language in the bill plus the authority of the Commodity Credit Corporation to go out and make purchases in the open market of any commodity for the purpose of title I resale or any other transactions. It is very difficult to work in this statutory area covering agriculture. I have heard Mr. Freeman say it needs to be revised. It is a morass in which you think you have got the answer but then something shows up in the authority of Commodity Credit which you have overlooked.

As I say, with all these things taken into consideration, you have to be careful in analyzing these various bills. It looks all right but then what other authorities does the Department have?

Senator COOPER. I think that is a different type of testimony than we have had. It is very valuable.

The CHAIRMAN. Well, I raised it yesterday to some extent with the Secretary, that it would in my opinion seriously affect the administration of our Food Act of 1965 because it would open up the door to a new gadget to permit him to increase production for a specific purpose and the chances are that we would find ourselves with real surpluses again in the future. That is what I fear. And then this immense production that he is talking about that may be created abroad by having people grow their own food, I don't know, but it might have some effect on our exports of our own commodities.

Mr. BROOKS. Well, the grain exports, they don't raise soybeans much except in China.

The CHAIRMAN. No. But wheat in particular. Thank you very much.

Mr. BROOKS. Thank you, Mr. Chairman.

The CHAIRMAN. All right. Mr. Tom.

(Off the record.)

STATEMENT OF C. ALLEN TOM, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS, THE DALLES, OREG., AND KEN KENDRICK, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. TOM. Mr. Chairman, we have submitted our statement and for conserving time I will just skip parts of it.

The CHAIRMAN. Take your time. I don't want to cut you short. We need your help here.

Mr. TOM. Mr. Chairman, members, of the committee, my name is C. Allen Tom with the National Association of Wheat Growers and with me here is Mr. Ken Kendrick, also a wheat farmer and executive vice president of the National Association of Wheat Growers. I live in The Dalles, Oreg.

The National Association of Wheat Growers appreciates this opportunity to offer testimony in support of expansion and revision of Public Law 480 and our Food for Freedom programs. We would like first to thank the committee for supporting and passing the 4-year voluntary farm bill of 1965. Wheat farmers especially appreciate the 100 percent of parity and 4-year provisions, and express their appreciation to the members of the Committee on Agriculture and Forestry for the work you have done over the years in support of agricultural programs.

For the sake of brevity I think I will skip our background work on Public Law 480 because everybody is completely familiar with what it has done and what it has accomplished, both the recipient nations and our country.

The CHAIRMAN. You realize that Public Law 480 is now being annulled more or less and a new, brandnew bill put into the hopper.

Mr. TOM. Right.

The CHAIRMAN. Have you any comments as to new bill?

Mr. TOM. Yes. We are aware of what the population explosion is going to mean to us and the part we are going to have to play in it.

I will skip to the top of page 3 and we will quote from Cliff Hope, a former member and chairman of the House Agriculture Committee who said in a recent address on the subject of "Can the World Feed Its People?" and I quote:

To me the problem transcends in importance every other problem confronting the world today, including the cold war between the free world and the Communist world, and the possibility that the world will disappear in a series of nuclear explosions.

Again he said:

We are the only nation in a position to take the lead in the matter. If we fail to do so it is a certainty that hunger and famine and death will win. * * * I am sure that when all the facts are considered and understood, the people of this country will accept the challenge and that their answer will be we should utilize all of our resources in the fields of government diplomacy, education, agricultural and industrial production, and transportation to meet it.

I will skip the next part because it deals with the exploding population problem.

The CHAIRMAN. Well, your whole statement will be printed in the record.

Mr. TOM. Right. Authorities all agree that our basic research program will have to be expanded if the objectives of our Food for Freedom program are to be accomplished. There is no doubt that acreage allotments in the United States will be increased to meet our food aid commitments in developing countries. The National Association of Wheat Growers seriously questions the advisability of reducing our basic research programs for wheat and the curtailment and redirection of substantial funds for our land-grant colleges. We feel these recommended reductions are shortsighted and ill advised. We should be increasing rather than decreasing our basic agricultural research program.

Food aid must be provided in a manner that will not disrupt the economy of recipient countries and cause economic hardship to their farmers. The Government and the farm people of recipient countries must provide the application, the will and determination to increase their production. We can provide our abundance to buy a few short years of time for developing nations. We can provide the technicians, the know-how, and many resources needed, but the determination and the dedicated effort to win this race of food and people must be provided by the people of recipient countries. With it they cannot fail—without it—we have only postponed the inevitable for a few years.

The task is not easy. The challenge is for developing nations to substantially increase their production—produce better quality and more nutritional products—and make it available to their people at reasonable prices. The goal is for the developing nations to accomplish in a short 10- or 20-year period what it took the United States 50 to 100 years to achieve. Mr. Chairman, this is the goal and it will take some doing.

In June 1965, Senator McGovern introduced his Food and Nutrition Act in the Senate. Since that time many Senators and Congressmen have introduced similar bills. In his agricultural message to the Congress on February 10, the President said, "I propose that the United States lead the world in a war against hunger." The admin-

istration's Food for Freedom Act has been introduced by the chairman of this committee. All of the food aid bills introduced have much in common.

The National Association of Wheat Growers lends its support to the following points contained in many of the Public Law 480 and Food for Peace bills introduced:

1. We believe the needs of hungry people can be more adequately served by eliminating the "surplus" concept in food aid.

2. We accept the principle—the only long-range solution to the problem is for recipient countries to increase their own production of food and fiber. Help them help themselves.

The CHAIRMAN. How would you do that? We have been trying for the last 18 years but with money. We have spent billions of dollars to assist them and improve their agriculture and very little has been done. Do you think we are going to bait them by saying now we will give you some food if you grow more for yourselves?

Mr. TOM. We are proposing technical assistance to them.

The CHAIRMAN. That is right. We are giving it to them now.

Mr. TOM. This is true.

The CHAIRMAN. All right. We are not curtailing that.

Mr. TOM. That is right. It has to be expanded. Some of the countries, have political problems that are going to take time in agrarian reform.

The CHAIRMAN. Well, of course, that comes in keeping with what I suggested about many countries, that they are incapable of governing themselves, and it might take a hundred years and not 5.

Mr. TOM. Education is part of this.

The CHAIRMAN. Surely. Continue.

Mr. TOM. Our food aid should provide adequate nutrition for all ages.

4. Our food aid shipments should be increased.

5. More emphasis placed on developing foreign markets.

6. Foreign currency sales should be shifted to long-term credit sales as soon as possible.

7. All developed nations should join in this worldwide effort.

We believe the wheat farmers of America are uniquely equipped to make a major contribution to this worldwide problem. The commodity of wheat has been known throughout the history of mankind as "the staff of life." We have the know-how to produce more—we have the land—and the ability to expand the production of wheat substantially. The Food and Agriculture Act of 1965 has sufficient flexibility to permit increased production of wheat any year it is needed and can be transported and distributed to hungry people.

The National Association of Wheat Growers believes that wheat acreage allotments should be increased enough to assure adequate reasonable reserves, meet our domestic, commercial, feed and seed requirements, and concessional sales to food-short countries. Acreage allotments should be increased year by year to provide the wheat needed for these combined markets. To produce more serves no useful purpose—but will result in piling up unneeded stocks again and reduce net income to producers and endanger the successful operation of our voluntary wheat program.

Mr. Chairman, we are quite concerned about the publicity now being disseminated throughout the country that surpluses are no longer in existence. We have not only surplus stocks, we have surplus acres, and we are very much concerned.

For instance, the people can hear one thing but they are missing one point, that all of this is 1975 or 1980. They are missing that part.

Mr. Chairman, we thank the committee for this opportunity to express our views with regard to the expanding food aid programs. And I would also say that we are concerned about the maintenance of wheat farm income as we increase our production to feed hungry people.

The CHAIRMAN. Let me ask you this. In your statement you said that we ought to receive assistance from countries that are able to help. It has been my position all along that we do that. We fatten the countries of Europe to a large extent. Have you any formula as to how we can force them to help or give assistance? I don't suppose you have. I wish you would give us some idea if you have.

Mr. TOM. May I ask Ken here?

Mr. KENDRICK. Of course, we have no formula of forcing them. We can't do that.

The CHAIRMAN. You would invade their sovereignty if you do that. That is what I was told 15 years ago when I tried to put in the foreign aid bill a provision not to use any of our cash unless they followed—they did certain things that we thought would improve their economy. But I was told by Dean Acheson who was then the Secretary of State, oh, we can't afford to put that in the law because it would invade their sovereignty.

Well, I said to Mr. Acheson they don't have to accept the money that we give them. It is only that if they do accept our benevolence, that they ought to perform, that they ought to carry on development according to certain yardsticks that we would propose.

Mr. KENDRICK. It would be fine if we could require it but there are some indications, I think, Senator, that other developed nations are perhaps increasing their aid, and of course—

The CHAIRMAN. Be specific with that. Show me how and where.

Mr. KENDRICK. There was an article in the morning paper that Canada and Australia had committed certain sums.

The CHAIRMAN. To whom? Red China. They sold all of their wheat to Red China. We asked them some time ago to furnish wheat to the countries of Asia. Well, the answer was we have no more. We sold it all to Red China.

Mr. KENDRICK. I admit they are not doing their share.

The CHAIRMAN. Of course they are not. We are the ones that are doing it. As long as we continue giving away things and helping people, they are going to lean on Uncle Sam's shoulder.

Now, we have been trying for 15 years to get some of these countries that we are now expecting to assist to grow their own food. We have spent millions of dollars in technical assistance and other assistance to try and teach them how to grow their own food but somehow we haven't succeeded at it and they still look to us for assistance. This is a new program which, if put into effect, in my opinion, is going to be very disturbing to the wheatgrowers and to the cornrowers who

I believe now have on the statute books a very good law, and if the 1965 act is administered as Congress intends it, you would be out of the woods, so to speak, within the next 4 years.

Mr. KENDRICK. We think it is a good law.

The CHAIRMAN. But you put this new thing on the statute books and grow more and you will be in the same fix you were a few years ago.

Mr. KENDRICK. We just want to grow it as there is a potential market, that it can be used, not build up surpluses.

The CHAIRMAN. The Secretary will be given the right to almost do what he pleases in order to obtain extra food. I pointed that out to him yesterday. He couldn't exactly bypass the act but the section 4 of the reserves bill states "Notwithstanding any other provision of the law," in other words, forget about the act of 1965. Do thus and so to increase production. And maybe have on hand surpluses that have been so destructive to the farmers in the past, and particularly on a program that is on a voluntary basis. You are not forced to follow this program unless you want to, don't you see.

Now, if we are asked to produce more and more and give away or sell and we don't sell or give away the amount that we intend, you can certainly increase surpluses and set the farmer back to what he was 3 or 4 years ago, and I am not going to be a party to that.

Mr. KENDRICK. We have a great concern about reserve stocks. We are studying that, sir.

The CHAIRMAN. So have I, because I have been on this committee now for 29 years and about 4 months, and I have seen programs come and go, but it is my belief that we have a fairly good law on the statute books now and I don't want to do anything that will disturb it.

Thank you very much.

Mr. TOM. We are very much concerned about this.

Mr. KENDRICK. We think it is the best bill that has been on the books for many, many years for wheat.

The CHAIRMAN. OK. Fine.

(Mr. Tom's statement in full is as follows:)

Mr. Chairman and members of the committee, my name is C. Allen Tom, and I am president of the National Association of Wheat Growers. I am a wheat farmer and live in The Dalles, Oreg. The National Association of Wheat Growers appreciates this opportunity to offer testimony in support of expansion and revision of Public Law 480 and our Food for Freedom programs. We would like first to thank the committee for supporting and passing the 4-year voluntary farm bill of 1965. Wheat farmers especially appreciate the 100 percent of parity and 4-year provisions, and express their appreciation to the members of the Committee on Agriculture and Forestry for the work you have done over the years in behalf of agriculture.

Public Law 480 has been in operation 11 years. It was passed by the Congress in 1954 with widespread bipartisan support—and has received this same type of support each time it has been extended. We believe it is useful to enumerate some of the benefits this legislation has provided over the years—both to recipient countries and to the United States.

WHAT HAS PUBLIC LAW 480 ACCOMPLISHED?

1. It has saved millions of men, women, and children from hunger, starvation, and disease in the developing nations.
2. It has become an important part of our foreign policy.
3. It has provided markets for billions of dollars of our surplus agricultural commodities over the years.

4. It has built schools and churches in many areas of the world where they were nonexistent.

5. Our commodities have been used as payment of wages to workers in foreign lands—to provide food for the hungry and promote economic development.

6. Under Public Law 480 our surplus foods have served as a powerful deterrent to the spread of communism.

7. It has been used to develop foreign markets. Many countries that first received our food aid under concessional sales are now good commercial customers. Notable examples are Japan, Greece, and Spain.

8. It is providing hot lunches for millions of schoolchildren in foreign lands.

9. Under Public Law 480 we have used our abundance to fight for peace. More than 140 million tons of food have been sent to feed hungry people.

10. Over the years wheat has been the primary weapon in the worldwide war on hunger.

During this 11-year period about \$15 billion in food and fiber has been shipped to the developing free world nations to combat hunger, disease, and malnutrition. History has never before recorded a humanitarian action of this magnitude that has accomplished so much for so many—and the rewards have been great both to those who gave and those who received.

But the war on hunger has not been won. We are, in fact, losing ground in this battle. It is sure to worsen before it gets better. India is now experiencing her worst drought in this century.

Population is increasing at about twice the rate in the developing nations as in the developed nations. World population is increasing by more than 60 million people each year. By 1980 world population will have increased by 1 billion, and in just 34 years, estimates indicate that unless the population growth rate is arrested, our present 3.4 billion population will have doubled to almost 7 billion people.

Cliff Hope, a former member and chairman of the House Agriculture Committee, said in a recent address on the subject of "Can the World Feed Its People?" and I quote: "To me the problem transcends in importance every other problem confronting the world today including the cold war between the free world and the Communist world, and the possibility that the world will disappear in a series of nuclear explosions." Again he said, "We are the only nation in a position to take the lead in the matter. If we fail to do so it is a certainty that hunger and famine and death will win. * * * I am sure that when all the facts are considered and understood the people of this country will accept the challenge and that their answer will be we should utilize all of our resources in the fields of government diplomacy, education, agricultural and industrial production and transportation to meet it."

Experts on the subject of food aid and the exploding population problem all agree the United States and other developed nations cannot long provide adequate food aid for food-short countries. Estimates indicate that by 1980, even assuming that progress is made in arresting the birth rate and food-short countries have increased their production, the surplus producing capacity of the United States and other developed nations simply will not be equal to the task. Authorities further agree assuming an all-out effort is made by developed nations in assisting food-short countries in increasing their production—a period of 5 to 20 years will be needed to make this increased production meaningful in terms of meeting the needs of developing nations. The developing nations will probably need food aid for at least 20 years and perhaps a generation.

The only long-range solution to the world hunger problem is for the developing nations to increase their agricultural and industrial output. To enable them to accomplish this, developed nations must provide short-term food assistance and long-term technical assistance.

Authorities all agree that our basic research program will have to be expanded if the objectives of our Food for Freedom program are to be accomplished. There is no doubt that acreage allotments in the United States will be increased to meet our food aid commitments in developing countries. The National Association of Wheat Growers seriously questions the advisability of reducing our basic research programs for wheat and the curtailment and redirection of substantial funds for our land-grant colleges. We feel these recommended reductions are shortsighted and ill advised. We should be increasing rather than decreasing our basic agricultural research programs.

We must continue to expand our shipments of food aid to meet the drought emergencies in many parts of the world. But, in the long run, we must export more than food and dollars—we must export our know-how, we must export people, technicians to teach and demonstrate to farmers in the developing nations how to increase their production, and most of this increased production must come from increased yields per acre. This means more fertilizer, more insecticides, seed development—it means more irrigation—in short, it means the developing nations of the world must pool their resources and know-how and encourage an all-out effort on the part of the developing nations to increase their productions.

Food aid must be provided in a manner that will not disrupt the economy of recipient countries and cause economic hardship to their farmers. The Government and the farm people of recipient countries must provide the application, the will and determination to increase their production. We can provide our abundance to buy a few short years of time for developing nations. We can provide the technicians, the know-how, and many resources needed, but the determination and the dedicated effort to win this race of food and people must be provided by the people of recipient countries. With it they cannot fail—without it, we have only postponed the inevitable for a few years.

The task is not easy. The challenge is for developing nations to substantially increase their production, produce better quality and more nutritional products, and make it available to their people at reasonable prices. The goal is for the developing nations to accomplish in a short 10- to 20-year period what it took the United States 50 to 100 years to achieve. Mr. Chairman, this is the goal and it will take some doing.

In June 1965, Senator McGovern introduced his Food and Nutrition Act in the Senate. Since that time many Senators and Congressmen have introduced similar bills. In his agricultural message to the Congress on February 10, the President said, "I propose that the United States lead the world in a war against hunger." The administration's Food for Freedom Act has been introduced by the chairman of this committee. All of the food-aid bills introduced have much in common.

The National Association of Wheat Growers lends its support to the following points contained in many of the Public Law 480 and Food for Peace bills introduced:

1. We believe the needs of hungry people can be more adequately served by eliminating the "surplus" concept in food aid.
2. We accept the principle—the only long-range solution to the problem is for recipient countries to increase their own production of food and fiber. Help them help themselves.
3. Our food aid should provide adequate nutrition for all ages.
4. Our food aid shipments should be increased.
5. More emphasis placed on developing foreign markets.
6. Foreign currency sales should be shifted to long-term credit sales as soon as possible.
7. All developed nations should join in this worldwide effort.

We believe the wheat farmers of America are uniquely equipped to make a major contribution to this worldwide problem. The commodity of wheat has been known throughout the history of mankind as "the staff of life." We have the know-how to produce more * * * we have the land * * * and the ability to expand the production of wheat substantially. The Food and Agriculture Act of 1965 has sufficient flexibility to permit increased production of wheat any year it is needed and can be transported and distributed to hungry people.

The National Association of Wheat Growers believes that wheat acreage allotments should be increased enough to assure adequate reasonable reserves, meet our domestic, commercial, feed and seed requirements, and concessional sales to food-short countries. Acreage allotments should be increased year by year to provide the wheat needed for these combined markets. To produce more serves no useful purpose * * * but will result in piling up unneeded stocks again and reduce net income to producers and endanger the successful operation of our voluntary wheat program.

Mr. Chairman, we thank the committee for this opportunity to express our views with regard to expanding our food aid programs.

The CHAIRMAN. Mr. Sickels. Will you step forward?

**STATEMENT OF HARVEY SICKELS, NATIONAL SECRETARY AND
LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS ORGANI-
ZATION, CORNING, IOWA**

Mr. SICKELS. Mr. Chairman, for the benefit of the reporter, maybe I should give her my card because my name doesn't appear on the list of witnesses. We prepared the testimony for whoever was here and as a consequence——

The CHAIRMAN. Well, I called Mr. Sickels. So you are the one who is testifying.

Mr. SICKELS. I have a little difficulty in getting it spelled the way I want it spelled. So I will give her my card.

It is a pleasure to appear before the committee. The National Farmers Organization is pleased to extend its support to the Food for Freedom Act.

We do this not only because we believe the United States can and must help to feed the world's hungry people but even more important in the long run, we believe that we must give hungry people opportunity to feed themselves.

The CHAIRMAN. They have that now, though. We have tried for the last 14 years to do that but they still depend on us.

Now, do you think under this act we can force them to supply themselves with necessary food?

Mr. SICKELS. You can't force anybody to do anything unless you have a dictatorship and then they either have to do it or you shoot them. We don't ask that.

It is our belief that hungry people throughout the world in underdeveloped countries will understand and appreciate food for their empty stomachs more than guns put in their hands.

Although the Food for Freedom Act represents a food aid program, we base our support of it on our faith in the marketplace as the most effective device ever contrived by mankind to distribute agricultural products, when farmers use their bargaining power. We believe this program will materially strengthen the ultimate effectiveness of this marketplace.

Where distribution of products is not fully taking place today, we do not blame the marketplace itself—we blame situations outside the marketplace, and these mainly have to do with insufficient opportunity for people, as individuals, to be gainfully employed, to earn money, and to buy what they need. What we must do, worldwide, is help make the marketplace really function.

The Food for Freedom Act recognizes that feeding hungry people, though a humanitarian and necessary act, is realistic in that it does not necessarily provide a permanent solution. The permanent solution comes about as we can help countries replace their breadlines with production lines, or whatever else symbolizes jobs, earning power, and economic development. In other words, this act replaces mere survival with hope and expectation of better things to come.

The Food for Peace program which we have had since 1954 has served a highly useful function and we have learned much from it. The new Food for Freedom program builds on this experience. It will be even more effective in putting our supplies to work in feeding people, expanding trade, and supporting economic development.

We particularly support the fact that the new program gets away from the concept that when we help people, we only give them our surpluses. The word "surplus" has a bargain basement connotation, whereas the supplies we provide under food aid are good products, they are valuable and useful, they should not be depreciated by attaching to them such an unfortunate label.

The CHAIRMAN. Let me ask you this. Do you think we ought to actually go out and produce food especially to help the hungry people of the world? Is that your idea?

Mr. SICKELS. To the extent that we get involved with the defense programs, it would seem to me if we are going to—and the Defense Department and President and all these people say that we have to help these underdeveloped countries, we should use the amount of availability of land to feed people. I think food would probably help these people more than anything else that you could do for them. And if we can work out a program wherein the American farmer can receive a fair price for what he does produce, and as you know, we think that the American farmer should do this himself by pricing his products himself, rather than coming to the Government for aid, this is the entire objective of our organization. We don't believe that there always will have to be Government farm programs.

The CHAIRMAN. You wouldn't be in favor of that.

Mr. SICKELS. I would be—

The CHAIRMAN. You wouldn't be in favor of subsidizing the farmer to produce food to give away, would you?

Mr. SICKELS. Yes. If you are going to take the food from this country and use it as one of the tools of the European or foreign trade, if you are going to do that, just as you do the other things, then let the Government pay for it at the price it costs to produce it.

The CHAIRMAN. I may have misunderstood you. I thought you wanted to get the Government out of the business and let the farmer sell at the market price.

Mr. SICKELS. Well, I do.

The CHAIRMAN. How can you accomplish that?

Mr. SICKELS. You can't do this all at once. You have to wait until such time as you can convince the farmers that this is possible. We made quite a lot of progress in 10 years but we haven't succeeded yet.

The CHAIRMAN. Well, proceed. I won't argue it any further.

Mr. SICKELS. Agricultural aid, just like agricultural trade, has become part of our agricultural business in the United States. Like any good business people, we should recognize it as existing and likely to be with us for some time to come. We should include it in our planning and make provision for it. The new program realistically proposes to do this.

The new program is realistic, too, in that it recognizes the food needs of people who are not always exactly alike and there must be opportunity to vary the supplies made available in accordance with these varied needs. We have the diversity in our agriculture to meet these varied needs. From a production standpoint diversity is not an insurmountable problem. The problem has been that our methods of procuring food aid supplies have had built-in rigidities; now we propose, through the new program, to introduce new flexibilities. This is needed, it is practicable, it is sensible.

Finally, we support the new program because it recognizes, realistically, that in the long run the only way people will be fed is by giving them opportunity to feed themselves. This means helping them to increase their own food production. The food aid we extend now buys time as they continue to take the steps necessary to expand and improve their own agricultures.

We of NFO do not subscribe to the thought that it is risky to help another country improve its own agriculture because it, in turn, may become a harmful competitor to us. The United States was never built that way. A farmer has never succeeded by refusing to help his neighbor, nor has a businessman ever succeeded by knocking his competitor. Another reason that we are not fearful of this hurting our agricultural economy if the Food for Freedom program is correctly handled—with so many hungry people in the world there is not enough land in the United States to even make a dent in fulfilling the needs of all the hungry people. This means other countries must develop their agricultural industry in order to lead the way to higher standards of living in emerging nations.

When we consider what countries are the big cash markets for our farm products, we find without exception that they are countries that have modern, progressive agricultural economies—and here we include Canada, United Kingdom, Western Europe, and Japan. These are the countries that are buying our farm products, in record amounts, and paying in dollars.

We have confidence that with the right kind of helping hand, countries can emerge from an aid status to a trade status. This has been happening in recent years with a number of nations. It is continuing to happen, and can be accelerated. The new program is designed to speed up this process. We support its objectives wholeheartedly and we recommend that the program be given the strong support of the Congress.

We are wholeheartedly supporting Food for Freedom, but will fight with all our strength and energy to get fair prices for producers so they can have equal opportunities with other segments of our economy.

The CHAIRMAN. Any questions?

Senator COOPER. I have asked this question before. But assume that legislation is enacted, and at some point the Secretary of Agriculture decides that x amount of wheat, feed grains, oil, dairy products, should be sent abroad to help these countries. Do you consider that any segment of the American farmers would be able to produce these additional supplies at a profit, at the world price, or would be willing to do so?

Mr. SICKELS. I don't think so. I don't think that the American farmer can produce with his equipment and investment at world prices. I don't think so.

Senator COOPER. I don't live in a great wheat-producing area. We produce some wheat but the average wheat acreage of all the farms growing wheat is very small. But take the case of a wheat farmer in the Western or North Central States—with large acreage, with a big plant, equipment and all that. Under the present program, if he voluntarily enters the program, he can produce x acreage. Now, if he were given the opportunity to plant x -plus acreages to meet this

need, would it be possible for him with his existing plant to produce this increment for shipping abroad at some profit?

Mr. SICKELS. Do you mean—at what price, though?

Senator COOPER. World price.

Mr. SICKELS. World price?

Senator COOPER. Yes.

Mr. SICKELS. I don't think that he can.

The CHAIRMAN. Any further questions?

Senator COOPER. That is all.

The CHAIRMAN. Thank you very much, sir.

Mr. SICKELS. Thank you.

The CHAIRMAN. The committee stands in recess until tomorrow morning at 10.

(Whereupon at 12:45 o'clock p.m., the committee recessed, to reconvene at 10 a.m. on Friday, Mar. 4, 1966.)

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

FRIDAY, MARCH 4, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Talmadge, McGovern, Montoya, Mondale, and Miller.

The CHAIRMAN. The committee will please come to order.

We are continuing the hearings on several bills that are before us, including S. 2933 and S. 2932, with respect to Food for Freedom.

Mr. Newsom, we are glad to have you, sir, and I hope you shed a lot of light on these two bills as to their effects, particularly on the bill of 1965, that bill that you folks worked so hard for and desired.

STATEMENT OF HERSCHEL D. NEWSOM, MASTER, NATIONAL GRANGE, AND PRESIDENT, INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

Mr. NEWSOM. Well, Mr. Chairman, I hope I may be helpful to the committee because it is obvious to me that we face one of the greatest opportunities of any people anywhere in the world's history and I think——

The CHAIRMAN. What kind of opportunity?

Mr. NEWSOM. Well, opportunities to blaze some new paths.

The CHAIRMAN. We have been doing that for 15 years now and we haven't been so successful, Mr. Newsom. That is what I want you to direct your attention to.

Mr. NEWSOM. Well, I think, Mr. Chairman, that I would say I have great respect for you personally, I am sure you know that, but I believe that we have been more successful in recent years than maybe your remarks would indicate. I don't want to burden the committee with too many details. We have a statement here that I am really proud of. It is like most of my statements that have come to this committee, Mr. Chairman, not totally my own product but I hope there is some of me in it.

The statement has been prepared by all of us together but this includes Harry Graham with whom you have had opportunity to become fairly well acquainted with the last 2 years, and Joe Parker

and Al Denslow who are our legislative counsel with whom you have been acquainted over several years.

I would like to say to you that having returned only early this morning from the regional conference of the North American Farm Organizations in Mexico City, where we had a meaningful protest from many of the farmers in northwestern Mexico, because from their point of view, we have taken food out of their mouths when we denied the so-called braceros the right to come in here and work.

I mention this not to get involved in a discussion of our migratory or migrant labor problem but to indicate that here is an example of many people, who have a problem which is the product of living under the circumstances of some other system in one of the less developed countries of the world. Because of the fact that these people are living in the same world that we are, however, it is necessary that we have an awareness, sir, of this sort of problem whether it exists in Latin America, in Africa, or elsewhere. I don't have to tell you about these things because you have been there.

I would just like to say to you, sir, that I deem it a privilege to appear before this committee. I hope our statement may be helpful. We are speaking with a great deal of conviction as to our own judgment in this matter.

I come to you this morning frankly in somewhat of a dual capacity. I have already indicated to you that I am thinking in terms of my position as president of the International Federation of Farm Organizations from five continents around the world, but I am coming to you primarily as master of the National Grange in which capacity I have been appearing before you for some 15 years. These are important organizations, both in the United States and in the world.

It is interesting, Mr. Chairman, to reflect that we will be celebrating the 20th anniversary of our International Federation of Farm Organizations in London in May which means that the International Federation of Farm Organizations itself came into being only shortly after the FAO itself, the organization of governments, as you well know.

I would like to indicate at the proper time in my testimony where and how the program of IFAP relates to the legislation before this committee. I sometimes find myself a little surprised, sir, coming from Indiana, the heart of isolationism only a few years ago, to realize how completely convinced I am that we can no longer separate ourselves from the food and nutritional problems of the world anymore successfully than we have in your lifetime and mine separated ourselves from the military and political problems of the world.

Now, we may wish we could but we must be realistic. We live today in a world of strange and baffling paradoxes. We know more about how to produce and prepare high-quality food for maximum nutritional value than at any time in history; yet we have the bleak prospect that many people will starve to death this year, and the prospects for adequate diet for the rapidly expanding population will become increasingly dim.

In our western civilization, we have developed the highest and best techniques of distribution of food products in all of history, yet a substantial part of the world is hungry simply because there exists

no marketing and transportation organization adequate to move food-stuffs into the food-deficit areas.

We know more about nutrition for both humans and animals than ever before, yet two-thirds of the world suffers from malnutrition, and in some parts of the world, over half the babies born die before they reach school age because of inadequate and improper diet.

I was visiting with a South American just the day before yesterday in Mexico City and found that we were in agreement that those facts should be vigorously reaffirmed.

We know how to protect our growing crops by the use of herbicides for weed control, yet much of the productive land of the world is unusable because of the rank growth of vegetation choking our food crops.

We know much about protecting our growing and stored food from insects, yet the food productive capacity of the developing world is severely limited by plagues of food-destroying worms and insects.

We know how to protect our stored grain from damage due to weather and atmospheric conditions, yet the lack of storage capacity which can accomplish these same objectives in the food deficit areas is a major factor in the lack of food where it is needed.

We know how to protect this stored food from rodents, and we have effective rodenticides, yet we read with dismay that in the hungriest nation of the world, namely, India, half of the food grown is either destroyed or made unfit for human consumption by losses due to rodents.

We have reduced infant mortality without reducing the population growth rate. We have reduced the death rate of the adult population and increased the lifespan without providing for the food that is required. In short, we have increased the potential of population growth without increasing the potential of the food supply.

Due to the technological advancement in the agricultural production of the United States, the British Commonwealth countries, Western Europe, and parts of South America, we are now able to produce food far beyond the ability of any normal market arrangement to absorb and distribute. Therefore, while the world suffers from a lack of available productive land in the food-deficit areas, the United States has some 50 million acres in land reserves. And nobody knows that better than you, Mr. Chairman. I have heard you discuss it with many of us many times.

The developed world and some of the developing countries, including those in grave danger of mass starvation, are spending billions for military purposes, but they cannot afford the capital necessary to provide food and fiber for a needy world.

We know how to educate, but the world is illiterate.

We know how to control population, but population continues to expand at an explosive rate.

We know how to control disease, but disease is rampant.

In short, we know how to feed the world, and we probably have enough resources in the world, if properly harnessed, to provide an adequate diet for the present and projected population, but we have not demonstrated the willingness to provide the food necessary from our American productive capacity to prevent starvation and upgrade

diets and to insist that the rest of the developed countries of the world share the burden with us.

I would like to say, Mr. Chairman, that you and I may have some minor differences of opinion in degrees here, but I am proud of the present administration, especially Secretary Freeman, for the insistence with which he stated the case in the FAO conference in Rome last December as to the importance of an effective multilateral food program. Now—

The CHAIRMAN. Mr. Newsom, I attended some of these conferences and they have been going on now for 17 years.

Mr. NEWSOM. I know you did.

The CHAIRMAN. And I think they are spending about \$300 million and we put up 40 percent of that.

Mr. NEWSOM. That is right.

The CHAIRMAN. And very little has been done.

Mr. NEWSOM. That is right. This is the discouraging part.

The CHAIRMAN. I know, but we have been going at it for 17 years and they are all depending on us, on Uncle Sam, and we have reached almost the end of our rope, and if we start—you know, we exported all of our gold practically. It is gone. And I am not willing to export the fertility of our soil.

Mr. NEWSOM. Well, let's carefully examine, Mr. Chairman, the alternatives. I have great respect for your feeling in this and you have seen some of the waste, you have seen some of the problems that I think naturally give rise to this feeling but we have to be concerned about the alternatives as I am sure you know.

The CHAIRMAN. Well, I have heard that "alternative" used many many times.

Mr. NEWSOM. Yes.

The CHAIRMAN. What is the alternative if we don't help Western Europe? What is the alternative if we don't help Asia? We spent over \$110 billion at the present and in my opinion we are worse off now than when we started.

Mr. NEWSOM. Well, there is very little opportunity for me to argue with what you have said.

The CHAIRMAN. Well, of course. I didn't expect you to because I have been following this thing very closely all over the world. I have traveled all over the world and people are prone to obtain from us not what is needed but what they want to make a big splash. That is in many cases.

Mr. NEWSOM. Well, you would have been proud of Secretary Freeman in Rome on the basis—

The CHAIRMAN. I am proud of him. I have been working with him. He is a fine man.

Mr. NEWSOM. Meanwhile the "Four Horsemen of the Apocalypse"

Mr. NEWSOM. Meanwhile the "Four Horsemen of the Apocalypse"—pestilence, war, famine, and death—continue to stalk the world. Although they may emerge at different times from different doors, the fact remains that they come from the same barn.

There was a time when the Western World and our Christian civilization thought about the conquest of these carriers of suffering and death as the desired result of a world evangelization program for

Christianity. Today, the impending disaster threatening us has changed our attitude toward the "four horsemen" from one of a theologically desirable goal to one of social, moral, and political imperatives. The United States cannot forever exist in alliance with its friendly and affluent international neighbors as an island of abundance in a sea of despair. The very survival of our much heralded and highly valued Western civilization and the validity of the professions of our Christian culture are dependent upon our ability to successfully meet the challenge of world hunger.

We have seen two great nations, with civilizations and histories as old as recorded time, with a longtime history of surplus production in agricultural commodities, slip behind the Iron and Bamboo Curtains and for the foreseeable future become food-deficit areas. The block over which they stumbled was agriculture. Today, the great subcontinent of India is in political distress and threatens to be pushed into the Communist orbit along with all of southeast Asia because of the political problems that come from hungry people.

Thus, the truth of the statement of the Prophet Isaiah is verified when he said:

* * * And it shall come to pass that, when they shall be hungry, they shall fret themselves, and curse their King and their God * * *.—Isaiah 8:21.

You, Mr. Chairman, have heard one of your distinguished colleagues refer to this passage from Isaiah. I had the unique opportunity of visiting with Mike Holyoke, the Prime Minister of New Zealand, a year ago in December in a state dinner party down there, and my colleague, the Prime Minister of New Zealand, who came up through farm organization work, was using exactly this same quotation in uttering his great respect for the United States and his confession to me that there are few nights that he doesn't almost pray that somehow or other we have the courage and strength and wisdom to make the proper decision in one of the greatest food-producing areas of all Asia; namely, in southeast Asia, and these are rather sobering experiences, to go halfway around the world and hear a great Prime Minister of a relatively small but rapidly growing country quote the same passage that Senator Dirksen has quoted a few times in your presence as well as mine.

The story of the Food for Peace program which has operated for the past decade does not need to be told in this testimony. The program has been an expression of American good will and concern for the people of the world in the most practical terms imaginable and in quantities never before duplicated.

Over 140 million tons of foodstuffs under concessional and direct relief programs, distributed to hungry people of many nations, have been the difference between hunger and starvation, between peace and war, between stability and instability, between economic growth and economic disaster for these needy nations. America need not be ashamed of its contribution to international welfare during this time.

The period of agricultural adjustment creating the initial opportunity for these programs has drawn almost to a close. Our experience in the administration of these programs, with the inevitable mistakes that were the result of pioneering in entirely new areas, and with the substantial successes accumulated to our credit, place us in a more

favorable position to develop and administer new programs to alleviate the hunger of the world.

The necessity of this kind of program, and the situation both in our American agricultural economy and that of the developing nations, is more complicated than a decade ago. For instance, what appears to be a very simple problem with a simple solution, upon examination becomes extremely complicated and presents the Congress and the people of the United States with some challenging and perplexing questions.

1. How can the limited productive capacity of North America, Western Europe and Australia-New Zealand, the only surplus food-producing areas in the world, comprising less than one-fourth of the world's population, expect to meet the food deficit of an exploding population in three-fourths of the world? Even if we took all 50 million acres out of the present U.S. land reserve, we would produce an additional 40 million tons of grain. This would allow us to triple our shipments overseas, but would still leave a food deficit in the early 1980's of an additional 50 to 60 million tons.

2. Obviously, if there is to be any solution to the problem of population versus production, much of the solution rests with the developing countries. Several of these countries do not have any physical frontier left to expand the acreage available for production. Therefore, how can we stimulate a takeoff in production per acre in the developing countries in the face of limits on available land and capital and in the face of unbelievable illiteracy, as well as institutional inertias, such as religious taboos, social customs, and so forth.

3. In view of the slow movement toward a technological revolution in agriculture, can we expect, and if so, how quickly, the less developed countries to make the transition from area-expanding methods of increasing food output to the yield-raising methods which will obviously be necessary?

4. Mr. Chairman, I think this is probably one of the biggest problems we confront, How can we continually increase our production for nonmarket demands without destroying the integrity of the capital invested in Western Europe, North America, Australia, and New Zealand, in view of the fact that the existence of a surplus which is not marketable in its regular sense tends to destroy or depress the existing commercial markets?

Now, Mr. Chairman, I don't have to say this to you, but for the record I should like to say that I come to you this morning in great gratitude for the provisions of the Agricultural Act of 1965.

Now, this is not as complete in all of its details as you would like to have had it or as I would like to have had it but I say to you, frankly, that I would shudder at the consequences that we might confront in this task before us now were it not for the base surplus pricing provisions in the act of 1965. We are in far better circumstances to confront this problem today by reason of the legislation of the last 3 years.

There were some things about the wheat-cotton bill that neither of us liked but we started to blaze a new direction and while it needs improvement, I am saying to you that I think we stand in a far better position than we would have without this legislation.

The CHAIRMAN. Well, as far as I am concerned, I worked pretty hard; this committee has devoted many hours to the enactment of the

Food and Agriculture Act of 1965 and I don't want to go through that again because of legislation we will be called upon to enact today. I will be very, very careful to see that we don't destroy the 1965 act because—

Mr. NEWSOM. Absolutely.

The CHAIRMAN (continuing). The great trouble we have had in the past was due to surpluses. Now we are on the road to ridding ourselves of the surpluses, putting our production in balance with consumption.

Mr. NEWSOM. In this you and I are in complete accord and that is why I say that this fourth paragraph on page 6 is the most important statement in this testimony if there is any important one here.

We are pleased to note that the Council of Economic Advisers in its annual report to the Congress for 1966 has taken cognizance of the problems involved. They note the need for additional capital, even though the developing countries are financing more than three-fourths of their economic growth. I think this is encouraging. I refer to the following statement made in the report:

Private foreign investment also makes a crucial contribution to the less developed countries. It provides not only capital but associated technical and managerial skills.

* * * food aid must not be allowed to impede the development of agriculture, since in many countries, agriculture may be the most rapid route to general economic growth. Moreover, such progress in agriculture is essential to the long-run solution to foreign food shortages. If the gap between the food needs and production in the less-developed countries continues to widen at the rate of the past few years, even the United States with its vast food-producing capacities will not be able to fill it.

Now, Mr. Chairman, you know many of the world's leaders as ministers of agriculture, as participants in the FAO Conference year after year when you have been there, and I would like to say to you that more and more I have the firm conviction that the neglect of agriculture in most of these developing countries of the world is the one fundamental fact that we must concern ourselves with as much as anything else. But this neglect of agriculture coupled—as I couple it in my mind with the statement that I made with respect to Russia and China a few moments ago, leads me to believe that we have some well-intentioned friends in the world that over emphasize the potential of national planning in the development of agriculture, whereas it is clear to me that the major factor retarding the development of agriculture in these developing countries of the world is the lack of equitable return on the capital investment and labor input in agricultural production. This, sir, is another reason that I want again to express our appreciation to you for the work that you have done with this whole committee and your colleagues in the House in blazing a trail here that I believe under the Food for Freedom proposals, properly reconciled with our own domestic legislation, gives us an opportunity to protect an adequate income level, even in the developing countries, but this is not going to be easy.

I hope that somehow or other—it isn't completely clear in my mind from the language in the legislation before you—that some sort of language will be included in the bill or in this committee report that will make it crystal clear that even for the sake of feeding hungry

people we will do nothing to wittingly destroy the price level for the farmers in the recipient countries.

The incentive system is the only system that gives the promise of this kind of development, this kind of balance that Dr. Sen, for example, seeks but I am saying to you that I think we must seek this balance in a different manner than the manner of strictly arbitrary national planning or international planning.

In discussing human resources, the Economic Advisers note the problems of illiteracy, the necessity of improving health conditions, the imperatives of adequate child nutrition programs to erase the results of malnutrition, and population growth control and techniques.

In the section concerning improving trade prospects, they state that—

both the advanced and emerging nations must give greater attention to policies to accelerate the growth of the export earnings of the less developed countries.

By way of illustration, the report continues as follows:

For individual primary commodities, and primary exporters, the major source of instability has been the wide erratic movement of prices. The less-developed countries need greater insurance that the development programs will not be vitiated by unpredictable declines in export earnings that are beyond their control. International agreements for some commodities, such as coffee, represent one technique for dealing with this program.

You would be interested, Mr. Chairman, as I have been, to know that our Canadian friends have taken a somewhat new attitude toward an international agreement on wheat. They expressed it the day before yesterday in Mexico. I will be glad to discuss it with you when the chance presents itself.

Financial arrangements to help offset short falls is another technique.

Liberal commercial policies by the developed countries will contribute to world economic development.

These brief statements from the report indicate the grasp that the Council has on this situation and, because of the importance of this one particular document, we would like to refer you to chapter 6, page 140, of the report, dealing with "The International Economy."

To meet these problems and help solve these dilemmas, the Committee on the World Food Crisis was formed in early December. It has been actively engaged in soliciting the best brains and resources in America to suggest the kind of answers most promising to reach the desired objectives and least damaging to the various interests related thereto.

In general, the Food for Peace program has been administered along the lines suggested by the National Grange and consequently has had our strong support and endorsement.

In this connection, the International Federation of Agricultural Producers at Rotorua, New Zealand, in December a year ago, in the policies they adopted, stated that food aid should be "a joint responsibility, and one that must be increasingly fulfilled, of all countries, both exporting and importing." This policy was reaffirmed in the European meetings in Oslo, Norway, last May, in Rome in November, and in the North American regional meeting concluded the day before yesterday in Mexico City.

Thus, we see that the producers of agricultural commodities in many other countries are becoming increasingly aware of the need

for some kind of international coordination and participation in meeting the problems of world hunger.

Speaking as President of the IFAP, we believe that the time is at hand when it must be recognized that the piecemeal and uncoordinated application of the productive resources of the developed world is not sufficient to meet the commitments of resources which will be required for the solution of the problems we are considering here today. With all due respect for the pronouncements of the Secretary General of the United Nations, the appeals of Pope Paul, the statements of the World Council of Churches, and other international bodies, including the FAO and the world food program, the fact remains that we simply are not marshalling our forces in any unified way to solve these tremendous problems.

As we interpret the existing and proposed legislation, it appears to be an adequate vehicle to effect the widest possible combination of U.S. unilateral approaches to the food and nutrition needs of the world, and at the same time, stimulate the development of the agricultural economies of the developing countries.

The committee, in our judgment, should make it crystal clear that it is intended we shall open the way to the accomplishments of both these purposes by this legislation.

All of us are proud to be Americans. We are proud of the manner in which our Government and the private sectors have responded to the humanitarian needs of many peoples in many lands, as well as to the need for assistance to stimulate the industrial and agricultural development of impoverished and developing countries. We are proud of the ability of the United States to lead in the direction of peace and the improvement of opportunities for all people.

But if we are to take and maintain the lead in this important area, then we must be alert to every opportunity to inspire, motivate, and activate as great a participation by the other nations of the world as is needed in order that they will accept their proportionate responsibilities with equal eagerness and comparable dedication of their economic, technical, and material resources for this task. We believe that this should be clearly stated as the intent of this legislation, which we assume is going to be approved by 89th Congress of the United States.

The legislation before this committee is a distinct improvement over that currently on the books. It gives wider latitude, increased resources, and greater administrative authority for the waging of a "war on hunger." We would like to consider this legislation and evaluate it on the basis of some guidelines which we are proposing now, with the hope that it may influence the thinking of the committee to the point where it may be written into the legislation or, at least, into the legislative history of the bill.

Food relief and production problems are so vast that the United States should not presume to meet these obligations alone. We could not meet them if we tried, and we should not if we could—although we might temporarily by the release of the present acreage reserves and by increased price levels through governmental purchasing for the products grown on these now idle acres. Such a course of action would be only to furnish an opiate to the developing countries and erroneously indicate that an inexhaustible supply of free food was available for them to be drawn upon at will.

The fact that they would become permanent objects of our charity is not so disturbing as the fact that their failure to develop their own agriculture and, consequently, their own economy during the few critical years ahead, before the food crisis strikes with its full impact, would involve the loss of invaluable time and would preclude the successful solution of these problems.

Furthermore, in this regard, it should be emphasized that all of the evidence points to the fact that the food demands of the world will become so great that even though we released all of our land to production of necessary foodstuffs, and gave it the necessary guidance to direct its production toward the foods needed, by the end of another two decades there probably would be a world food gap of 40 to 50 million tons. To imply that we would then be able to continue to feed the peoples of the world would be an act of political insanity. The organizations that this witness represents view with considerable alarm the irresponsible statements being made to the effect that it is the duty of the United States to feed the world and, as a result of some miracle yet undefined, that we will be able to bring increased prosperity to American agriculture by this method.

Senator TALMADGE. Mr. Chairman, will the witness yield at that point? I want to compliment you on this statement. I fear that the publicity that has been given this program not only in our own country but throughout the world has, first of all, led our own domestic farmers to believe that they may be able to plant all of their available acreage from fence to fence and also have led the world to believe, in view of the Secretary's testimony the day before yesterday, stating that we had a billion and a half people in the world with inadequate diets, to think that they can sit down because Uncle Sam is going to look out for them. The Secretary testified that our food program is presently feeding a hundred million people, at a cost of about a billion seven hundred million dollars. If we tried to feed the full billion and a half hungry people throughout the world, the burden would be 15 times as great as it is now and would cost approximately \$20 to \$25 billion.

I think every American believes we ought to use our surplus food for security reasons, to protect ourselves and the free world, insofar as it can be utilized for that purpose, and for humane purposes when we have situations like that facing India at the moment. I think everyone agrees with those purposes, but the idea that we can use resources of the United States, our soil, and the dollars of our Treasury, which we have been spending faster than we have been collecting to feed the entire undernourished world strikes me as being unrealistic and inconceivable.

Mr. NEWSOM. I couldn't agree with you more, Senator. As a matter of fact, the very next line in my testimony says, to this concept we enter a vigorous dissent.

Senator MONDALE. Would you yield?

Senator TALMADGE. Certainly.

Senator MONDALE. And yet while I agree with the Senator from Georgia that this impression has gotten out, is it not the case at the same time that the President and Secretary of Agriculture have very carefully tried to define the limits which this Nation has in seeking

to meet our share of the responsibility in a world in which there are millions of people starving and thousands dying daily; namely, that we intend to do it within the framework of the existing farm program, that we don't intend to abandon the acreage controls and other aspects of existing farm programs, but that what we hope to do within the limits of our resources is to step up our efforts, encourage other nations which have the capability of doing so to join with us in these efforts and then, as a condition of our aid, to demand of the receiving countries far more effective efforts to meet their own problems and to get their own agricultural houses in order than we have seen in the past.

So that we do not propose either a radical reorientation of either domestic agriculture, or a wholesale exportation of American capital, because there are limits to the capabilities of this Nation and we have got to recognize them.

Is it not the case that the President and Secretary of Agriculture have tried to make that clear in their statements?

Mr. NEWSOM. It certainly is the case that they have made it clear and they have done it in my judgment in some excellent expressions.

I may say to you, Senator, that these remarks are not directed to a criticism of the proposals that have come to this committee, but they are directed to confronting an unjustifiable conception on the part of some of our producers, wheat producers, for example, whose income we have deliberately tried to preserve by diversion payments while at the same time trying to make a place for Government stocks under a sound program. And we just want to be very sure that we do our part to make certain that some emotional error of this kind is not committed. This is the purpose of these statements.

Senator MCGOVERN. Would the witness agree that no Member of the Congress and no member of the executive branch of the Government has suggested that the United States try to feed the world?

Mr. NEWSOM. I think I would agree. I am not sure I am qualified to pass judgment as to what all Members of Congress may have said.

Senator MCGOVERN. I certainly haven't seen any Member of either the Congress or the executive branch of the Government suggest at any time that the United States could feed the world alone.

Mr. NEWSOM. Well, I would say to the Senator from South Dakota that there have been some inferences drawn from some remarks that we were going to just abruptly reverse the trend in American agriculture that have been a little disturbing, but I think it is only because those of us who have fought this battle so long to try to achieve an American price level in America and still be competitive in the rest of the world, as the chairman has already inferred, and are so conscious of the battle, Senator Talmadge, in this direction for several years, that we feel impelled to make very sure that nobody draws a wrong conclusion here.

The CHAIRMAN. Well, I don't believe there is any doubt but that the President has made plain what he hopes to do under this; but the President like many other Americans doesn't seem to look to the past to what we have accomplished.

Take the foreign aid program. It started out as a self-help program but our administrators didn't carry it out that way. We just simply provided grants and gifts until today we are bogged down

to the tune of \$110 billion, and very little progress has been made, very little.

Now, here a new effort in a new field is being put forth. We are going to feed you provided you can grow more food for yourself.

Now, if we failed in the past, how can we succeed in the future by this new approach?

Mr. NEWSOM. Well, I am not sure that we can say that we can but all I am saying is I think we have to try.

The CHAIRMAN. Why do we have to? We are doing all we can now and as far as I am concerned, I am willing at this moment to extend the Food for Peace program, but I will not vote for an act that will expand the production of food for the purpose of taking care of the hungry all over the world. I wouldn't consent to that, as far as I am concerned.

Mr. NEWSOM. Well, I have great respect for the chairman but I know that he, like all the rest of us, will abide by majority judgment and we don't always find ourselves in the majority. I have been in that position several times.

The CHAIRMAN. Well, I have been living with this problem now for 15 to 17 years.

Mr. NEWSOM. I know you have.

The CHAIRMAN. I have gone all over this world to see how programs have progressed.

Mr. NEWSOM. You have made some great contributions.

The CHAIRMAN. At the moment we are not able to get any assistance from Western Europe to assist us in southeast Asia.

Mr. NEWSOM. What I am trying to say, Senator, in this regard, as Dr. Arnold Toynbee so effectively put it a few years ago, we find ourselves as Americans in a position I think most of us didn't want. We are in a position of leadership in the world, like it or not, and we find it irksome and I think these are the words of Dr. Toynbee, but I am relatively proud, as I am sure you are from your remarks, of the role that we have been playing. It is a rough one. It is an expensive one.

The prosperity of American agriculture does not, and must not, depend on the expansion of relief markets, but rather on the development of commercial markets in the rest of the world. Programs to remove the restraints on our production and to transfer the costs of the agricultural programs to relief programs would serve only to reduce the income of American farmers, and to seriously impair the opportunities which may be developing in the emerging nations for their agriculture to become a viable part of a growing and prosperous economy—a development which is imperative, in our judgment.

A benevolent program of food distribution is becoming to us, as a nation whose heritage is based on Christian concepts, if this program is used to meet the imminent emergency relief needs of the world. But it is not to our credit to pursue such a policy if it places us in the position of being a permanent source of relief and most nations of the world in the position of beggars at our door.

The CHAIRMAN. It has been, with all due respect, in the last few years. Now, we tried to get food for India. I understand we went to Australia. They said, we have no more, we sold it to China. We went to Canada. They, too, said, we have no more, we sold it to China. We went to the United Kingdom and asked for assistance in behalf of

the Indians. What did they offer? To carry a few hundred thousand bushels of wheat that they will get from us.

We are the only ones now that have the wheat and the grain of any amount, and my guess is that when it is all over, you will find that Uncle Sam is footing most of the bill, as we have been doing in the past.

Mr. NEWSOM. I don't think there is any question about it, but I am saying, Mr. Chairman, that I believe that the legislation before you gives us the most constructive opportunity to try to change this, not to reverse it but to modify it and improve the direction that I have seen.

Now, if there is any one thing that I have so far been unable to outgrow, it is my impatience with international prospects. Now, I have a great regard for Dr. Boerma and for the development of the multilateral world food program, except that it is so very slow that it keeps us in the position that you are complaining about, and that I don't like. But I do think that if we can live long enough, not go broke in the bargain, this is your concern. I am sure—we are making some progress, and I believe that this legislation before this committee offers an opportunity for increased progress and, I hope, at a greater rate.

Senator MILLER. Could I ask a question at that point? I share your respect for Dr. Boerma. I am wondering if this legislation shouldn't be pitched at some leadership in the world food plan or program, with a view to stepping up its activity. If we go our way on a very large program like this, won't this have the effect, perhaps, of discouraging the multilateral development of the FAO program, whereas if we pitched this to the FAO, and took the leadership within the FAO, said here we are going to commit ourselves to all of this, but you have to join with us, but we are still going to share our 40 percent, wouldn't that have a more far-reaching and permanent impact on this program?

Mr. NEWSOM. Well, Senator Miller, I confess to you that my personal inclination is exactly in the direction that you have mentioned but I don't know that as master of the National Grange I have any basis in Grange program for agreeing with you on this thing. We are committed to the support of the expansion of the multilateral approach. So I think even the Grange, as conservative as it has been from time to time, would be inclined to agree with you, yet we have no hard and fast statement here and this conclusion involves some considerations that I think I would yield to you and the members of this committee on because I am not sure that I am qualified to advise this committee on the rate at which the program should move. I am sure that the direction you have outlined is the direction we must go. What the velocity is, I have no way of correctly assessing.

Senator MILLER. I agree with you that we are moving pretty slowly in this world food program but maybe we ourselves are to blame for it and might we not be criticized for retarding its growth by going into our own unilateral program such as this envisages? I am not saying that we shouldn't do it but it seems to me before we do it, maybe we ought to try to exercise some leadership for a much stepped up world food program, and I think Dr. Boerma would be quite ready, willing and able to handle it if we could get enough countries to join with us in that.

Mr. NEWSOM. Well, now, in line with one of the remarks of the chairman of the committee just a while ago, I would say that my snap judgment, and it is a little more than snap judgment, I assure you, on this thing is that if in doing the thing that you suggest we can progressively involve the food importing as well as the food exporting countries of the world on the basis of their ability to contribute to this multilateral program, then I think I would have no hesitancy at all. But one of the things that I think you and I could quickly agree on, is that this matter of feeding the people of the world must not be a burden assumed by the farmers of the world or by the exporting countries of the world. This is the thing that, if I may use the term, irritates the chairman and many of the rest of us.

The food exporting countries of the world have had to share a major burden, a major share of this burden, and—

Senator MILLER. As you know, the world food program is calculated along the very policy lines that the chairman has outlined; namely, that there will be self-help involved in the program or else they are not going to receive this aid. I don't think we have any argument over the policy but I am just afraid that if we go out on our own and set up a large program such as this bill does, that this would tend to cause attention to be diverted away from the world food program and I detect that our general thinking has been that we should try to work through multilateral organizations more in this respect. If we don't do it that way, and then the time comes when we say, well, we are going to close down on our program now because you are not exerting self-help, the United States gets the blame, rightly or wrongly, whereas if this has been done through an international organization, the blame would certainly have to be shared and it might not be forthcoming.

Mr. NEWSOM. Well, I would say, though, Senator, though I think I am in complete accord with everything that you are saying, I really don't know how in the last 2 or 3 years we could have pursued national policies that would have been much more effective than they have been. I mean, we have made a magnanimous offer as to what we would put into the support of world food program, and have indicated that provided the rest of the world would raise the ante, we would raise our proportionate share.

I think we have been exerting pretty solid leadership.

I would say to you, sir, if this committee can find a way to improve and sharpen the emphasis on encouraging more widespread cooperation of the rest of the world, then I certainly would support that attempt. I think you know, Senator, as well as I do, that there are many forces at work in the world's largest importing country now to get them to make a real significant contribution to the multilateral food program. This is highly encouraging.

Senator MILLER. I know that but I am worried about our leadership because when our delegation sits down over there to develop the budget, they have their instructions from Washington as to how far they can go and those instructions are based in turn upon the extent of our own unilateral program.

Now, we come along with this and I can see it even more difficult for them to commit the United States in that budget formulation over

there to a greatly expanded world food program, whereas if we directed this through the world food program, they could come in there and they would have almost unlimited discretion, certainly within the limits of this at least, it would be almost unlimited compared to what they had heretofore, and this would enable the world food organization to bring pressure on export or surplus countries like Canada and Australia to stop selling their surpluses to Red China and to join with the United States in stepping up the world food program.

Senator TALMADGE. Will the gentleman yield at that point?

The CHAIRMAN. Do you mean by giving it away as we do?

Senator MILLER. Well, the world food program, the Senator knows, is calculated along the lines that this program is calculated. It is a self-help type program and the good feature of it is that all nations in the FAO share in it, granted that we contribute 40 percent.

The CHAIRMAN. 40 percent.

Senator MILLER. That 40 percent would I think be better directed if this program went into that 40 percent and the other nations joined with us than if we just sit with a relatively modest world food program of which we put up 40 percent and then we come along and put this in on top of it.

The CHAIRMAN. Well, Senator Miller, that is what we have been doing in respect to our foreign aid; providing additional assistance.

Senator MILLER. That is right.

The CHAIRMAN. We contribute heavily to the U.N. and, in addition, we have our own individual programs that provide many, many times more dollars in assistance than the U.N.

Senator MILLER. The chairman is absolutely right.

The CHAIRMAN. We have been doing that in the past and as long as we permit it, it is going to continue. We have been too soft in the past. That is really our trouble.

Senator MILLER. The point I am making, Mr. Chairman, is that if all of this outside activity of the United States was funneled through the world food program or even half of it, with the premise that the other nations in the world food organization are going to join with us in their pro rata shares, this would bring I think a lot of pressure on Canada and Australia and some of these other surplus countries to share fairly in the solution of this problem.

The CHAIRMAN. Let me ask you this: If we have been able in the past to raise only \$300 million of which we contributed 40 percent, do you expect that these countries are going to raise billions of dollars to do the job that Mr. Newsom says should be done?

Senator MILLER. I don't expect that—

The CHAIRMAN. In the case of India and other starving nations—

Senator MILLER. I wouldn't expect that to happen overnight or in 1 year but I would say that if our delegation to the FAO could have come over there and said we are ready to commit a billion dollars as our 40-percent share of this, I think you would end up with a lot more than a \$300 million budget for the world food program.

Senator TALMADGE. Will the Senator yield for a comment on that point? Self-interest unfortunately is the strongest motivation of man. The difficulty with these foreign countries not doing their share,

to reduce it to the simplest explanation, is they would rather sell it than give it away.

Senator MILLER. The Senator from Georgia is very correct, but if we came into the FAO and said we are ready to put up a billion dollars as our 40-percent share of the world food program, then if the other nations aren't willing to put up their pro rata shares, then they are going to get the blame. But if we go out on an expanded program like this and then when we start to shorten up a little bit, tighten up on it, the United States is going to get the blame.

Senator McGOVERN. Blame from who, Senator Miller? Where will we get the blame?

Senator MILLER. We will get the blame from those countries that didn't think we ought to be tightening up on it, just like now in those countries that the world food program is exercising some tightening up on, they have no place to go except to the world food program, they lay it on Dr. Boerma's desk with their criticism. And I do think that the world food program will exert more influence than the United States will by itself on some of these countries.

The CHAIRMAN. Proceed, Mr. Newsom.

Mr. NEWSOM. May I indulge myself with a comment here?

The CHAIRMAN. How much more have you got?

Mr. NEWSOM. Too much, Mr. Chairman.

The CHAIRMAN. I wish you would highlight the rest of it, if you will, and we will put the whole thing in the record.

Mr. NEWSOM. Let me say to you, Mr. Chairman, I will be pleased to try to do this although I am not as well prepared to do it as I would like to have been. I think our discussions have pretty well covered the remainder of page 12 and we have simply been trying to say, and I am sure we don't have to say it to the members of this committee, it may have been well to say it for the record, that the improvement that has been made by reason of the work of your committee and the Congress as a whole in farm income must not be sacrificed, and I am encouraged by the comments here that every member of this committee joins us in saying that we must find a way to do whatever is determined to be done without destroying our own income and I am saying to you, Mr. Chairman, that I don't quite see our way through this problem of trying to be sure that in making our resources available to the needy people of the world, we do not unwittingly destroy any potential improvement of income for the farmers in those areas, but this must be done.

Otherwise we are not—I believe firmly in the incentive system here and it may have some difficulties, Senator, in terms of the remark that you made just a while ago, but this is the only way we are going to get this job done and I believe in reference to the comments by the Senator from Iowa, there are provisions in the bill before you for going in this particular route. I don't know how fast we can get the rest of the world to come along with us on this thing. This is the difficult situation.

I am only saying to you that what we have attempted to say in the remainder of this statement I am very sure is that we need to be concerned about incentive to the farmers of the rest of the world.

There are some amazing developments taking place. I had the privilege, as some of you may know, of representing the President of the United States in a trade exposition in Nairobi just a year ago this weekend and I am heartened by the fact—it may sound like I'm feeling more interest in the farmers halfway around the world than I am in our own and I am not guilty of that—that the California Packing Co., the Pepsi Cola people, the Coca Cola people are building processing plants, instant tea and instant coffee plants in those areas. This is the heartening sort of thing that is going on in the world.

We found it necessary to say to some of our Mexican friends just in the last 2 or 3 days when they were complaining about our taking bread out of their mouths by not letting them come in to do agricultural labor on a seasonal basis under better living conditions than most of them have known previously, as you are fully aware, Mr. Chairman, that really in the development of processing plants in that area, American capital flows where there is a possibility of additional income. Some of these things may be a little bit hard for us to accept momentarily but in the long pull I feel tremendously optimistic about the future. As Lord Keynes said, "the long run may look good but we must be concerned about the short run because in the long run we will all be dead."

This is the problem we confront. How to preserve our present ability to meet the future requirements and stimulate the comparable ability on the part of the rest of the world.

Mr. Chairman, as I have already indicated to you, this testimony was put into final form even in my absence from the country and so I feel perfectly justified in saying that I am sure it is good testimony. Therefore I would yield to the additional witnesses and to the pleasure of the chairman.

I think we have probably made our major points and I am willing to simply file the remainder of the statement as you suggest, Mr. Chairman, and make way for other witnesses.

(The remainder of Mr. Newson's statement is as follows:)

The levels of farm income attained in the United States are in large part the result of the well-designed farm programs created and passed by this Congress. The heart of these programs is the base-surplus pricing concept, having its origin in the National Grange over 40 years ago. The marketing order concept in milk was designed to use this marketing principle, a program which, unfortunately, was barred by the development of blend pricing. The action of the Congress in permitting the use of a base-surplus pricing system for milk sold in Federal market orders, using a marketwide pool, we believe, will be the basis for a substantial improvement in the pricing situation as it relates to dairy.

Certainly, the program available to the U.S. wheat producers guarantees, to the farmer who participates, a parity price for that part of his production which enters into the domestic market for food. The ability to develop and expand our markets in competition with other agricultural producing countries—especially wheat-producing countries—within the limits of our responsibility under previously negotiated international agreements, is directly related to this concept of a base-surplus pricing system.

Indeed, without this concept, any dream of a substantial contribution by the American people to the agricultural and food needs of a hungry world would be economically impossible and politically unwise. Therefore, the National Grange has vigorously supported this program. We wish respectfully to point out to this distinguished committee, that the path you have chosen by the adoption

of this program is proving to be wise and prudent; and that the future success of American agriculture depends not upon the abandonment of programs such as this, but upon the extension of them to commodities depending upon their foreign exports, if depressed world market prices make it impossible to earn a decent return for these products in the American marketplace.

In this connection, it should be noted that the return received by farmers for the wheat going into what we choose to term our secondary markets is a few cents above that they would receive if the price were determined by competition alone. Indeed, if we were to return to such a pricing mechanism at the present time, despite the temporary demands for relief wheat in India, the price would probably be even lower than at present, and might hover around the 90 cent figure, with the possibility of it dropping even to 80 cents.

The basic concept of the National Grange and of the Congress in adopting the present farm program is that the part of production consumed by the domestic market for food should receive a parity price; that part going into the world market should receive a price determined either by competition or international agreement with our competitive friends and the importing countries. As much as we desire a higher income for our wheat producers, we believe it is imprudent and unwise at the present time to tinker with this formula.

Although the temptation may be great to embark upon a competitive price-cutting war with the rest of the nations of the world, and although the destruction of opportunities for the profitable production of farm products in other areas might be economically enticing, the necessity of rapidly developing the agricultural productive capacity of the food-deficit areas, especially of the developing nations, makes these temptations fraught with too much danger, the stakes too high and the odds too great against us winning in the long pull, simply to make such a program unthinkable and unworthy of the high ideals of the American people and the Government of the United States.

If the foreign policy of the United States were the conquest of territory and the application of the mercantile theory, based upon a desire to accumulate and monopolize the purchasing power of the world, it could be justified on those political grounds. Since this is not the case, any kind of policy based upon concepts of economic aggression against helpless people of smaller nations by the greatest and most powerful country in the world certainly does not become us as a people or as a nation.

We proposed instead, that the basic structure of the Agricultural Act of 1965 be retained and expanded, and that the market-stabilizing features not be weakened, but strengthened wherever possible.

In this framework, therefore, let us wage "war on hunger." In planning for this worthwhile campaign, we would point out that, just as in a military campaign, the desirable must be balanced against the obtainable, and the long-term political consequences must be balanced against the short-term economic goals. Our humanitarian instincts and goals must be measured against our productive economic capacity; our desires for the improvement of the welfare of other lands must be weighed against the necessity for improving health, nutrition, educational attainments, and economic prosperity of those who live in some degree of poverty within the United States; and the amount of supplies to be produced necessary to wage this "war on hunger" must be determined to some extent by our ability to deliver the goods to the field of battle.

If we are really serious in our determination to successfully fight this war, then we must give it the kind of priority given to military campaigns. Not only must we establish the preeminent priority of the necessity for winning the "war on hunger," by the use of Food for Freedom, but we must establish the priorities within the program in such a way that the chances of victory are enhanced instead of diminished.

Since our objective is a peaceful and prosperous world in which there is security for political systems and persons, where the differentiation between the hungry and the well fed is eliminated, where the fear of pestilence and death is removed from the weak and strong alike, where famine stalks his prey with devastating effects no more, indeed, when the lion and the lamb shall lie down together and men shall beat their swords into plowshares and their spears into pruning hooks—then we must mobilize the total productive resources of the developing and food-deficit areas of the world simultaneously with an expansion of the productive capacity of the United States.

Experience has demonstrated that this is not only moral and good politics; it is also good economics. Where we have taken positive steps to upgrade the

diets of food-deficit areas of the world, we have developed markets for American agricultural products. This includes the modernization of agricultural technology among some of our friendly allies, the most outstanding example being Japan; but also with Greece and Taiwan as other examples. We have literally cast our bread upon the waters, and it has returned to us a hundredfold.

Our first priority is to prevent as far as possible any mass starvation in any country of the world. We say this only after a great deal of thought, but it is unconscionable that we should permit starvation when it is within our power to prevent it. If food fought for freedom in the last war, and indeed it did; and if food fights for peace today, as indeed it does; then a policy of limiting food relief programs to help only our best friends is hardly based on a realistic appraisal of the political facts of life of a modern and complicated world. There are ways of doing this within the structure of the international organizations without the U.S. Government having to approve of political systems with which we disagree.

Though some may disagree with the view which we have just expressed, there should be no room for disagreement that we should not sit idly by and permit mass starvation among our friendly allies. Therefore, we must commit and deliver, as far as possible, our reserves and resources on an emergency basis to meet the minimum food demands in the hungry part of the free world, and we must be prepared to increase our production, if necessary, to accomplish these ends. We do not believe, however, that the time is at hand when the latter suggestion must be implemented to any significant degree by additional legislative or administrative action. The former, of course, is necessary, especially in the case of India, and no arguments can relieve us of the moral and political responsibility of doing everything we can to alleviate the distress among these unfortunate people.

Another priority must be in the development of commercial markets. In this connection, it is in our view imperative that no action be taken which would remove or weaken those provisions of the Agricultural Trade Development and Assistance Act which authorizes foreign market development activities for U.S. agricultural products through commodity groups, in cooperation with the Department of Agriculture, or the sale of U.S. agricultural commodities for dollars on long-term credit through the private trade.

A third priority must be the development of the agricultural production in the less developed countries, for use by such countries. The methods of doing this are covered in the statement of the Committee on the World Food Crisis. At this point in the testimony, we would only add that, in our judgment, a major opportunity for multilateral action is offered in the development and administration of programs to improve nutrition for children, reduce illiteracy, improve per-acre production of essential crops, provide for long-term credit and low-interest loans, finance and staff regional research facilities, develop transportation, storage, and marketing facilities, etc.

The scientific and technical know-how of the developed countries must be fully utilized in these programs and, in the meantime, the necessary dietary supplements and additional food supplies should be made available. Highly accelerated programs to raise nutritional levels to those of the developed countries seem unrealistic, if we think that these may be accomplished in a very few years.

For the attainment of our ultimate objective, we must advance all of our forces for victory on a total front. Great salients of unresolved areas cannot be permitted to remain, if the overall goals of food production and nutrition are to be accomplished.

The problem causing the greatest concern, as we try to accomplish the objectives outlined in this testimony, is how to protect and improve farm income while expanding production for noncommercial market needs. The fact that U.S. farmers have achieved a technological breakthrough in production, and that we have attained the production miracle making us the envy of the world, is directly related to the other fact that we have had some kind of income incentives making it profitable, or desirable, for farmers to make the investment of capital, education, and experience necessary for the attainment of the production breakthroughs creating this tremendous productivity of American farms.

The greatest threat to the productivity of the U.S. farm is inadequate return. The technological advancements available for American farmers at the present time are even greater than those we have had in the past and depend, to a large extent, upon the ability of the farmer to increase his capital investment to take

advantage of scientific know-how already developed. The same is true for the farmers in developing nations. If they are to increase their production on any substantial basis, the financial incentives must be present to permit them to do this. One of the discouraging factors about the difficulty of increasing production in some of these areas is that, once the producer has increased his production, there is no place for him to dispose of that surplus he has produced.

In regard to the legislation before this committee in the form of bills introduced by the chairman, Senator McGovern, and Senator Mondale, the Grange would like to express its appreciation to these distinguished Senators for the great interest they have shown in this problem. It was particularly appropriate and meaningful that Senator McGovern, former Director of the Food for Peace program, should have introduced the legislation and publicly led the fight to acquaint the Nation with the perils before us.

We believe, however, that S. 2933, introduced by Senator Ellender, comes nearest to meeting the needs of the programs, as we envision them. The National Grange, therefore, with all due respect to the other two distinguished Senators introducing legislation covering this subject does prefer the approach of S. 2933.

The provisions of title II, covering famine and relief requirements and the food aid programs, would strengthen the programs already authorized and meet the policy objectives of the Grange.

Title III sets forth the terms and conditions by which the Secretary may acquire nonconvertible currencies and the uses to which they may be placed. We believe that as drafted this title does not give adequate priority to the use of the foreign currencies which accrue to help develop new markets and expand existing markets for U.S. agricultural commodities. We, therefore, urge that the bill be amended so as to retain the priority for foreign market development by the inclusion of a provision similar to that contained in subsection (a) of section 104 of the Agricultural Trade Development and Assistance Act. This is essential if we are to remain in a position to achieve what has been considered to be a basic objective of sales of our agricultural commodities for foreign currencies; namely, the development of future commercial markets for those commodities.

We also believe that it would be a serious mistake to retain section 310(a) in the bill, which would eliminate after the close of this year the availability to the private trade of the provisions of title IV of the Agricultural Trade Development and Assistance Act to assist them in developing foreign markets, through dollar sales on long-term credit. It should be made clear that it is the policy of our Government to authorize this assistance wherever commercial dollar sales can be made, and that the availability of such assistance does not depend upon the existence of an international agreement.

We would especially urge that maximum emphasis be given to the development and support of regional scientific centers on a multilateral basis. We would suggest to the Congress that their instructions should include that the highest priority for this research should be given to food production.

Research projects are one of the most critical elements of these programs, since the development and staffing of these facilities will require a long term commitment by the Congress and the executive branch of the Government. Research projects cannot be turned on and off by whim, nor can qualified research personnel be recruited for short-term projects.

We hope that the approval of this section of the bill, one of the most important in this proposal, will carry with it a commitment of support which will permit the development of meaningful and productive research programs. The Grange, therefore, urges this committee and the Senate to approve S. 2933.

S. 2932 authorizes the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers, and for other purposes. We believe this is an act of prudence and one which the Grange has endorsed for a number of years. This proposed legislation, however, covers a subject beset by many pitfalls which must be carefully considered. Otherwise, the evils we create would be greater than those we destroy.

There is a direct relationship between the level of reserves and the level of production. Therefore, this particular bill should be considered in the light of proposed planning programs for those commodities under Government programs.

Although the stocks of wheat have been reduced by about 50 percent since this program went into effect, we do not concur in the belief that we have to have a major expansion of production at the present time. Our 150-million-bushel re-

duction in wheat stocks per year has not yet brought us to the verge of grave concern about the level of our strategic reserve. Indeed, the desired level for these reserves has not yet been established.

We would point out for the record that the witnesses for the National Grange appearing before this committee in the past few years have repeatedly urged the establishment of a strategic reserve at levels determined by the broadest kind of consultation among the responsible heads of this Government, including those representing national defense, national welfare, the Department of State, the Department of Commerce, as well as the Department of Agriculture.

We would also point out that at the present time, the strategic reserve consists not only of stocks on hand, but of a surplus capacity readily available when needed to further the domestic and foreign programs of the United States. Until such time as it is demonstrated that this kind of surplus capacity should be transformed into surplus stocks, we believe it is prudent to continue the present program at almost the present levels, bearing in mind that there are two wheat planting seasons in the United States, and opportunities to recover from unusual drains on our reserves are presented both at the fall and spring planting time. We would also bring to your attention that there is another harvest season available for the markets of the world, that being in the Southern Hemisphere.

Therefore, although we believe strongly in the concept of the strategic reserve, we believe also that the interests of American agriculture, the interests of international agriculture, the interests of the food-deficit areas of the world, and the interests of the farm policy objectives of the United States are best served by strategic reserves being maintained at minimum levels, so that their price-depressing effects do not hinder the profitable production of needed agricultural products by either American farmers or the farmers of the developing food-deficit areas of the world.

If these strategic reserves are to be considered in the context of the old ever-normal granary program, then the National Grange could not support this proposal. The acquisition of stocks has the possibility of operating as a continuing price depressant on the markets for those commodities under Government programs. If the "in" and "out" provisions are geared directly to price, we would be putting ourselves in a position again of accumulating stocks on an open-end basis, and the reinstituting of programs that previous experience has proven to be almost disastrous to the American taxpayer and the American farmer.

On the other hand, if the withdrawals were tied only to a price basis, or pricing formula, then it would be possible for speculators in time of impending national or international crisis to remove these necessary reserves from the public domain at the very time when they would be most needed.

Our concept of the strategic reserve is that this should be a modest amount of storable food commodities primarily for our domestic food and feed needs, and provide assurance that adequate seed would be available for the new crop, with some provision for our international commitments. That part carried for our international trade and relief commitments might, and probably should, be acquired and disposed of under a price-formula basis, but that which would become the strategic reserve for purposes of national defense and national welfare should not be permitted either to be purchased or withdrawn, except on the basis of the quantity available from the market.

In our opinion, the Congress should write some very specific and rigid guidelines for the acquisition and disposal of these reserves. As far as possible, these reserves should be isolated from the market and made available to the market only on the basis of real need, and not on the basis of increasing prices.

As we have stated before, the surplus capacity of the American farms is of and by itself an ever-normal granary of vast and adequate proportions. It is not a strategic reserve, and the concept of the ever-normal granary should be carefully separated in either the language of this legislation or the legislative history, which shall be a part of the report of the committees.

With these final observations concerning the legislation before you, the Grange is happy to add its endorsement to the peace programs, which have been designed to meet the critical food needs of the world of today, and the world of tomorrow.

We would caution in closing that we need continually to keep in mind that the world food crisis of today is relatively isolated in a very few countries. These problems should be considered on an individual basis, and action taken such as the needs dictate.

The world food crisis of tomorrow that shall, on the basis of available predictions, become a haunting reality within the next two decades, is one for which we should develop long-term plans and administer them with persistence, foresight, and with all the wisdom which our experience has been able to develop.

The National Grange is not averse to using the American productive capacity to meet the food needs of today and tomorrow. We are opposed to using the present crisis as a basis for dismantling the farm programs which have been so carefully developed by this Congress, and which are making such a major contribution to the economic welfare not only of the American farmers, but also to the welfare of the American public and of the food-consuming peoples of the world.

We do not envy your responsibility for making decisions which are so vast in their implication that the lives of millions of people literally depend upon what you do and say here. We do offer you the best of our counsel, the best of our good wishes, and our earnest prayers that the labors which you undertake in this distinguished committee shall in the days to come have proven so beneficial that there will be those of many tribes and tongues who shall rise up and call you blessed.

The CHAIRMAN. Well, Mr. Newsom, you wouldn't suggest that the farmers get less than they are now getting, or can get under the 1965 Agricultural Act, would you?

Mr. NEWSOM. Not at all. Not at all. This must be—

The CHAIRMAN. You wouldn't want the farmers to share in this production and sell at world prices, would you?

Mr. NEWSOM. Well, if time permits, Mr. Chairman, I would like to say that we are undergoing some real hard thinking on this thing. If we can under the provisions of the act of 1965 maintain farm income, and in a few spots we still must try to improve it, as I am sure you know, then I am perfectly willing to consider with this committee or any other group the possibility of some sort of concessional price on the extra production, because income is the important thing, and if we can maintain and slightly improve income by making some of our agricultural products available at a slightly lesser price than is provided in the primary pricing structure of this country, then I am certainly willing to consider it, but I want at the same time to be sure that we don't use this mechanism to depress the income of the farmers of the rest of the world and thereby invite the possibility of deterring their own development.

The CHAIRMAN. Any further questions?

Senator MILLER. I would like to ask one further question, Mr. Chairman. Do you have or has your organization any suggestions regarding the size of the reserves that should be established for grains? For example, the Secretary I believe has said that in his judgment something in the nature of a 4-month reserve of feed grains would be about right. Now, do you have any position on that?

Mr. NEWSOM. Our position, Senator, is not well defined. We are rather strongly of the opinion that the importance of our reserve of resources under the present structure is not fully understood and we would confess to you that we have a great deal of difficulty of deciding that it is possible for us to create a very substantial reserve supply without doing the very thing that carryover stocks have always done to market prices. We want a healthy market price structure. We don't want one that is unhealthy by reason of being too high any more than too low. We are more committed than some of our contemporaries are to a reasonable regulatory pattern here. But I think it is tremendously important that we analyze carefully the fundamental

question as to how much of this reserve we need actually in production in being that we are going to try to isolate from its influence on the market because this one is rough.

I don't know—we haven't succeeded in doing this one very often.

The CHAIRMAN. Any further questions?

Senator McGOVERN. Mr. Newsom, I agree with Senator Miller's point, and I think you do, too, that we ought to do what we can to get these other countries to participate in what you have described as a war on hunger. If, after doing everything we can within reason to get more help from the other countries, we can't make much progress on that front, would you still agree that we have some responsibility as a nation to do what we can within our own resources to fight the war on hunger?

Mr. NEWSOM. Oh, I certainly agree and I think if we handle this responsibility judiciously, as I have every confidence that we will do, we can open the door wider for the type of thing that Senator Miller is talking about in the future and after all, this is what we have to learn in our relatively new leadership position in this world.

We have just got to try to lead as best we can.

Senator McGOVERN. I think there are some tools that we haven't used in getting cost a little more evenly shared by some of the other countries. One thing we could do is pull some of our troops out of Western Europe. I think President Eisenhower suggested a couple of years ago that we have got five or six divisions of troops over there that we maintain at great expense. He suggested we leave one division to indicate our continuing concern and let the West European countries pay for more of their own defense needs. If they aren't willing to participate in the war on hunger, at least they ought to pay a higher percentage of their own defense costs. If they do that, that would give us a little more capacity to carry on the so-called war on hunger.

The CHAIRMAN. I have been suggesting that for the past 7 or 8 years without any good luck.

Mr. NEWSOM. I would like, Mr. Chairman, if I may, to make it clear that the witness does not pose any expertise in that category at all.

I just feel that those decisions are better in the hands of the U.S. Senate and the administration.

Senator McGOVERN. I am just suggesting it is one source of funds and resources that, while we can't make the countries of Western Europe contribute food and money to the war on hunger, we do have some control over how much we spend on their defense.

I think you are right about the statement you made at the bottom of page 15, that we ought to bring some of the same kind of priority and urgency to this war against hunger that we bring to the military campaigns. I think we have to keep these things in perspective.

If we add up all the money that we have contributed to the United Nations ever since the end of World War II, it is a drop in the bucket compared to what we invest in military ventures in various parts of the world, and yet the war on hunger is just as important as some of these other wars in terms of our own long-term security, and probably much more important.

Mr. NEWSOM. Frankly, I think on this point I find myself in position to agree with you wholeheartedly. I think that in this program

that we are discussing now, we can invite greater prospect, I don't know how rapidly, but greater prospect of being in position beyond question of a doubt to diminish these expenditures with which you are concerned.

Now, what this timing is I am not qualified to pass judgment on.

Senator McGOVERN. I think it is a matter of priorities and a matter of how we are going to allocate the resources we have. I think it would be a wonderful thing if we could get all the countries of the world participating in the kind of a program that we are interested in here. It would be a desirable thing, too, if we had a little bit of help in this venture we are involved in out in Vietnam. We haven't stopped out there because we couldn't get other countries to join with us. We say we are there to defend the principle of freedom, and I am not questioning the motives of our policymakers, but even on as important a venture as that we haven't stopped because we couldn't get the help of the United Nations and other countries. I think the same thing is true here, that while it would be nice to have other countries participating, we have to decide this on the matter of priorities and the right thing for us to do.

The CHAIRMAN. Any further questions? We thank you very much.

Mr. NEWSOM. Thank you, Mr. Chairman.

The CHAIRMAN. At this point without objection we will place in the record the statement made by Senator Quentin Burdick.

(The statement is as follows:)

STATEMENT OF HON. QUENTIN N. BURDICK, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Mr. Chairman, I want to thank you and the other members of the committee for giving me the opportunity to present my views in support of the administration's Food for Freedom proposal. This proposal incorporates many of the objectives originally offered in legislation which I cosponsored in 1965; namely S. 2157 and S. 2229 introduced by Senator George McGovern.

The President's Food for Freedom program would replace the existing Food for Peace program by combining the provisions of Food for Peace with new and more imaginative proposals designed to meet the world hunger gap as we have come to know it in the last year or two. The new program would provide for the export of planned surpluses and emphasize dollar sales and local development wherever possible. It was heartening to note the President stressed our desire to assist other nations in becoming agriculturally self-sufficient. This is perhaps the most important part of the entire program, for we cannot hope to feed the expanding world population even if we wanted to.

Other nations must learn the methods of successful agriculture and apply them in their specific locales to meet their own needs. The President stressed our willingness to increase capital and technical assistance, eliminate the surplus concept to food aid, continue expansion of markets for American agricultural commodities, and emphasizes nutritional requirements especially for the young.

The President asked for an annual appropriation of up to \$3.3 billion to carry out his proposals.

Mr. Chairman, in the past year we have received many Presidential messages. We have dealt successfully with more of the President's messages than perhaps any other Congress in the history of the Nation. Yet I firmly believe the message to expand American agricultural exports and assist other countries develop their agricultural resources is as important as any yet made by the Johnson administration. Hunger and starvation have forever been deadly enemies to the progress of mankind. Today more than 2 billion persons representing two-thirds of the world population live in areas of nutritional deficiency. An estimated half of these people suffer daily from hunger which saps their energy and impairs their abilities. The unfortunate and most startling fact about this situation is that it seems to be getting worse rather than better.

It has taken us from the dawn of time to reach a population of 3 billion people. In the next 35 years that figure will double to 6 billion. In the face of this world population explosion and the hunger crisis it presents, the President's commitment to utilize our agricultural resources in a large-scale attempt to prevent mass starvation may well be remembered as the single most important program of the Johnson administration. The President's program expands proposals made earlier in the Senate which I also endorsed.

The legislation I cosponsored with Senator McGovern last year is designed to expand our efforts at alleviating the world nutritional gap. The International Food and Nutrition Act is incorporated in S. 2157 now before your committee for consideration. This act would authorize a 10-year war against want, using the excess agricultural production capacity of our own Nation to eliminate hunger while we are assisting the less developed nations to bring their productivity and their populations into balance.

The bill authorizes a gradual increasing program starting at \$500 million the first year and increasing by that amount until 1970 when it would be increased by the amount authorized in 1970 each year until 1975. Funds would be appropriated to the President to buy domestic agricultural products to be sold, exchanged, or donated to nations without sufficient nutritional supplies for their citizens. It would authorize the President to allocate funds for loans and grants to recipient countries to improve their port facilities, storage, and internal transport where there is need so our foods can be used effectively and efficiently without waste. It authorizes use of the Peace Corps and American technicians in developing efficient distribution as well as payments for preserving and processing foods prior to export into storable and distributable form. It authorizes the provision of utensils, implements, and other items necessary to effective distribution programs conducted and to the rural economic development programs conducted by this country and voluntary agencies.

The other measure which I cosponsored and is now before your committee for consideration is S. 2229. This bill would authorize the Commodity Credit Corporation \$50 million to assist other countries in alleviating their vitamin and protein deficiencies. Of the total, \$15 million is earmarked for the purchase of protein and vitamins and the supplementation or fortification of foods now being supplied to assist countries. The remaining \$35 million is available to buy and provide U.S. domestically produced high-protein foodstuffs for foreign school lunch and similar programs in eligible nations. The bill suggests some animal products, including beef, pork, poultry, and fish and high protein cereals and vegetable products which might be used, but does not limit purchases except to high-protein availability.

Both of these bills are compatible with the President's program. I am confident both will receive a fair and impartial hearing before your committee.

Legislation introduced to alleviate the hunger of the world comes about at a time when we have become increasingly aware of the problems posed by the food deficiency in the diet of most of the people of the world.

As I indicated above, current information shows more than two-thirds of the world does not have enough to eat. What are the effects of this malnutrition?

Tragically, the effects of malnutrition are felt mainly among the young. Infant mortality rates in underdeveloped countries may be only 6 to 8 times as great as those in technologically advanced areas but the mortality in the 1- to 4-year age group may be 50 to 60 times greater. Beyond this, malnutrition stunts the physical growth of these youngsters and saps their mental abilities as well. Indeed many of the characteristics of people in foreign nations which to the untrained eye can foster doubts about the willingness of these people to help themselves can be traced to their lethargic nature which is a direct resultant of malnutrition.

Clearly, Mr. Chairman, the inability of most of the people of the world to feed themselves is a deterrent to the progress of mankind. Our country has for the most part conquered the problem of hunger and turned to more esthetic pursuits designed to improve the quality of our lives. This is not the case for most of the world. India today is facing a famine that will see millions starve to death. According to the Swedish economist, Gunnar Myrdahl, India is but the first of many poor nations in Asia, the Middle East, and Latin America that face mass starvation, food riots, and resultant governmental instability in years ahead. Once fertile areas of South America and southeast Asia are no longer able to sustain themselves. The fertile acreage of the world is shrink-

ing and the United States, along with Canada and a few European countries, stands almost alone with most of the world's food. Surely it is the moral imperative of our country to help in whatever way it can. In the words of the Apostle Paul, "If thine enemy hunger, feed him."

Aside from our moral responsibility, a program such as proposed in the legislation before this committee today, would have untold economic benefits to the economy of our country. Today 25 percent of our farm capacity is idle. Steel production is producing at only 85 percent of capacity. Overall industrial capacity, even as close to full employment as we are today, is still only about 90 percent.

American farmers could benefit greatly from a program to meet food needs and it would add substantially to the Nation's economic health.

The money such a program would put into the hands of American farmers would be plowed back almost immediately into business and consumer spending. Farmers would need more fertilizer, machinery, equipment, gasoline, oil, and other supplies. Surely employment on farms and in factories would increase and gross national product would expand.

It is only sound economics to invest in this program to expand American food exports. To do so will stimulate our economy. To do otherwise will depress it. If we cannot adjust our farm program to meet the needs of the hungry throughout the world then we can face more displacement of farm families, more unemployment, and more welfare costs. Tax revenues would decrease and our own domestic problems would become even more compounded.

In summary, Mr. Chairman, I would say that we know a large part of the world lives in hunger and the face of mass starvation. American agriculture is producing at less than capacity and is able to assist in alleviating the world's hunger problem by adjusting to full production. Our morality and our economic welfare demand that we respond to the challenge. The administration is to be commended for offering our food for freedom. I am sure I can speak for all North Dakotans in endorsing this program. Thank you for allowing me to present these views.

The CHAIRMAN. Mr. Doup, representative of the American Farm Bureau in the absence of Mr. Shuman.

STATEMENT OF GEORGE DOUP, PRESIDENT, INDIANA FARM BUREAU, INDIANAPOLIS, IND., REPRESENTING THE AMERICAN FARM BUREAU FEDERATION

Mr. DOUP. Senator Ellender and members of the committee, with me today here are Jack Lynn of our staff and Marvin McLain. And I may on occasion, if I see need, call on them for any comments of a technical nature that I might not have the answer to.

I am George Doup, president of the Indiana Farm Bureau and a member of the board of directors of the American Farm Bureau Federation. Our statement is relatively brief and concise, I think.

We appreciate the opportunity to present Farm Bureau's views on the use of our agricultural productive capacity to combat hunger in the less-developed areas of the world.

The increasing world need for U.S. food supplies provides a wonderful opportunity for action to strengthen the market system, both at home and abroad.

Farm Bureau has long supported the search for new ways to make constructive use of the actual and potential output of our efficient agricultural industry. Our efforts in this regard have been threefold:

- (1) We have advocated policies aimed at maximizing mutually advantageous commercial trade.

(2) We have supported policies aimed at supplying food and fiber assistance to less-developed nations unable to acquire needed supplies through commercial trade.

(3) We have advocated Government farm program policies designed to preserve the market system as the principal influence in determining the use of farm resources and distributing farm output.

Members of the committee will recall that Farm Bureau played a major role in the development of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) and that we have supported periodic extensions of this legislation.

Our objectives in supporting Public Law 480, now generally called the Food for Peace program, first, have been to reduce accumulated surpluses, second, provide needed aid to friendly foreign countries, and third, expand commercial trade as recipient countries develop their own economies.

We have felt that Public Law 480 should be temporary and that measures should be taken both at home and abroad to reduce the need for a program of this type.

Since 1954 surplus farm products worth some \$25 billion in terms of acquisition, handling, and shipping costs have been distributed to more than 100 nations under Public Law 480. This program obviously has been an important outlet for U.S. products and an important source of supplies for the recipient countries.

On the other hand, the objectives which originally led us to support such legislation have not been fully achieved. Surpluses have persisted in a few commodities—not because Public Law 480 failed to find new outlets, but because new surpluses have been produced under a succession of ill-advised Government farm programs.

The domestic programs which generated the surpluses have not solved farmers' income problems.

Operating as a surplus disposal program, Public Law 480 has led to expanded commercial trade in a few cases and may have reduced such trade in other instances. There also are some cases where food aid, coupled with other assistance, has contributed to the permanent improvement of the economies of recipient nations. Nevertheless, the food aid needs of a number of recipient nations are now much greater than when Public Law 480 was initiated.

The time has come to redirect our efforts, both to strengthen the income position of farmers and to assist the people of friendly less developed nations in the solution of their economic problems. We believe that this can best be accomplished by strengthening the market system at home and abroad. Consequently, we call our proposal the "Marketing food for freedom" program.

FARM BUREAU'S PROPOSAL

The general goals of our approach are maximum producer freedom, minimum Government involvement, market determination of farm commodity prices, and expanded use of productive resources at home and abroad.

The proposed program is designed to—

(1) Shift the emphasis in food aid programs from surplus disposal to supplying the commodities determined to be most needed in consultation with the nations to be assisted.

(2) Provide that commodities to be shipped under food aid agreements be produced in the United States and purchased through regular market channels.

Points 1 and 2 are designed to encourage production of needed commodities rather than surpluses, to emphasize the value of food to the recipients, and to strengthen the competitive market system.

(3) Establish conditions to be met by nations desiring assistance.

One such condition would be the development of an acceptable plan showing how food acquired through the program will contribute to economic growth and development, with reasonable assurance that this plan will be implemented.

(4) Provided that, after an agreement is reached on the amount of aid to be provided and the commodities that may be acquired, the recipient nation—operating through private trade channels—shall select the class, grade, and quality of product to be purchased; determine the markets through which purchases are to be made; and make its own transportation arrangements.

(5) Provide that information on the quantities of products authorized for shipment under the program be announced as far as possible in advance of the procurement dates to allow farmers to make needed adjustments in production and marketing plans.

(6) Reduce the cost of Government programs by providing markets instead of subsidy payments and other price support activities. (It is not our purpose to “add another program” to those already authorized.)

This would be accomplished by shifting funds from existing price support, direct payment, and surplus disposal activities to the marketing Food for Freedom program.

(7) Authorize recourse loans on affected food and feed commodities.

The market for these commodities would be strengthened by purchases for export under the new program. Price-support loans and payments would be phased out. Funds now being spent on these activities would be transferred to the new program. Recourse loans could be used for affected commodities to assure a ready source of credit and facilitate orderly marketing.

(8) Provide for coordination with other economic aid programs.

For example, technical assistance might be provided to help a country carry out the plans for economic development referred to in point 3 above.

(9) Provide that the United States not relinquish authority or decisionmaking responsibility to an international agency.

This would not preclude cooperation with other nations engaged in similar activities as long as this country retained authority for determining the nations to be aided and the conditions under which aid will be extended.

(10) Vest in the Congress the authority and responsibility for appropriation the funds necessary to achieve the program level determined by it to be appropriate.

Such funds should be appropriated directly to the Government agency designated to have the administrative responsibility.

COMPARISON WITH THE PRESIDENT'S RECOMMENDATIONS

The CHAIRMAN. Before you go any further, as I understand your 10 points, if they were carried through, we would have to amend the Agricultural Food Act of 1965. You couldn't operate under that act.

Mr. DOUP. I would presume it wouldn't come as much into play. We propose cutting back the money used under the 1965 act and diverting it to our new program.

The CHAIRMAN. So that the money which would have been used for supports by way of subsidy, as you put it, would be used to assist sending food abroad.

Mr. DOUP. Yes.

The CHAIRMAN. Well, in other words, the present program helps the farmer directly and as I understand your proposal, you would want the Government out of it entirely.

Mr. DOUP. We would want to pull the money out of it.

The CHAIRMAN. That is right. Well, you would have to change the present law. That is the point I was making.

Mr. DOUP. Well, if this be the case, yes; this is what we would say.

We are pleased to note that many of the points listed above are very similar to key points in President Johnson's message on "Food for Freedom." It would appear that we are in general agreement with the stated objectives of those portions of the President's recommendations which propose to—

Make self-help an integral part of our food aid program.

Eliminate the "surplus" requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize an expansion in food aid shipments.

Emphasize the building of cash markets and a shift toward financing food aid through long-term dollar credits—rather than sales for foreign currencies.

Provide for better coordination of food aid with other economic assistance.

It is important that these objectives be achieved.

COORDINATION WITH OTHER PROGRAMS

If food aid, economic assistance, and technical assistance are to be coordinated, it seems apparent that they must be administered by the same Government agency. U.S. assistance should be offered to less developed countries as a unified program containing those elements that will best fit each country's developmental needs.

In this manner, a less developed country—which has designed its own self-help program for development—can confer with the United States on a "package program" of assistance. We believe that country-by-country programs—mutually agreed to by the recipient country and the United States—should be submitted to Congress so that for-

foreign aid money can be appropriated in an intelligent and constructive manner.

We recommend that (1) Congress appropriate funds for food aid in the same manner that it appropriates funds for other foreign assistance, and (2) the commodities to be shipped under food-aid agreements be purchased through regular market channels.

There would be no need to use the Commodity Credit Corporation to finance such a program; there would be no reason to charge the Department of Agriculture for the cost of such a program. This would be a food-aid program based on what the people of recipient countries need and could use effectively. It would not be surplus disposal. It would be designed to meet humanitarian and foreign policy objectives.

THE NEED TO STRENGTHEN THE MARKET SYSTEM

While an increase in food aid to friendly, less developed countries is justifiable under present conditions, this cannot be considered anything more than a short-range solution to the problems of hungry nations. Even with its tremendous agricultural productive capacity the United States cannot feed the world. Furthermore, we do not think that it is in our interest or the interest of the recipients to create a situation under which any country becomes increasingly dependent on U.S. charity for its food supply. Such a development could become very burdensome for the U.S. taxpayers, and we doubt that it would contribute to the attainment of a more peaceful world.

The long-range answer to the hunger problem requires that the needy countries find ways of improving their own output. The magnitude of this problem could, of course, be reduced by successful measures to control population growth.

Most competent observers agree that there are three major reasons for the serious food problems facing certain nations—lack of knowledge, lack of capital, and lack of an effective distribution system.

As a result of the new knowledge developed by our agricultural research institutions and its rapid adoption, U.S. farmers have a vast technological know-how that we are willing to share with others. This know-how has been made freely available to other countries. Numerous U.S. experts have been sent abroad by the Government and private foundations. Our Government has paid the expenses of countless foreign agricultural experts and technical workers who have visited American farms to learn methods which they could adapt for use at home.

Billions of dollars have also been made available for the financing of capital investment in less developed countries.

Despite this assistance, the need for U.S. food aid is increasing at an alarming rate. Obviously there is an essential ingredient in our success formula which many other nations have refused or neglected to copy. This ingredient is the incentive system which has been so successful in generating an abundant supply of capital for American agriculture and business. The one common denominator that is to be found in virtually all hungry nations is their Socialist political-economic system—i.e., a government-managed economy. It is increasing-

ly apparent that Socialist nations cannot use knowledge effectively, even when we give it to them.

The world does not need to starve if the underdeveloped nations can be induced to accept the profit-incentive method of capital formation—competitive capitalism. Further extension of food aid by the United States should be conditioned upon the willingness of the recipient nations to replace government management of agriculture with a market price system. Also, we should insist that they encourage private capital investment by permitting incentives, by checking inflation, and by removing other obstacles to progress. Such a program would make it possible gradually to replace food aid with increased local production or commercial purchases financed by increases in their own exports of those things they can produce relatively most efficiently. Our marketing Food for Freedom program is designed to achieve these goals.

Changes in our domestic farm programs also are needed. Members of this committee are familiar with Farm Bureau policy on the Food and Agriculture Act of 1965. We vigorously opposed its enactment. We are opposed to compensatory payments. If we pursue this route it inevitably will lead to limitations on payments and thus lower the net incomes of efficient producers. The USDA currently is estimating that direct payments to farmers from the Treasury will amount to about \$3.4 billion in 1966. This is approximately 24 percent of the realized net farm income (\$14 billion) of all U.S. farmers for 1965. Farmers know this is an undependable basis on which to build the future of American agriculture.

The dumping of CCC stocks in order to hold down market prices to farmers is part and parcel of the compensatory payment approach. Stocks are dumped to force compliance with the Government programs and also to prevent increases in consumer prices. This not only depresses the prices of the commodities dumped but indirectly distorts the prices received by poultry, dairy, and livestock producers. It also accustoms consumers to artificially low market prices, to the detriment of all farmers. No friend of the farmer could support the Government's use of its stocks to depress market prices and thereby force farmers to depend on direct payments from the Treasury for their net incomes. In many cases today the check the farmer receives directly from the Government is more than his realized net farm income.

The President's proposal for the establishment of food and fiber reserves would perpetuate the Government's ability to depress market prices. Due to the productive capacity of American agriculture, the variety of products we produce, the geographical dispersion of our important producing areas, and the flexibility provided by our livestock economy, Government-owned food reserves are not needed for the protection of domestic consumers. If reserves are to be maintained, simple justice demands that they not be used to force producers to accept Government payments as a substitute for market prices.

Farm Bureau has long contended that Government efforts to improve the economic well-being of farmers should seek to expand and strengthen markets at home and abroad rather than to fix prices and control the output of specific commodities. The results of many years of experience with Federal farm programs attest to the validity of this viewpoint. The current economic position of cattle, hogs, poultry,

and numerous other food commodities which have no price support, compensatory payment, or control programs is far more favorable than that of the commodities for which the Government has long operated price support and control programs.

During the 1965 fiscal year the cost of the present price support, direct payment, and Public Law 480 programs amounted to approximately \$3.7 billion for wheat, rice, feed grains, soybeans (largely oil under Public Law 480), dry edible beans and peas and dairy products—the major commodities likely to be affected by the Marketing Food for Freedom program which we are recommending. This figure includes \$0.8 billion in realized Commodity Credit Corporation losses, \$1.2 billion direct payments to farmers and/or handlers as a substitute for market prices, and \$1.7 billion for Public Law 480 programs. The Food and Agriculture Act of 1965 will result in even higher Government expenditures for these commodities.

A gradual shift of these funds to the new program would permit both a substantial expansion in the present rate of food aid shipments and a gradual phaseout of existing price-support and payment programs for food and feed commodities as the market system is strengthened.

Since one of the conditions to be met by qualifying nations, under both the program proposed by the President and the program which we have offered, would be a requirement that they develop and follow plans designed to strengthen their internal economies, it should be possible to expand commercial sales on a gradual basis over the life of the program. This could be done in various ways. To begin with, we propose that the recipient nation be required to make its own transportation arrangements with carriers of their own choice. In addition, a recipient nation might be required to increase its commercial purchases over the life of a program agreement; pay a gradually increasing percentage of the total cost of the commodities furnished in convertible currency; or enter into loan agreements whereby credit extended for the purchase of food under the program eventually would be repaid in full in dollars.

As such shifts took place, the need for public financing of the Marketing Food for Freedom program would be reduced. By building markets at home and abroad and producing for need rather than for storage and surplus disposal, we could move away from domestic control of agricultural production and marketing.

We cannot support a policy of attempting to supply world food needs simply on superimposing a Food for Freedom program on current domestic price-support and adjustment programs. Our policy moves in the direction of substituting the production of food for market needs in lieu of acreage controls and the market-depressing direct payment programs currently in effect for many commodities.

This concludes the written testimony we have, Senator Ellender and members of the committee.

The CHAIRMAN. When I asked the question, I anticipated you. You made it very plain that in order to carry out the program you are suggesting, we would have to do away with the Food and Agriculture Act of 1965, and go back to your theory that the best way to assist the farmer is to let him produce and sell on the market without

any Government interference. You didn't mention about the retirement of land, and so forth.

I presume that land retirement would be included in any program that you would propose.

Mr. DOUP. We have this as a part of our policy within the Farm Bureau. We do not include it in here.

The CHAIRMAN. Now, how would you go about establishing markets abroad under your proposal?

Mr. DOUP. Well, in the negotiation that would be made with these countries and carried on between these countries in helping to decide what their needs were and what we could supply, we could propose, then, that these be determined with negotiations and these countries then in turn purchase these products in this country through regular marketing channels and in this way would have its effect on our prices in the market.

The CHAIRMAN. What would they purchase it with?

Mr. DOUP. In some instances they will be loans. In some instances they—

The CHAIRMAN. Soft currency?

Mr. DOUP. Soft currency possibly. There would also be as we mentioned in here—

The CHAIRMAN. Long-term credits.

Mr. DOUP. The building of their economies by exporting products that they in turn can get money to do this with. It is our feeling that this has not been carried as far or as strongly as it ought to be. We have been too easy with letting these countries come in more as a favor in the way of seemingly helping us by accepting our surpluses than it has been on a basis of negotiation and a determination that they are not really helping us, that we are helping them, and that we do need to get busy in our negotiations with them.

The CHAIRMAN. Well, I long contended that we should have attached strings to our foreign aid program, our food program, but that hasn't been done and, of course, it is now too late.

Mr. DOUP. Well, I am not sure it is too late to try again.

The CHAIRMAN. Yes; but we are almost broke now as far as that goes.

Mr. DOUP. Yes, but—

The CHAIRMAN. And we have already spent, as I pointed out, \$110 billion in cash and loans that will never be repaid except maybe a few by France, but very few, and then the credit we gave through the sale of some of our foods for soft currency. We were able to handle that because we have got to spend it within the recipient country.

Mr. DOUP. Yes; but it seems to me now that our situation is a great deal different than it was when Public Law 480 was first established. We did have surpluses then that we were looking for ways to get rid of.

Now, today, agriculture's conditions are different thanks mostly to our heavy exports.

The CHAIRMAN. We have largely reduced our surpluses.

Mr. DOUP. Yes; I think we are a little better off than we were, but again these countries have got to know now that we can't continue the way we have been on Public Law 480. So it seems to me the oppor-

tunity is here for Congress with the expiration of 480 to get some of these things done that you are talking about.

The CHAIRMAN. You would be surprised to know that many of these countries abroad, their leaders think that money grows on trees in America.

Mr. DOUP. Well, Congress doesn't have any qualms at all, and I don't fault Congress for this, to put strings on aid to India in different programs. I don't know why we don't feel that we can do this at least in some way or some measure with India or other countries. I think it is no more than right or fair.

The CHAIRMAN. Well, the reason for it all is that we are trying to tiptoe our way through the world diplomatically.

Mr. DOUP. We are not doing very well.

The CHAIRMAN. And don't want to hurt anybody. And that is the trouble.

Mr. DOUP. We are not doing very well.

The CHAIRMAN. Of course we are not. In other words we are not firm enough. We are too soft as has been said on many occasions.

Mr. DOUP. I think farmers agree with you completely, Senator Ellender.

The CHAIRMAN. I am glad of that. I know quite a few Americans do agree with me.

Senator Miller.

Senator MILLER. Thank you, Mr. Chairman.

I want to commend you for a very fine statement.

Mr. DOUP. Thank you, Senator.

Senator MILLER. I would like to clarify along the lines of Senator Ellender's question how this would be phased in and the present law, the 1965 law, would be phased downward or out in some of its provisions. Do you, for example, or would you, for example, have in mind reduction in the amount of compensatory payments, say, starting in 1967, by 25 percent and then the amount of money that otherwise would go for that would go into this program to help these developing nations with loans or credits or some means to buy the commodities back here so that there wouldn't be any reduction in the overall cost but the money would go from compensatory payments into strengthening the market system.

Mr. DOUP. This is exactly, Senator Miller, what our delegates said when they prepared this policy, in the discussion they had on it. The compensatory payment route for farmers is not good, and so you probably don't get rid of all of this at once but do it gradually.

We see opportunity here by taking some of those funds and doing just exactly what you are saying, putting this new program in, in so doing you strengthen the market for those commodities that those other countries purchase and the farmer ends up still with his price not hurt, these countries helped, and we end up without any more cost to the taxpayer.

Now, I think the approach that farmers are looking at here is one that they agree is sound and is better than what we have been doing.

Senator MILLER. What kind of a timetable would you have in mind, though, for that phasing down?

Mr. Doup. Well, of course, we know you can't do anything on the present program in 1966. So we would hope that the Congress would see fit to start in 1967 with this program.

Now, maybe you are talking about a billion and a half dollars the first year. I don't know the amount. But it ought to be a sizable enough amount to recognize that this is the way we are going.

Senator MILLER. Well, did you have in mind perhaps a 3- or 4-year time phase?

Mr. Doup. Let's don't make it any longer than it has to be. Two or three years I would hope would phase out the old program. It probably can't be done in one, Senator Miller. I don't know. It might. But certainly it shouldn't take any longer than two.

Senator MILLER. Would you have in mind going into diversionary payments, too?

Mr. Doup. Our policy calls for a land retirement program yet. This will not probably be much of an adjustment program as far as agriculture is concerned but it would help some people who need to adjust out of agriculture or adjust their production in agriculture. They should have this opportunity. So we would propose that a long-time cropland retirement program be started, realizing it has limitations on what it can accomplish.

Senator MILLER. Would there be any particular change in the program that would be recommended by you as far as the law is concerned to encourage dropping out of production of some commodities which other countries do not particularly want and the phasing into production of commodities which are not now in surplus and which they would require?

Mr. Doup. The market price will do this. The market price will tell farmers pretty quickly what to produce.

Senator MILLER. I am wondering if this might necessitate any modification of the limitations on crops that can be grown on diverted acres or on the acres which are still eligible for growing of crops on non-diverted acres.

Mr. Doup. Of course, we ought to get out of allotments real quickly. This is what hamstringing any kind of a program like this or the program of farmers out on the acres, is someone trying to tell farmers other than by market prices what they ought to be growing. Farmers will respond to market price real quickly if the market price is allowed to operate.

So what we are hoping to do is to strengthen the market price system and the market itself by the addition of foreign sales, foreign purchases, along with what we can do here at home. We hope to rid ourselves of acreage controls and production payments on food and feed grains.

Senator MILLER. Well, what I am getting at, for example, is, suppose that in 1967 a billion and a half dollars is taken out of compensatory payments and put into this Marketing Food for Freedom program to help strengthen the market. Now, suppose that the forecast and commitments made under this program would indicate that 5 million bushels more of, let us say, soybeans, would be desired than otherwise would probably be produced. Would the Secretary of Agriculture then, or would you suggest that the Secretary of Agriculture

then might modify the diversion program to permit growing of soybeans on diverted acres in a certain amount for those farmers who were complying so that you would end up with the target of 5 million bushels of soybeans which might otherwise not be produced instead of having 15 million of soybeans? Is there anything that should be done with this program—

Mr. Doup. I wouldn't want to touch this. I think you will get the soybeans, all the market will take, if the farmer knows out there that the price isn't going to be determined by the dumping of surplus CCC stocks or with other things that affect it. If he can have reasonable assurance that the demand is out here and the demand will reflect price, then I think you will get the production and you will get it without worrying about diverted acres, because the farmer will realize that his income is better going this route, than it is the diverted acres route with controls.

Senator MILLER. Well, I would agree with you. I am not sure that that would be accomplished, though, in just a 1-year time frame. That is why I am wondering if in phasing out compensatory payments there might be some type of mechanism that would be coordinated with that regarding the phasing up of production of some of these nonsurplus crops to meet the objectives in this program.

Mr. Doup. Well, if this became a problem, I would hope that it would be very limited and a very short-term arrangement done this way or otherwise we perpetuate what we have now which will not do. Experience has always been that short-time programs generally become long time.

Senator MILLER. Thank you very much.

The CHAIRMAN. Any questions?

Senator MONTROYA. Yes.

Mr. Doup, I notice in your statement you give emphasis to the idea of trying to incorporate this program under the so-called foreign aid program and to require that all appropriations to service the program should be grouped in the foreign aid budget. Do you think that would actually work better?

Mr. Doup. Well, again, in our statement, we have said that we favor Congress doing some of this and having control over this with individual countries.

Now, presently the foreign aid program, as I understand it, is a set amount of money and then the program is developed. We would like to see this one come about in another way where there would be negotiated with India, for instance, a program and the Congress insist that proper safeguards are put in it and that this, then, comes back to the attention of Congress through this route.

Now, if it gets put into the regular foreign aid program as it is today, this doesn't meet our requirements or objections.

Senator MONTROYA. The point I am trying to make is, don't you think that if it is included in the foreign aid program and administered as a foreign aid program that the administrators will be more inclined to make extensive grants of food or gifts rather than sales for dollars?

Mr. Doup. This might be.

Senator MONTROYA. And that is the point of criticism that I want to level against that kind of approach.

Mr. Doup. We would, too, but believe that Congress can correct this trouble if they really want to.

Senator MONTROYA. Now, under the present foreign aid program, the estimate is that 90 percent of all the foreign aid dollars appropriated are actually spent in this country for goods that go to the recipient countries, whereas in 1958 the percentage of foreign aid dollars that was spent in this country was about 30 percent of the total appropriation. So we have made some progress in that regard.

Now, this program contemplates some grants of food, some loans, so sales for soft currencies and some sales for hard dollars. Now, what is your thought with respect to this type of varied sale?

Mr. Doup. Well, we would probably have to use all of these for a while, but finally, if we are going to meet this problem throughout the world, this is going to have to be one of getting their agricultural economy up to meet some of their needs, and in so doing, they are going to be producing other things that possibly can be sold other places. They will generate dollars that they can come in here and purchase. And so in this interim we are going to have to use different ways to do this but our eventual program and hope is that we can get this to the place where it will be on a trade basis, dollar trade basis.

Senator MONTROYA. Well, actually there is also another element to be considered which has not been discussed in the hearings. Isn't the Food for Peace program part of the foreign policy approach of our Government rather than charity as some of the witnesses have indicated?

Mr. Doup. Yes. I think this is right. Our delegates 2 or 3 years ago changed our policy slightly and said that these Public Law 480 or Food for Peace programs ought to be considered as a part of our State Department or foreign aid program rather than so much the Agriculture Department.

However, they have gotten questions, as you pointed out a while ago, in going completely this route.

Senator MONTROYA. Have you given any thought to the possibility that our Government will again try to make gifts of food or sales of food for soft currencies to countries that are inimical to our way of life or through actions have demonstrated that they are not actually our friends?

Mr. Doup. Well, we have policy on this and a great amount of discussion on it. We have said that if the sales can be made in the best interests of our country, then this would be one that we would look favorably upon.

However, there is a lot of question in the minds of our people on this very point and, of course, here you have to identify what is in our best interest. And this is difficult.

Senator MONTROYA. Well, I will give you—well, the Nasser incident or experience is one that comes to everyone's mind but I also recall how when I was serving on the Committee on Foreign Operations in the Appropriations Committee of the House, how we tried to resist the attempt of our Government to give food and also foreign aid to Indonesia for quite a few years. And I still believe that we were right in trying to resist giving that type of aid to Indonesia, and the Congress has spoken very eloquently with respect to Nasser, and I do

hope that the Congress continues to speak eloquently on this particular subject in the manner it has spoken in the past.

Now, what do you think about that situation?

Mr. DOUP. Here is where I think it would come to light under our program. We talk about it continuously in negotiating with these countries. Now, if a country in the negotiation stage of this had appearances such as you are talking about, this would be coming back to Congress, you would know it, you could make the determination of whether or not the food went to that country. It would not be put in a lumpsum package for some other agency than Congress to make this determination. We think this ought to come right back in Congress hands rather than going to some agency of Government that has a free rein in this.

Senator MONTOLA. That is all.

The CHAIRMAN. Any further questions?

We thank you very much, Mr. Doup.

Mr. DOUP. Thank you so much, Senator Ellender.

The CHAIRMAN. All right.

Mr. Atkin.

STATEMENT OF MAURICE D. ATKIN, MEMBER OF THE EXECUTIVE COMMITTEE, COMMITTEE ON WORLD FOOD CRISIS

The CHAIRMAN. Identify yourself for the record, please.

Mr. ATKIN. Mr. Chairman, I am Maurice D. Atkin, vice president of Robert R. Nathan Associates of Washington, D.C., an economic consultant firm here in Washington, but today I am appearing as a member of the Executive Committee of the Committee on the World Food Crisis in support of the administration's bill on Food for Freedom.

Incidentally, Mr. Herschel Newsom, who appeared somewhat earlier this morning, is chairman of this committee.

Few proposals have received such widespread support in this Nation as has the proposal to close the world food gap.

It became obvious nearly a year ago that U.S. surpluses, which are now the basis of our Food for Peace program, were rapidly declining and would be inadequate to maintain that program with any degree of adequacy after 1966. Congress itself, through an amendment to the farm bill which originated in this committee last year, authorized the purchase of dairy products in the market when necessary to maintain our foreign assistance feeding programs.

When Senator George McGovern, former Food for Peace Administrator, introduced his International Food and Nutrition Act in June 1965, it confirmed to many Americans that the world faces a critical food and population crisis, and that the U.S. international food assistance program might end, even though the act itself was extended, because of the disappearance of surpluses. His bill started an extensive reappraisal of our international food programs and policies.

It was my privilege to attend a national seminar on U.S. food policy and world food needs at the Center for Research and Education at Estes Park, Colo., June 28 to July 2 last year.

Mr. Chairman, I would like to submit for the committee's files and the use of members copies of the report of the proceedings of that

seminar, which was attended by about 30 distinguished Americans of various occupations, widely representative of both professional and political viewpoints.

I should like to call the committee's attention particularly——

The CHAIRMAN. How many copies do you have? Have you enough to make available to each committee member?

Mr. ATKIN. Yes, sir.

The CHAIRMAN. I wish you would file it and I will ask the clerk to mail one to each member.

Mr. ATKIN. Very good, sir. We certainly do have enough.

The CHAIRMAN. Now, when was that meeting held?

Mr. ATKIN. June 28 to July 2.

The CHAIRMAN. Of last year.

Mr. ATKIN. 1965.

The CHAIRMAN. I presume that because you anticipated that our surpluses would dwindle down that you are now suggesting that the American farmer grow food for freedom.

Mr. ATKIN. Yes, sir.

The CHAIRMAN. I thought that. Proceed.

Mr. ATKIN. I should like to call the committee's attention particularly to the summary beginning on page 55 of that report.

The conference ended in agreement among participants, who are all listed in the report, which is stated in the final paragraph which says:

* * * a clear transition period is at hand both with regard to the purpose of Public Law 480 and with regard to recognition of new and growing needs and opportunities. A new approach to world food shortages and U.S. food production policy is required which recognizes the dynamic possibilities of shifting from surplus commodity disposition to one predicated on meeting human food needs through a rational exploitation of the U.S. capacity for agricultural production.

(The summary is as follows:)

NATIONAL SEMINAR ON U.S. FOOD POLICY IN RELATION TO WORLD FOOD NEEDS—A REPORT OF PROCEEDINGS, JUNE 28—JULY 2, 1965

* * * * *

VII. SOME CONCLUSIONS

Coordination of U.S. and foreign agriculture

In view of the probability that food surplus stocks in the United States will further diminish and that there may be an increasing deficit of food in many of the underdeveloped countries, nothing should be omitted to induce these countries and their governments to increase their food production and to improve the quality by putting special emphasis on the production of protein-bearing crops. The agricultural resources of the United States should simultaneously be reoriented toward increasing the output of the kinds of food which will meet an increased demand in the world market. This policy should utilize the regular channels of food trade to the fullest possible extent. In order to assist such a policy, incentives should be strengthened to let related industries participate in the program. Insofar as the U.S. Government donates food, its program should be integrated into the trade expansion. Special care should apply to the avoidance of any impairment of our international bargaining position as the world's leading food exporting country.

U.S. foreign policy—Food and markets

Food can effectively and efficiently serve as a resource in foreign economic development and should be so used. Food aid overseas should be recognized as a part of the foreign economic policy of the United States—as a part of our op-

portunity to be helpful to the developing nations—as a part of the development strategy of the free world.

This need should be recognized as a legitimate market force—a legitimate demand on our food supplies and ability to provide them. Furthermore, the food that is needed to meet these needs should be procured in the market at the going market price. This affords the proper means to acquire such quantities and such kinds of products as are deemed appropriate. The determinations as to what should be procured would depend on the needs of the receiving country as viewed by their officials and by their bona fide food importing trade, as well as by our officials and our exporting trade. The decisions should take into account (but not be limited to) the size of stocks for particular commodities in the United States and the prices of those commodities. These commodities would be acquired in the United States as any prudent acquirer would acquire products in any kind of a normal marketing situation, giving some reference to supplies and prices, but not sole reference to these factors.

Adapting U.S. farm industry to world needs

There is an opportunity and need to develop a positive approach to productive capacity of the U.S. farm industry which is the most efficient farm system in the world. Agriculture is trying to make a conscious accommodation to the needs of the foreign economic program and the human problem. (Significantly, an agricultural rather than a nonagricultural group has here advanced this viewpoint.) Under our present program, whether desirable or not, our wheat carryover has receded from 1,400 million bushels to less than 900 million bushels, and our feed grain carryover from 86 million tons to 56 million tons; the former is still moving downward. This adjustment has strengthened the U.S. balance of payments by a very high volume of agricultural export.

Concessional use of U.S. food commodities should be maintained as long as it contributes efficiently to economic development and to the elimination of the need for continued food aid, provided that a weakening of the U.S. position in the world market for all sorts of goods is carefully avoided.

To the maximum extent possible, indigenous institutions must be developed in recipient countries to meet local responsibilities of stimulating agricultural and food industry development in order to provide for the progressive elimination of the need for continued food aid.

The level of flow of U.S. commodities must be keyed to both humanitarian and developmental potentialities. Level of flow must also be fluid in the sense of rational expansion and contraction of U.S. production.

The kinds of commodities to be considered for food aid must relate in the first instance to products which can be most efficiently produced in the United States and which will not disrupt domestic farm policy and prices or normal international trade patterns.

The extent to which these increased concessional food transfers can meet future food needs abroad will depend primarily on the willingness of the host country to face realistically its food requirements.

It is basic that U.S. food production capacity be directed in aiding not only in the alleviation of hunger but most importantly in aiding the sound growth of the institutional framework upon which the less-developed countries can meet their food needs to the maximum extent possible and assure sound future economic growth.

Much may be gained by shifting some grain acreage to the production of pulses, at least to the extent that food deficit country demands for them could be generated. A 20-percent increase in the acreage of pulses and of oilseed crops where soil and climatic conditions are favorable, could greatly improve the nutritional status of the populations in the food deficit countries.

Long-range programs

Longer range programs should also be started now. These involve decreasing food losses, introduction of food mixtures, increasing local food production and consumption, and programs of community development.

Emphasis should be placed on making our exported foods for this program of the best nutritive quality. All our refined cereal products (wheat flour and various cereals for cooking) should be enriched or fortified, all our dried skim milk should have vitamin A and D added, all of our white rice should have thiamin added. Emphasis should be on the preschool child but not limited to

this segment of the population. Appropriate consideration also should be given to school feeding programs, and the total nutritional needs of other groups.

The full and best use of our food supply to reach the above goals will require the use of mixtures of which several prototypes already exist, such as Incaparina. Basically, such mixtures are designed to improve the energy-bearing part of the diet with an appropriate addition of protein to provide a mixture of adequate nutritional value at lowest cost. The successful introduction of such products into the regular channels of trade is a complicated, difficult and risky business which requires, first, consideration of acceptability by the population concerned. There is a broad spectrum of products available on which to base a program of improved protein calorie intake. These include vegetable products such as various edible legumes (chickpeas, beans, lentils), byproducts of the flour milling industry, joint products of oilseed crushing, a variety of animal products (those of the dairy, poultry, and slaughtering industries), and a variety of fish and products of seafood processing industries. Amino acid (lysine) is also available for adding to the quality of the diet by mixing with food commodities.

In conclusion, a clear transition period is at hand both with regard to the purpose of Public Law 480 and with regard to recognition of new and growing needs and opportunities. A new approach to world food storages and U.S. food production policy is required which recognizes the dynamic possibilities of shifting from surplus commodity disposition to one predicated on meeting human food needs through a rational exploitation of the U.S. capacity for agricultural production.

The CHAIRMAN. Did this seminar come to any conclusion as to the cost of the program they are advocating to the U.S. taxpayers?

Mr. ATKIN. There was quite a bit of discussion on that point, Mr. Chairman, and it was in the time period we had, it was difficult to come to a specific dollar conclusion. The general feeling—and I emphasize this was a feeling and an attitude—was that it would not cost significantly more, if at all, than the current agricultural programs.

Now, let me say—

The CHAIRMAN. You mean surplus-disposal program?

Mr. ATKIN. Yes, sir.

The CHAIRMAN. Or the entire—

Mr. ATKIN. Surplus-disposal program. Let me say at this point that none of us there was sufficiently foolish to think that American agriculture would be called upon to feed the world. It was also recognized that the have-not nations have a responsibility to help themselves, and to do something about the population problem.

The CHAIRMAN. What if they don't? We have been trying for years now to help them help themselves. We have spent billions of dollars to help them carry out certain programs. They didn't respond. Now, what evidence have you that they will respond if you continue to feed them or assist them the way you are proposing?

Mr. ATKIN. There is no doubt, Mr. Chairman, that some of our programs have been in effect a disincentive toward developing their own agriculture. I think in the body of the President's message, the agricultural message, there is an indication that further help will have to be conditioned on their doing something about it.

The CHAIRMAN. Well, we don't learn from history, from the past, and when I say past, I mean recent past.

Proceed.

Mr. ATKIN. This seminar, and the conclusion it reached, paralleled many similar meetings and findings by organizational groups, and private individuals, during the summer and fall last year.

The Committee on the World Food Crisis was organized December 9, 1965, in response to a nationwide expression of interest in world

food proposals, a demand for information on the subject for speakers, and for information on the progress of measures dealing with the subject.

The December 9 organizational meeting, held here in Washington was rather hurriedly set up but more than 200 organization representatives and individuals were present from across the Nation. For the committee's information, I offer a list of the officers, directors, and sponsors of the committee which grew out of the meeting.

The CHAIRMAN. How is that committee maintained? Where does it get its funds?

Mr. ATKIN. Contributions from various interested sponsors. We have a membership fee setup arranged for individuals from \$1 to \$10.

The CHAIRMAN. What is the name of this committee?

Mr. ATKIN. Committee on the World Food Crisis. World Food Crisis Committee.

The CHAIRMAN. When was it organized?

Mr. ATKIN. December 9.

The CHAIRMAN. Of this—

Mr. ATKIN. This past year.

The CHAIRMAN. Last year, 1965.

Mr. ATKIN. Right.

The CHAIRMAN. That was after your seminar.

Mr. ATKIN. That is right.

The CHAIRMAN. Proceed.

Mr. ATKIN. Since its organization, the committee has attempted to keep interested persons advised of new bills, hearings, and developments in relation to the proposal.

The committee now reaches about 10,000 persons with newsletters and reprints.

The committee does not have a specific proposal which it supports. Those who have come together in it doubtless have some variance of view on the precise emphasis that should be given to different aspects of the approaching food crisis. They are agreed, however, that what President Johnson has described as the "War on Hunger"—meeting the world food and population crisis—is the great challenge of our times. They have affiliated in the World Food Crisis Committee to (and I quote the committee's statement of purpose):

Enlist and focus support for policies, programs, and measures that will assure our Nation making its utmost contribution to world food supplies; to assisting other lands in increasing their food production; and to helping in all other proper ways to achieve and maintain a balance of food with human requirements.

The committee is in essence an expression of widespread concern over the world food problem among citizens and organizations in the Nation and it is attempting to serve as a vehicle to keep those individuals and groups informed so they may present their own views to policymakers in a timely and effective way.

The one point I would like to make in this brief appearance today is that few policy matters in our times have aroused such extensive interest and concern, or such widespread support, as the proposal that this Nation lead a world war against hunger. There has very seldom in the experience of those of us in the World Food Crisis Committee been such unanimity among Americans from every walk of life.

The committee is extremely pleased that the President has made Food for Freedom one of his major objectives, and that this committee has made consideration of the President's proposal and the others presented to the Senate, the subject of its first major hearings and deliberations.

Our Nation, more than any other major nation in world history, has given of its leadership and energy and substance to create by peaceful means a world order in which all men could live in security and peace. We have never had a greater opportunity to advance that cause than we have now through war against want—a war of our choosing—which we can win for mankind with a combination of our own excess productive capacity and the know-how to teach others how to produce.

That is the end of my prepared testimony.

The CHAIRMAN. Thank you very much.

Off the record.

(Discussion off the record.)

The CHAIRMAN. We thank you, Mr. Atkin.

(Supplemental statement submitted by Mr. Atkin is as follows:)

ROBERT R. NATHAN ASSOCIATES, INC.,
Washington, D.C., March 8, 1966.

HON. ALLEN J. ELLENDER,
Senator from Louisiana,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ELLENDER: On Friday, March 4, 1966, I had the privilege of appearing before you and your committee on behalf of the World Food Crisis Committee.

During the course of the testimony, it now occurs to me that there may have been some confusion with respect to the meeting in June 1965 at the Estes Park Center for Research and Education at which 30 persons were invited to participate in a seminar on U.S. food policy, and the formation in December 1965 of the World Food Crisis Committee. I should like to clarify that situation. The meeting at Estes Park, Colo., had no connection with the later formation of the Food Crisis Committee. The participants in the Estes Park meeting are in no way directly related to the sponsors or membership of the Food Crisis Committee. One is not an offshoot of the other.

I should also like to take this opportunity on a personal basis, not speaking as a representative of the World Food Crisis Committee, to make one or two comments with respect to the testimony of Friday morning. These comments are, of course, personal, and not on behalf of the World Food Crisis Committee. The comments have not been discussed with the executive board of the committee and therefore must be considered as personal ones. Nevertheless, if appropriate, I would appreciate their being included in the record.

During the course of my testimony, I indicated that there may have been some instances where the availability of surplus foodstuff under Public Law 480 created a disincentive to increased production in certain recipient countries. Nevertheless, it should be borne in mind that there were many instances where availability of Public Law 480 foodstuff provided the wherewithall in terms of immediate nutrients, removing a serious inflationary factor in the economy, and provided the local currency for economic development, enabling the economies to strengthen and develop and become dollar markets for American foodstuffs and in this context the availability of such foodstuffs under Public Law 480 definitely carried out the intent and purpose of U.S. policy. Among such countries are Taiwan, Pakistan, Israel, Japan, and to a considerable extent Greece. Also, in all fairness it must be borne in mind that the very purpose of Public Law 480 as promulgated in 1954 was to develop a means of disposing of American surpluses and this it certainly did. Despite the fact that there were undoubtedly areas where Public Law 480 was not a

100 percent success, the degree of successes were important. The availability of these foodstuffs in a hungry world were most important for U.S. policy.

Herschel Newsom cited the prophet Isaiah. I think we can in all honesty paraphrase this statement of the prophet Isaiah by pointing out that hungry people are suckers for radical ideologies. In making foodstuffs available we are protecting ourselves.

There is no doubt that the United States cannot take on the responsibility of feeding the world nor does anybody in the World Food Crisis Committee feel that it should. It is also evident that it is necessary that the United States expect and, in fact, demand that other "have" nations cooperate with us in making foodstuffs, technical knowledge and other facilities available to "have not" countries. It is not a U.S. job alone although being No. 1 in the world it is our primary responsibility to see that this is done.

Mr. Chairman, I am very grateful to you for the opportunity to testify and thought that this statement to may be entered into the record in the manner in which it is submitted.

Very truly yours,

MAURICE A. ATKIN,
Vice President.

The CHAIRMAN. All right, Mr. Moore.

STATEMENT OF HUGH MOORE, EASTON, PA.

Mr. MOORE. Senator Ellender, it is a great privilege to appear before your committee.

My name is Hugh Moore. I am a consultant of the American Can Co. and founder of the Dixie Cup Co. I have served as a consultant to the U.S. delegation at the United Nations Conference at San Francisco in 1945, and as Chairman of the St. Lawrence Seaway Development Corporation by appointment of President Eisenhower. I am acting chairman of the Population Crisis Committee in Washington.

The CHAIRMAN. When was that organized?

Mr. MOORE. It was organized last year. The end of April.

The CHAIRMAN. Last year.

Mr. MOORE. Yes, sir.

The CHAIRMAN. How do you obtain your funds to keep up your work?

Mr. MOORE. We solicit funds from friends who are interested in the movement.

The CHAIRMAN. I see.

Now, what gave rise to the creation of this?

Mr. MOORE. I think I have covered it in my report.

The CHAIRMAN. All right. Proceed.

Mr. MOORE. I am vice president of the International Planned Parenthood Federation with headquarters in London, and chairman of the Population Reference Bureau in Washington. I am speaking today in my personal capacity and not as a representative of the foregoing organizations.

Today, as you know, food production in the developing countries is increasing at a rate of almost 2½ percent a year but this improvement is wholly swallowed up in the tremendous population growth. Today one-half of the world's population and two-thirds of the world's children do not have an adequate diet. Yet the United Nations Food and Agriculture Organization indicated in its 1965 report that per capita food production has not increased since 1960 and in the heavily

populated, underdeveloped nations of Asia and Latin American per capita food production has actually declined.

I am here to emphasize (1) the importance of the U.S. Government tackling the food-population problem on a massive scale forthwith, and (2) collaterally, to enlist the support of such a program by the American public.

Fifteen years ago "birth control" was a dirty word—just as "venereal disease" had been a few years earlier. It was not mentioned in the papers or in polite society. Margaret Sanger had been put in jail for proposing it.

I became interested in the subject as a businessman rather indirectly. Having served in the First World War and my two sons in the Second World War, I had put my savings from a successful business career in trust to promote world peace.

I happened to read a book about the runaway growth of world population and concluded then that it would be the root cause of future wars—a conviction expressed by Secretary Rusk recently when he said that Americans could not find security in a world where other people live in misery and starvation.

I got out a pamphlet approximately 10 years ago called the "Population Bomb"—here it is, sir.

The CHAIRMAN. Have you any copies of those?

Mr. MOORE. I have a number of them.

The CHAIRMAN. If you would furnish the committee 15, I will see to it that each member gets a copy.

Mr. MOORE. I will certainly do that, sir.

The CHAIRMAN. Fine.

Mr. MOORE. This sets forth in simple language the basic facts about the population explosion—the first time, incidentally, Senator, that the term "population explosion" was used, so far as we know, in that pamphlet.

We mailed the pamphlet to the 50,000 persons in Who's Who, asking in an accompanying letter, if the recipients thought that this problem was important enough to have the attention of serious-minded citizens.

We got thousands of replies—from sociologists, demographers, anthropologists, ecologists, college presidents, businessmen, and religious leaders, both Protestant and Catholic. The consensus was that rapid population growth ranked with the atomic bomb as the two greatest threats to the future of mankind on earth.

The Population Bomb pamphlet has now run through 11 editions with between a million and a million and a half copies in print, distributed largely by first class mail. The third edition, which you have there, Senator, printed in 1956 reported that world population was then increasing at the rate of 40 million persons per year. The 11th edition, which I have submitted here, printed only 9 years later in 1965, reported that world population was growing at the rate of 70 million persons per year.

The American people have now been aroused to the importance of the problem. Newspapers are full of stories about the population explosion. President Johnson has committed his administration to dealing with it.

But most unfortunately, however, there lingers a timidity in public and private circles about tackling the problem in earnest. There is

little urgency apparent in spite of the mounting evidence of the need of haste.

To date, the manpower and resources of the various agencies of the Government committed to meeting this "most profound challenge to the future of all the world"—President Johnson's words—rank below a hundred less important projects. Last year the U.S. Government spent, worldwide, less than \$15 million on the population problem out of a \$15 billion appropriated by Congress for research of all kinds.

This is less than 1 percent of the expenditure of the Alliance for Progress, and less than 1 percent of the cost of putting a man on the moon in 1970. One may be permitted to ask how stupid can a great nation be.

The Government's faltering birth-control program is hobbled at home and abroad. For example: Regulation No. 5 of Mr. Shriver's Office of Economic Opportunity orders that funds shall not be used to provide contraceptives or drugs to unmarried women or women not living with their husbands.

On the foreign front the Agency for International Development is supplying information, training and educational material, but no contraceptives, to governments requesting them.

With all the outpouring of American largess under the Food for Peace law, we have scarcely made a dent in solving the problem of bringing resources and population in balance.

The CHAIRMAN. We haven't even made a dent.

Mr. MOORE. Not a dent.

Everything within reason should be done to increase our shipments of food abroad, in spite of the not inconsiderable amount if I may say so, as in India which goes to feeding the sacred cows and monkeys.

The CHAIRMAN. What would you do in a case like that? How could you force India not to feed the cows or not to feed the monkeys and not to feed the peacock and other sacred animals and birds? Wouldn't that interfere with their religious beliefs?

Mr. MOORE. Yes, it would. I refer that to a wiser man than I; namely, back to you.

The CHAIRMAN. Thank you. I have my solution but they won't follow it. [Laughter.]

Mr. MOORE. I take it you are a good Presbyterian.

The CHAIRMAN. I am, by the way—a Presbyterian.

Mr. MOORE. I looked you up in Who's Who, too.

However, if we were to continue to furnish food on a vastly stepped-up scale as now proposed to the point that American farmlands were exhausted, we still could not feed the burgeoning billions of people abroad.

Secretary Freeman said the same thing in Senator Gruening's subcommittee yesterday.

I would like to emphasize that sooner or later we face the possibility of bread rationing in this country because Americans being human hearted will not be able to sit by while hundreds of millions of people overseas are starving. The practice of furnishing increasing amounts of food without controlling population is like pouring our resources "down a rathole," to quote my late revered friend, Justice Learned Hand.

I would, therefore, most respectfully recommend that the committee consider writing into this legislation its concern over the population as well as food issue. I would suggest that the committee consider very carefully the meaning of the word "self-help" which is rightly emphasized in this program now and perhaps include in this definition of "self-help" programs undertaken by these countries to reduce overly rapid rates of population growth. A certain percentage of the funds generated by this program, either in local currencies or even in repayable dollar loans, could be specifically earmarked for use in population and family planning programs. It would also, in my judgment, make sense to coordinate closely the proposed nutrition programs with family planning efforts.

In conclusion, Senator, I might remind the committee that there will be 300 million more people at the breakfast table in 5 years—most of them hungry. Hunger brings turmoil—and turmoil, as we have learned, creates the atmosphere in which the Communists propose to conquer the earth.

I trust that the facts set forth by the authorities who are testifying before this committee may excite the American people with a sense of urgency, and may galvanize into action the legislative and administrative personnel of our Government.

I thank you, sir.

The CHAIRMAN. Let me ask you this. Can't you see a lot of inconsistency in us assisting to develop health methods in countries which will doubtless end in more people——

Mr. MOORE. More people.

The CHAIRMAN. And then continuing to try to provide food for them which in turn would keep more people?

Mr. MOORE. That is right.

The CHAIRMAN. And I am wondering what would you suggest that we put in this bill in order to get compliance from the people we are trying to assist? Would you make that a condition precedent?

Mr. MOORE. I would.

The CHAIRMAN. You would.

Mr. MOORE. Yes, I would, sir.

The CHAIRMAN. Well, what about India? What about these countries that—I have been in India many times.

Mr. MOORE. I know. You are a world traveler.

The CHAIRMAN. And I have seen it with my own eyes.

Mr. MOORE. So have I.

The CHAIRMAN. Thousands of peacocks eating grain freely out in the fields. They are sacred birds, and nothing can be done. Parrots take out a lot of grain and a lot of food that should go to the human being. Cattle that are never used. The sacred cows and scared bulls. I have seen bulls there weighing a ton and a half going around Calcutta.

Mr. MOORE. Have you really?

The CHAIRMAN. They go around in the markets helping themselves to food that should go to the human beings, and no effort was ever made to stop the bulls. And I have seen them so thick on the streets of Calcutta that the vehicles had to be detoured and no effort was made to do anything about it.

Now, it would seem to me that such conditions should be corrected some way. And I am just wondering how to do it. So you think about it and let me know.

Mr. MOORE. Thank you.

The CHAIRMAN. Thank you, sir.

All right. Mr. Townsend.

STATEMENT OF DWIGHT D. TOWNSEND, DIRECTOR, WASHINGTON OFFICE, COOPERATIVE LEAGUE OF THE U.S.A.

The CHAIRMAN. Proceed, Mr. Townsend.

Mr. TOWNSEND. Mr. Chairman, I am Dwight D. Townsend, director of the Washington office of the Cooperative League. I bring you greetings from my boss, Jerry Voorhis, who just has returned from the hospital and is on restricted duty back in his office in Chicago.

As spokesman for the Cooperative League of the U.S.A. I wish to express our thanks for the privilege of being heard on the important subjects covered by the several pieces of legislation pending before your committee. Since organizations which make up the Cooperative League of the U.S.A. include millions of members in the farm marketing and farm supply business, we have a special and particular interest in basic agricultural policy. But others in our membership who live in town and city, related to us through housing, credit union, health, or grocery cooperatives, have substantial interest, too, as consumers and as concerned and active citizens interested in helping to create conditions that will lead to a more peaceful world.

We think that some of the emphases found in the President's message to the Congress relating to Food for Freedom which set this program apart from earlier efforts to use our farm abundance, are not as new in cooperative circles as in other great sectors of the American public. We find ourselves easily at home with the newer concepts in that message. After all these years of stressing surpluses and how to control them, the farm policy of the United States in turning toward the use of this productive potential in a worldwide context, as a weapon in our war on hunger, poverty, and ignorance.

Measured against the world's need the 6 percent of the world's population who live in this fortunate land have never had a surplus. We are reaching a watershed in American agricultural history when we frankly face up to this situation, with its moral imperative that we use and not suppress our God-given power to help feed and clothe the millions who now shiver and go to bed hungry all around the world.

Five years ago President Kennedy chose a former president of our Cooperative League, Mr. Murray Lincoln, to head a special task force to develop a new Food for Peace policy—a task force which also included the then Senator, and now Vice President, Hubert Humphrey. The program which Mr. Lincoln and Mr. Humphrey helped to draft in the earliest days of that new administration foreshadowed and pointed the way logically to this call in President Johnson's Food for Freedom message. They said then that our capacity to produce food and fiber spelled not problems, but opportunity, if we but have the imagination and will to use it.

The time has come to prove that we possess both those qualities: first, the imagination to devise a public policy that will move some of our food resources, but more importantly our agricultural know-how, into areas where the sort of farm abundance we enjoy is a distant goal; and second, an ability to inform our own people as to why this is more than a moral mandate—that it is also preeminently in our self-interest to help these restless new nations along the road to self-sufficiency.

The cooperative leadership in this country is glad the President puts such emphasis in his agricultural message on giving the most help to people who show signs of wanting to help themselves. The bill of Senator McGovern makes the same distinction. It is important, too, that this new and more flexible approach to farm policy have some elbow room for planning. The request for a new 5-year program asked by the President to replace the present Food for Peace activity under Public Law 480 is a precondition to its greater success. The many fine accomplishments of the present Food for Peace program would have been even more impressive if its planners could have broken out of the year-to-year planning cycle and taken the longer look down the road any good manager wants to take. We hope whatever program wins the stamp of approval of your committee will include this 5-year feature.

The CHAIRMAN. You recall that we did provide authority for long-term contracts.

Mr. TOWNSEND. Right.

The CHAIRMAN. And you are also familiar with the provision that we put into law that these contracts would not be effective unless we have surpluses at hand at the time of exportation.

Mr. TOWNSEND. Right.

The CHAIRMAN. Now, do you visualize this bill that we are now considering as a program to have the farmers grow food in excess of our own needs, both for domestic and export, and simply grow it in order to feed the hungry people in the world?

Mr. TOWNSEND. Senator, in a modified form I would say that there is undoubtedly plenty of room for—on the farm that I grew up on, and not too long ago left, there is room upon that farm for more production and that farm income for the man who succeeded me could very well use it to a very good advantage.

The CHAIRMAN. If he were paid for it.

Mr. TOWNSEND. If he were paid for it.

The CHAIRMAN. By the Government, not by the recipient because you can't pay him with soft currencies.

Mr. TOWNSEND. That is part of the problem and I will deal with that a little further on in my testimony.

The CHAIRMAN. Part of the problem? It is the whole problem.

Go ahead. Proceed.

Mr. TOWNSEND. If the self-help provision is to be meaningful in the Food for Freedom program, its directors must be able to make and keep promises that are contingent on the recipient countries keeping some of their promises. The promise making and promise keeping on both sides inevitably extends over more than a single year and often takes as many as three or four. Thus the self-help feature is closely tied to the provision for planning up to 5 years ahead.

If we are realistic in fashioning new programs, we must face frankly that lack of initial development capital in the overseas areas can become the bottleneck dooming many promising proposals before they ever get started. As an example, cooperatives have been involved in the fertilizer business a long time, so by now we think we know something about it. Some time ago one of our directors presented the idea for building cooperative fertilizer plants in developing countries by means of \$100 million in loans or stock investments. Mr. Howard Cowden of Kansas City, whose proposal it was, suggested that the basic criteria for feasibility include (1) need; (2) available raw material; and (3) the use of, if and when possible, the local currencies generated through Public Law 480 to pay the cost of building these plants.

Mr. Cowden estimates that \$100 million would build at least 10 new plants which would produce 3,000 tons of anhydrous ammonia per day. Agronomists tell us that \$1 worth of nitrogen, applied where nitrogen is a limiting factor, will produce \$4 in additional crops. Interpreted in the light of this specific suggestion, the fertilizer produced under this program with a value of \$270,000 per day could create new foodstuffs totaling \$1,080,000 per day. Fertilizer produced in 320 days per year could create new wealth valued at \$345 million in 1 year with a \$100 million investment.

These cooperatively owned and operated plants would yield about 30 percent on their sales and would, therefore, pay for themselves in approximately 3 years of operation.

Through this technique the U.S. investments in fertilizer plants on a loan basis would increase the farmer's income on wheat, corn, and other products very substantially, putting them in a better position to pay their own way economically. In the long run these investments could repay themselves with interest while performing a national and international service.

The Cooperative League would like, Mr. Chairman, to give specific endorsement to expanded food shipments and greater credit assistance to those areas where it can be demonstrated that significant self-help programs are underway.

The elimination of the surplus concept in food aid gives the program new dignity and—that is more important—promises to make it work better, because it will lead more surely to cash-paying customers for our farm products later, when those we help climb to a level where they can pay for what they get.

It follows that we are also in favor of the increasing emphasis the framers of this program are putting on nutrition and on building adequate reserves of essential food commodities. It is late enough to plan for adequate food and fiber for a domestic population that may double by the year 2000.

If we do not include here our own views on the impact of the population explosion on this subject, it is not lack of interest, but because we feel no special competence in this area. Even without expert knowledge, we feel convinced that unless the population explosion is defused this threat will make a mockery of the best conceived food program directed by the wisest of men.

I would like to take a moment of the committee's time, Mr. Chairman, to describe some specific things the cooperatives of the country

are doing in this area on their own. The members of the organizations which make up the league now have their own program to give direct financial impetus to the achievement of the Food for Freedom objectives. They call it "Worldwide Co-op Partners." Through it, using the league as their clearinghouse, members are giving individually thousands of dollars annually of their own money. This money is used particularly in doing those things out of reach of government efforts for administrative or other reasons having to do with expenditure of public funds. But American cooperators do not limit their contribution to money. It is a constantly inspiring experience to see how the members of U.S. cooperatives give of their time, travel long distances, and open up their homes to further the program of getting visitors from abroad acquainted with rural America.

The CHAIRMAN. Well, now, what else do you do there? You said you spend thousands of dollars. You mentioned here that membership goes abroad.

Mr. TOWNSEND. Yes.

The CHAIRMAN. What else do they do?

Mr. TOWNSEND. In particular one outstanding project we have developed, and if you have been in India to this area, you may have observed some of the accomplishments, something over 10 years ago we started a project at Mehrauli where we have had a man for 8 consecutive years to help them to develop a kind of farm credit system like we have in this country.

It is doing a tremendous job and has helped those people to lift themselves by their own bootstraps.

There is much yet to be accomplished and what we are doing is in a small way, but we are proud of what it has done.

The CHAIRMAN. Were any Public Law 480 excess moneys used for that program?

Mr. TOWNSEND. No.

The CHAIRMAN. It was entirely on your own?

Mr. TOWNSEND. Yes, sir. We have—

The CHAIRMAN. Where did they get the money to loan to these people to establish the cooperative?

Mr. TOWNSEND. The lending funds which were made available through the Cooperative Union of India, small in nature but nevertheless it is proving very much the kind of demonstration that we think ought to be done in a lot of places in the world, but we are quite happy with the experience we have had there and we are going to do more of it in other places.

But what I am saying is that we are not asking the Government to do anything we haven't already been doing a long time, and we think this is a good thing, to help those people learn to do things for themselves, to develop their own initiative, raising their own character-building techniques by finding out how they can become independent in doing these things for themselves.

The agricultural picture in the countries to be reached by Food for Freedom is still primitive. It resembles in many particulars the situation in the United States at the turn of the century.

I would like to interrupt myself to point out that one of the men now on our staff who was one of the star farmers of Ohio, and I have

pictures of him sitting down crosslegged discussing agronomy, use of fertilizers, irrigation, and so forth, with a number of Indian farmers, and I have another picture to show later the same area, taken from the same direction, showing how much progress has been made; the difference in the color of the plants shows great accomplishments and we are proud of it.

As boys many of us recall the scattered patches of stumpy new ground that passed for farms, and how in our own lifetimes and that of our fathers these low-yield farms have been transformed into units of exploding productivity making American agriculture the envy of the world. Though the results approach the miraculous, it was no miracle which brought this about. Here is how it was done:

The mixture of a superb farm credit system, cooperatively oriented land-grant colleges, electric cooperatives, farm extension agents and demonstration workers, Future Farmer and 4-H programs for the young people—all of them infused by a spirit of cooperation and community pride—and grounded in solid self-reliance—these are the factors which transformed subsistence agriculture into such an abundance that we can paraphrase Churchill to say that “Never have so few produced so much for so many—at such low cost,” until our biggest farm problem has been ironically—our surpluses.

Through the cooperative method skillfully applied, this miracle can begin to happen in the lands where 4 out of 5 still till the soil. If our Food for Freedom efforts are to pay off big, it is to this situation that we must steadily address our efforts—for a backward agriculture is at the bottom of almost every problem—hunger, political unrest, lack of capital—faced by the developing nations.

Mr. Chairman, at a membership meeting of the Cooperative League on February 7, 1966, less than a month ago, a great deal of discussion revolved around our responsibility in connection with the world food crisis and the foreign aid program. The following is an excerpt from minutes of that meeting. [Reading:]

In addition to our standing resolution in support of the social and economic portion of the foreign aid program, the Cooperative League urges specific support to that part of foreign aid, related to: Food for Peace, Freedom from Hunger, and programs against famine and poverty in all 54 countries now receiving U.S. aid. Categorically we should support:

1. Provision of food where needed to alleviate starvation with adequate payment to American farmers.
2. Assistance to recipient countries for food handling, viz transportation, storage, processing, and distribution.

The CHAIRMAN. Why should we do all of that now; that is, the transportation? Quite a few witnesses have appeared here and said that they felt since we are making the food available that the countries ought to be able to get transportation, and here you are adding storage.

Mr. TOWNSEND. Sir, the point that you made this morning before another witness was fairly well appropriate here at this point I think where you say the loss because of deterioration and by rodents, spillage and spoilage loss, it is unfortunate that good food or good grains of that kind ought not to be taken care of properly and they need some help and know-how in unloading equipment and storage and the distributions that would make it possible for them to get the good of whatever we can help them with.

The CHAIRMAN. It looks as though our Nation, a young nation, is being penalized for having been progressive. Here we are called upon to help the whole world. Isn't that something.

Mr. TOWNSEND. It is a terrific challenge, sir.

The CHAIRMAN. Challenge. If we continue, it will destroy us.

Mr. TOWNSEND (reading) :

3. Assistance to developing countries in increasing their own production—through the expertise of extension agents, experienced farmers, farm machinery, irrigation, improved seeds, insecticides, and fertilizers.

4. The size of this effort should be on sufficiently long-range terms in whatever phase of each country that can absorb usefully such assistance.

Again may I interrupt myself to say the point you made this morning is very important for the reason that so many times appropriations will have been made, whether it is in this program or in foreign aid, and so often without the right kind of administration, it gets wasted. It is unfortunate.

The CHAIRMAN. That has been the trouble with our foreign aid program. I have looked—I have studied it. I went abroad many times at great risk—

Mr. TOWNSEND. I know you have.

The CHAIRMAN (continuing). And a lot of criticism, but somehow the advice that I gave fell on deaf ears.

Mr. TOWNSEND. Sir, I hate to think what would have happened if we hadn't had your counsel on a lot of those things.

The CHAIRMAN. I appreciate that. We did veer away from the way we started, but not enough.

Mr. TOWNSEND. Sir, following these four points, a motion was made to amend the resolution to include a proposal to try to obtain equity capital for "Fertilizer plants in India and like countries."

That is a quotation from the minutes. The resolution was approved unanimously.

Mr. Chairman, this concludes my formal statement. I want to again thank the committee for hearing me and suggest to you and to the members of this committee our willingness to be of whatever further assistance or service we can be that you may require of the Cooperative League at any time.

The CHAIRMAN. Thank you very much.

Give Mr. Voorhis my regards.

All right, Mr. Leet, you may step forward, please. You may proceed.

STATEMENT OF GLEN LEET, EXECUTIVE DIRECTOR, COMMUNITY DEVELOPMENT FOUNDATION, NORWALK, CONN.

Mr. LEET. Mr. Chairman, my name is Glen Leet. I am the executive director of the Community Development Foundation.

A week ago I returned from Latin America where I observed the progress of food-aided community development programs undertaken by various Latin American countries with the cooperation of the Community Development Foundation and with food made available by the people of the United States of America under the provisions of title II of Public Law 480. Founded in 1959, the Community Development Foundation is an American voluntary agency which has helped

the communities in the United States, Europe, the Far East, the Middle East, and Africa to build better lives for themselves.

The foundation is registered with the State Department and the foundation is engaged in providing technical assistance to governments in the organization and administration of self-help programs.

The CHAIRMAN. How are you maintained?

Mr. LEET. We are maintained from contributions from the general public and as my testimony mentioned, quite recently some of the governments have found it worthwhile to pay for the technical assistance, so we now receive payments from various Latin American governments for training the personnel to operate self-help programs.

The CHAIRMAN. How many technicians do you employ?

Mr. LEET. We have 45.

The CHAIRMAN. And they are assigned in various parts of the world to assist countries on particular projects?

Mr. LEET. Yes. We have some working in the Dominican Republic, in Mexico, in British Guiana, in Colombia, in Honduras, in Korea.

The CHAIRMAN. Is that at their request that you do that?

Mr. LEET. Those countries that I have mentioned are not only requesting it but they pay for the technical assistance they receive.

The CHAIRMAN. Is that supplemental to what we do in those countries?

Mr. LEET. It is supplemented by food but not by money. The United States doesn't pay us any money for this.

The CHAIRMAN. I don't mean you. We are providing a lot of technical assistance in those countries.

Mr. LEET. Yes.

The CHAIRMAN. Is yours a supplement to that?

Mr. LEET. Yes. And it is in a rather specialized field on how do you motivate and administer self-help programs.

The CHAIRMAN. Proceed.

Mr. LEET. From January 30 to February 4, 1966, I visited the community development program in the Dominican Republic. The program here was initiated as a title II food-aided program but now it is receiving substantial U.S. aid for materials, equipment, and technical aid. With U.S. help the village people in the Dominican Republic are forging vigorously ahead with all manner of community improvements. They are making a great many schools, reservoirs, roads, reestablishing irrigation systems. It is unfortunate that in the United States—

The CHAIRMAN. You mean at the present?

Mr. LEET. At the present time; yes.

The CHAIRMAN. Do you have people there now?

Mr. LEET. We do.

The CHAIRMAN. Why all that turmoil in Santo Domingo? Can you tell us?

Mr. LEET. I do know that the village people don't stop working to build a school, reservoir, water supply when people are having political difficulties in the capital, so this program is going ahead, and to me it is unfortunate that the people in the United States read only about the troubles in the Dominican Republic and we hear to little—

The CHAIRMAN. That is all the newspapers and TV are interested in, unfortunately.

Mr. LEET. Well, it is too bad they aren't interested in the good things being done by the people and Government of the Dominican Republic and the constructive use that is being made there of the U.S. aid. It is really a wonderful program and it is regrettable that we never hear anything about it.

The CHAIRMAN. This aid program has really started since the death of Trujillo.

Mr. LEET. Yes.

The CHAIRMAN. What do you find Trujillo did before they shot him? Do you find any good things that he did there?

Mr. LEET. There are some irrigation systems that now are being reestablished.

The CHAIRMAN. Rehabilitated. He built fine roads.

Mr. LEET. And the rehabilitation of those is bringing an enormous economic return on very small investment, so that the reestablishment of some of those things has been quite important and impressive, an impressive part of this self-help program in the Dominican Republic.

The CHAIRMAN. Don't you find he constructed fine roads also, and schools?

Mr. LEET. Yes; but I don't know much about that. I never was there when he was—

The CHAIRMAN. Well, I was there and to my surprise there is no country in South or Central America that had made more progress on its own than the Dominican Republic, and that evaluation was placed by me back in 1958 in contrast to what I found there in 1952. And it is very unfortunate that Trujillo was assassinated. It is costing our Government now \$60 to \$75 million a year to try to get those people working together now, and before that I doubt that we had spent more than \$3 or \$4 million.

Proceed.

Mr. LEET. We have been providing statistical service for the Government of the Dominican Republic and this, for example, is a chart that shows that right after the—in May, the number of days' work reported did drop down but it quickly went up again, and now it is way off the page, it has been such a substantial increase. This is work done by village people on self-help activities, and incidentally, the biggest amount of work that was done is shown in this table here, but this was in the construction of schools, and on that, the value of the work done by the villagers themselves was 50.5 percent. The amount that was done by the Office of Community Development was 26 percent, and other materials, 22 percent. So in each of these fields the contribution on a self-help basis by the Dominican Republic themselves has been greater than the amount of external aid either from the United States or anyone else.

There has been a very genuine self-help process and the Dominican Republic people have been magnificent in the way they have responded to the encouragement to work to improve their own communities.

The CHAIRMAN. And they would do it, I presume, if let alone, wouldn't they?

Mr. LEET. Yes. They haven't stopped and they don't—the rate of progress is going ahead.

We have six people working within the Office of Community Development which is a part of the office of the President. The Found-

dation aided in the planning of the program, the training of personnel, the preparation of a manual of operations and the development of computer systems for reporting and evaluating community projects. We are now involved in the preparation of a detailed statistical report which will show the magnificent accomplishments of the Dominican people through this program.

On February 13, 1966, I was in British Guiana and Prime Minister Forbes Burnham told me of his dream as to how the independence of Guiana should be celebrated. When they attain independence in May of this year he hopes every community will have a community development plan and that individuals may look back on the first year of independence as a year when they each contributed valuable community services for the progress of their community and their newly independent country.

His hopes for attaining this objective are reinforced by the cooperation of an effective AID mission and by food made available through the Community Development Foundation under title II. On February 1, a shipment of wheat flour and bulgur wheat was received in Georgetown which together with milk and vegetable oil received earlier will enable them to begin immediately with a food-aided community development program.

The CHAIRMAN. Where did that food come from?

Mr. LEET. All U.S. food under title II.

This food is sufficient to provide rations for 4,000 workers contributing an average of 50 days for community service, a total of 200,000 days of service.

The CHAIRMAN. Are you able to tell us what the British did there to help those people? It was a former British colony. Zero I guess.

Mr. LEET. No.

The CHAIRMAN. Tell us, if you can.

Mr. LEET. I don't really know.

The CHAIRMAN. Why do you say it is not zero? I am sure it is zero. We are the ones that go in when the British get out. The same thing occurs in many other areas. I am glad that you gave that report about Santo Domingo, because I believe the people there are good workers if given a chance. They made great progress even though Trujillo was branded as a dictator. Those people weren't in want for food because they produced their own.

Mr. LEET. Let me give you an example of one family I visited. There had been a grant of \$200 to enable some families in order to start some vegetable gardens.

The CHAIRMAN. By whom, by us?

Mr. LEET. This came from the Government, but the Government is highly subsidized by the United States at the present time. One hundred families received some seed and some fertilizer. I visited one family. The head of that family had an income of \$150 a year, and he had a family of seven people. Because of this they were able to increase their income from the vegetables by \$70. Now, \$70 isn't much to us but to a man with only \$150 income a year, it is tremendous. And they weren't doing it easily. They had to carry water 2 kilometers on boards on their back and on their heads in order to raise this garden.

One of the girls there, a 14-year-old girl, had carried 10 trips that same day when I was there. It is an awfully hard way to lift yourself out of poverty, but it is the only way that is possible, and people who work that hard to raise their level of living and increase their level of productivity certainly are deserving of our respect.

The CHAIRMAN. I agree.

Mr. LEET. In Honduras, on February 24, 1966, when I was in Tegucigalpa, we received a cable that a food-aided community development program had been approved in Washington and that 600,000 family rations of food would be shipped. This will make an important contribution to the development of the northern area of Honduras where Mexican and American community counselors of the Foundation are working together training local officials to handle this program.

We are following the theoretical planning of personnel training but only possible in doing practical training where there is a successful operating program so that these Honduran personnel are coming to Mexico for special practice training in the motivation of self-help.

The CHAIRMAN. Who sent them there?

Mr. LEET. In this case the Government of Honduras is paying for them to come there, and the Government of Mexico is making available the facilities for them to observe the program.

In Mexico City, on February 18, 1966, the Minister of Health and Welfare, Dr. Moreno Valle, expressed his deep appreciation for the help which was provided by the American people and by the Foundation in the initiation of a food-aided community development program. On February 19 the Minister of Finance, Dr. Antonio Ortiz-Mena, also expressed his gratification with the program which is making an important contribution to the economic and social development of Mexico.

Initiated in 1963 with title II food this program has demonstrated that food can serve as a transfusion, stimulating development in the least productive sectors of the national economy. It is the very poorest areas that have been stimulated to increase production.

Under this program village people who contribute service to their community on projects of their own choosing receive a food ration. This is not a wage payment. They don't think of it as such.

In each project site there are signs in Spanish that explain, "To honor people of Mexico who contribute service to their community and country in the Alliance for Progress, this food is contributed by the people of the United States through the Community Development Foundation."

Analysis of the program in Mexico gives some idea of the values created through the use of U.S. food in a community development program. The investment in U.S. food per unit of work accomplished has been as follows:

Roads constructed—this is newly constructed roads—\$470 worth of food per kilometer; roads improved, \$153 per kilometer. Dams constructed, \$348 per dam, and dam capacity per cubic meter, 3 cents.

For irrigation canals, the cost in food per meter has been 25 cents. The cost per acre irrigated has been \$3.84.

For reservoirs constructed, the cost per acre irrigated has been 18 cents. This is the cost of food. Now, the value of the service given by

the community people is more than double that amount and they also make other contributions.

The CHAIRMAN. Is that to make brandnew reservoirs and canals or is it simply to repair existing ones?

Mr. LEET. These are for new ones.

The CHAIRMAN. New ones.

Mr. LEET. And on the roads I explained it was \$470 for construction of new roads and for improved roads, \$153.

For community fruit cultivation the cost per acre cultivated has been \$12 and for reforestation the cost per acre has been \$2.89.

Education—the value in food per new school constructed has been \$943. Per school improved, \$387. Most of them are 2-room schools with capacity of about 50 children in each classroom. So it amounts to \$472 per new classroom constructed and \$205 per classroom improved.

The CHAIRMAN. Now, that is the pay for labor that went into the construction of the schools.

Mr. LEET. The people gave all of the labor themselves as a service to their community, but this was food that sustained their strength and enthusiasm while doing that.

The CHAIRMAN. That is what I mean.

Mr. LEET. Yes.

In health, another important area of accomplishment has been in the field of public health and here the cost in value of U.S. food has been 20 cents per meter of pipe laid in water distribution systems and 3 cents per cubic meter in water tank capacity created.

In the construction of health centers the cost has been \$589 per center or 12 cents per square meter of flood area. Per latrine constructed the cost has been \$5.38. For food processing facilities the cost has been \$216 per facility or \$5.30 per square meter of floor area.

The CHAIRMAN. Where did the material to construct these facilities come from?

Mr. LEET. To a large degree they were locally available materials, just by the side of the road and mountainside, that made the roads. The school had been built to a very large degree from locally available material, mostly stone and adobe. In some cases there has been steel frames that have been provided by the Government of Mexico through the Minister of Education but none of the materials were paid for by the United States. It was either contributed by village people themselves or by an establishment of the Government.

The shipments of U.S. food were completed by August 31, 1965, but so successful had this been that the Government of Mexico is making available during 1966 approximately \$8,442,000 worth of food grown in Mexico to insure the continuance and a great expansion of this program.

In other words, as you have spoken, will other countries do things to help themselves? Through Public Law 480 we have demonstrated to the people and the Government of Mexico that food is a form of capital. It can give courage and strength to people to raise their own level of living. It can be a form of investment to stimulate the development of the poorest areas of the country and the Government

of Mexico has learned this lesson and is applying it and greatly extending it with its own resources.

Incidentally, we can tell you exactly where all of the food went and what was done with it and the number of days of work. We have every month here a report produced by computer which lists every community and every project within the country. I won't try to read it.

The CHAIRMAN. Have you any idea of the total in dollars, or any way you want to put it, that was used for that purpose?

Mr. LEET. Yes. As of August 31 the value of U.S. food was \$1,274,461. The value of the work done by the village people plus their other contributions is \$8,695,360.

Now, of course, they should do more. It is their own children who have the schools. It is their own land that will have better irrigation systems. It is their own families that will benefit by increased food production. So it is only natural to expect that people should make the greatest contribution themselves. But we have found that although psychological encouragement can stimulate people to invest time, yet if you sustain them with some food made available during the early period, it enormously increases the extent and the effectiveness of the program.

The Government of Mexico is providing beans, corn, wheat, and some rice, but there is still a need for milk. On my recent visit the Mexican Government administrator of the program expressed great concern to me because the rations presently being distributed lack the animal protein which is so badly needed in the Mexican diet. Right now the overall shortage of milk in Mexico is making headlines in Mexico City. It is urgently needed for preschool children who incidentally had been receiving it through the Community Development Foundation's program because the persons who receive these rations take them home and it goes almost entirely to children because men in Mexico don't consume much milk.

The CHAIRMAN. Have you any idea how much the Mexican Government contributed toward this work that you are now speaking of?

Mr. LEET. Well——

The CHAIRMAN. In round figures, if you have an idea.

Mr. LEET. They are contributing for the current year \$8,442,948. This is for the beans and corn and——

The CHAIRMAN. Technicians?

Mr. LEET. In addition to that, there is a great deal of technical advice that is being given now because——

The CHAIRMAN. By whom?

Mr. LEET. This is being given by the regular ministers of the Mexican Government. For example, I was in the village of Tlaskala and talked there with the Governor who said every place communities are coming and saying, "We will do all the work ourselves. We just need somebody to lay out a road for us." Before, they always used to demand a road. Now they are saying, "Just give us an engineer and we will do all the work ourselves."

They are coming to the Ministry of Education and saying, "We will do all the work ourselves in building the school if you will just give us an architect to show us how."

The CHAIRMAN. Would you say that the Mexican Government is taking the lead in that area?

Mr. LEET. Oh, they are so, very definitely; yes.

The CHAIRMAN. What are our—what has become of our technical assistance program in the Dominican Republic?

Mr. LEET. In the Dominican Republic or Mexico?

The CHAIRMAN. The Dominican Republic?

Mr. LEET. It has been greatly extended within the last month. The mission there is increased and the Dominican Republic people are receiving technical aid to a very substantial degree.

The CHAIRMAN. Only in the last month?

Mr. LEET. No. It has been accelerating over the last several months.

The CHAIRMAN. Well, how would you compare the work that is being done by the Mexican Government to that done by us? Is there any way to compare it?

Mr. LEET. Now are you speaking of the Dominican Republic?

The CHAIRMAN. That is all—

Mr. LEET. In the Dominican Republic the Government of Mexico loaned us some experts who worked in helping training—

The CHAIRMAN. When you say “loaned us,” you mean your organization?

Mr. LEET. The Community Development Foundation.

The CHAIRMAN. Without pay by you?

Mr. LEET. We paid the living expenses and travel, and the Mexican Government paid their salaries.

The CHAIRMAN. Well, are you able to evaluate the difference in the approach made by our technical assistance program to that of the Mexican Government?

Mr. LEET. I want to make clear when I say the Mexican Government did more, I was speaking of it in Mexico. I don't know that they have much of any in the Dominican Republic.

The CHAIRMAN. I thought that was what you were talking about, the work done by Mexico in the Dominican Republic.

Mr. LEET. I was, earlier, and then I have now been talking about the program in Mexico itself.

The CHAIRMAN. All right. Go ahead.

Mr. LEET. On January 28 I sent a request to David Bell for 425 metric tons of milk worth \$195,000 for Mexico and I hope it will be approved, because it will contribute to better child nutrition and also because it seems important for the U.S. Government to maintain a relationship with such a popular and effective program. During 1966 the plans are for 22 million man-days of work through both the United States and Mexican food-aided programs. That is an enormous amount of human energy. It is a real explosion of human energy that is taking place.

The CHAIRMAN. Now, a while ago, when I asked about the amount of money contributed by Mexico, you said \$8-million-plus.

Mr. LEET. Yes.

The CHAIRMAN. Was that in Mexico?

Mr. LEET. That is in Mexico for food for the program in Mexico, yes.

The CHAIRMAN. But would you be able to tell us how much money was spent by Mexico in the Dominican Republic?

Mr. LEET. I don't know. I doubt if it is very much.

The CHAIRMAN. We are carrying the burden there, aren't we?

Mr. LEET. Yes.

The CHAIRMAN. That is why I was surprised when you said \$8 million as against U.S. aid of \$1.5 million. I was very much impressed with that. So that the money that you say was spent was really spent in Mexico to improve their own conditions.

Mr. LEET. Yes.

The CHAIRMAN. Instead of in the Dominican Republic?

Mr. LEET. In addition to lending us some personnel, the Government of Mexico also invited some Dominican Republic officials to come and observe the program and get some training in Mexico, in methods of motivating community development. But there was no great expense involved.

The CHAIRMAN. Now, you said you asked Mr. Bell to do what?

Mr. LEET. Yes. I have asked him to provide 425 metric tons of milk, because although the Government of Mexico can provide the corn and the wheat flour and beans, there was a shortage of milk, and it is very urgently needed.

I hope very much we will be able to receive this, although milk is in very short supply.

The CHAIRMAN. Very short supply. I wonder where we will get it. Why don't you try to get it from New Zealand or Australia? Let them help us a little bit. Have you ever tried it?

Mr. LEET. I have tried Canada but they say there is a milk shortage there, too.

A food-aided community development program provides the organization and resources that can quickly meet emergency needs which arise when a disaster strikes. Frequently, at the time of a disaster there is all manner of work which needs to be done to repair the damage. The disaster victims themselves very often need the therapeutic value of work to help them recover from the shock of the disaster. We have been able to alleviate distress and hasten reconstruction in Mexico in disasters caused by hurricanes and floods. More recently in Chihuahua, in Mexico, the food-aided community development program was a means of bringing aid to farmers who suffered from severe drought. The Minister of Health and Welfare informed me recently that 50,000 farmers there were provided with food and work within 3 days. He stressed that this form of disaster relief was a creative program which preserved the independence and self-reliance of the recipients and got aid to them quickly as well. In Chihuahua there are 149 projects which had been initiated as of July 31, 1965. The work accomplished has turned the disaster into what is in some ways a blessing because such a wide variety of community improvements have been initiated. For Chihuahua the food has been like a blood transfusion restoring a vigorous and hard-working population to a state where they can contribute to the development of their communities and to their country.

Food—A drug or transfusion? When we first started using food on a large scale in support of community action programs we were not

certain whether the results would be good or bad. There was the possibility that food would kill the initiative of people who would have been willing to work without food and create a situation where they would no longer be willing to work for their community unless they received food. There are theoretical reasons why food should not be used in community development programs, but practical experience has demonstrated that the objections were absolutely not valid.

Our experience is that food has not been a drug; it has not created a situation of continuing dependency; it has served rather like a blood transfusion which restores the body to normal strength and vitality. We have found that food enables undernourished people to make a massive investment in constructive activities and leads to a degree of self-confidence and self-reliance so that progress continues in a higher proportion of situations regardless of whether there is any continuing external aid.

There is a subtle but important difference between the community action programs motivated by the foundation and the food-for-work programs which have brought about such constructive results in a number of countries.

There have been outstanding food-for-work programs in Morocco—

The CHAIRMAN. Tunisia.

Mr. LEET. Tunisia.

The CHAIRMAN. More so than in any other country.

Mr. LEET. Yes.

In our community action programs, the people are not working for the food. They are working because the activity is one which they have selected themselves and their compensation is the achievement of the road, the water supply or the irrigation system which they so urgently desire. We train people to learn what are the most urgent desires and aspirations of village people and we help them to plan and carry out their own ideas for the improvement of their own lives.

Incidentally, when I worked in Greece, I found the Communists would find out what the people wanted most and they would promise them that.

They would promise, if another man had many sheep and you don't have any, kill that man, and you can have his sheep. We have learned also to listen to people and find out what their hopes and dreams are and encourage them that they can have them if they work on a self-help basis.

This we have done for years, long before U.S. food became available, but we find that when U.S. food is made available, it reinforces the psychological encouragement and provides both the strength and energy to enable people to carry out massive rather than small community improvement projects. Because people are working on things they themselves desire, it is not necessary to provide a large ration nor is there any need for supplementing the ration with wage payments.

You will recall in Tunis and Morocco and some other countries there is a wage payment. There is a difference. If people are working on a national project for the benefit of the national government, they need

a supplement. But if they are working for their own community, the reward is in the results of their working for themselves.

The CHAIRMAN. They are really working for themselves.

Mr. LEET. Surely.

The CHAIRMAN. I was present when they started that program in Tunisia, as well as Morocco, and it has worked very well, but it is an expense to us, and it seems to increase instead of sloughing off. And that is my criticism of many of these programs. Once you start, there is no end to it. They expect it. And that is what concerns me.

Mr. LEET. I was in some communities—

The CHAIRMAN. In making food available in the quantities you have suggested here, I would much prefer trying to do it as we have in the past, even though we failed. That is, by teaching them how to do it by seeing and doing.

Mr. LEET. I have just been in the State of Tlaskala in Mexico, and I find a number of communities which started programs with food, they don't need it or don't want it any more. So there is an end to the process. There comes a time when—

The CHAIRMAN. Well, I don't suppose Mexico is so lavish as we are and they might have better administrators.

Let me ask you this: Can you give me an idea of how many communities you have assisted in the Dominican Republic?

Mr. LEET. There were about I think probably 300 different communities at the present time.

The CHAIRMAN. And would you be able to tell how much was spent in that effort by us? You have your figures right over there.

Mr. LEET. Yes.

The CHAIRMAN. I am very much interested in that.

Mr. LEET. This is in the Dominican Republic.

The CHAIRMAN. That is what I would like to find out. Who contributed, if you have that information?

Mr. LEET. Oh, for example, at a time—of the total expenditure, the investment by the village people has been 50 percent. This was a sampling and not the total amount. And of that, 31.5 was the value of the labor they gave, and 19.1 percent was the value of other materials or equipment that the village people provided themselves. So altogether 50.6 percent was the contribution of the Campesinos, the village people in the Dominican Republic.

Now, the contribution of the Office of Community Development was 25 percent.

The CHAIRMAN. Where did that come from?

Mr. LEET. That comes from the United States almost entirely.

For Food for Peace, it was 4.8 percent.

The CHAIRMAN. That is from the United States, also.

Mr. LEET. That is also from the United States. And from other ministries, about 19 percent.

The CHAIRMAN. That also came from us indirectly.

Mr. LEET. Well, there is a very substantial U.S. aid.

The CHAIRMAN. Sure. We are even paying for the salaries today of the administrators in the towns, that is, the mayors and councilmen. Did you know that?

Mr. LEET. Well, I knew that most normal sources of commercial activity had come to a stop and normal tax sources just don't exist.

The CHAIRMAN. Don't exist. So we come in and pick up the chits.

Mr. LEET. Now, I would like to mention that everyone gains from self-help. Most measures designed to improve the well-being of the poorest people of the world's population means taking something from some people in order to help others.

No matter how worthwhile a program may be, it almost always requires some increase in developing countries in the tax burden in order to cover the cost. Whether the activity involved roads, clean water, schools, reclamation, and so forth, someone has to pay the bill. Aided self-help programs are unique in that nobody loses when village people are stimulated to invest their vast resources of seasonally unemployed manpower on community development activities. The resulting community activity creates wealth. The public expenditures involved are relatively small in relation to the increased productivity. They represent investments rather than consumption expense.

Incidentally, to build in the Dominican Republic a classroom would normally cost \$1,600. Doing it on a village self-help basis, where people give their services, it costs less than half that amount.

The CHAIRMAN. Still the services are worth something even though it is for their own use.

Mr. LEET. Oh, yes.

The CHAIRMAN. We did a lot of that when I was a boy—that was quite a few years ago—in my own area. But today even our own people look to Washington for everything practically.

Mr. LEET. Well, it is a tradition that built the—that extended the frontiers in America. People made roads because they wanted roads. They built schools because they wanted schools.

The CHAIRMAN. That is right.

Mr. LEET. And essentially what we have been trying to do in these various countries is to recapture that same spirit and stimulate this activity.

Now, because these roads need markets for the products of industry, it is not surprising that bankers and businessmen are now beginning to join with the progressive leaders who have supported this program.

Their interest is indicated in an article which appeared in the Mexican edition of the American Banker for February 15, 1966. It indicates the contribution that food-aided community development is making to the economic development. A copy of this article is attached and made a part of my testimony.

The effectiveness of food-aided community development programs would be enormously improved if local currencies derived from the sale of such food could become more readily available for these programs. We have made a number of efforts to secure authority for the sale of a small proportion of the food in order to meet local currency costs but none of our proposals have been approved.

We think the present policy is unfortunate. The areas of the world which are most undeveloped and where the poorest people live are food-producing areas. One reason they are so poor is because of the fantastically high cost involved in transporting their produce on their heads, or on their backs or by burros or mules, or ox carts to the urban

areas where people have money to pay for it. People don't realize how terrifically expensive it is to transport things by burro. It takes 300 burros to move the same amount of food as one truck, and the burro will go 3 miles an hour and the truck will go 30 miles an hour, even on bad roads. So that means it takes 3,000 burrows to move as much as one truck, and if each burro owner has a family that can be 10,000 or 15,000 people trying to make a living in that kind of existence from the same amount of transportation that one truck can make.

The CHAIRMAN. Off the record.

(There was discussion off the record.)

Mr. LEET. I did want to mention that this technical assistance is paid for by the recipient governments. The Dominican Republic pays \$85,000, Mexico \$60,000, British Guiana \$36,000, Colombia \$24,000, and the same for Honduras. So about a third of the budget comes from governments who have valued this service enough to want to pay for it.

The CHAIRMAN. You mean that is service to you, to your outfit?

Mr. LEET. They pay our organization to provide them with expert advice. And when Mexicans pay gringos for advice, that is really something remarkable. I don't know that it has ever happened before.

There is a provision in S. 2933, section 204, which is on page 8, which I think is a little regrettable. It says that local currencies, none of them can be used for the personnel and administrative costs of co-operating sponsors, distributing agencies, and recipient agencies.

Now, that may be——

The CHAIRMAN. Does that exclude you?

Mr. LEET. Yes. And, you see, if you are going to shift from a relief distribution operation to one where you are motivating people to do work, you have to spend money on technical assistance, on the retraining of personnel, and it requires far more expenditure by a voluntary agency than would be the case if it were just a relief distribution.

So I think that if that limitation were not in there, it would enable voluntary agencies to move more rapidly to the constructive basis in which food is put on a basis where it encourages development instead of massive relief distributions we have at present.

The CHAIRMAN. Well, weren't you doing this out of your own collections, your own contributions to your——

Mr. LEET. Yes, we were.

The CHAIRMAN. To your Community Development Foundation?

Mr. LEET. Yes.

The CHAIRMAN. Why should you expect the Government to pay it, particularly if we have an agency of our own there? It would seem to me that a lot of agencies similar to yours may crop up and try to get some of these funds.

Mr. LEET. Well, we do provide——

The CHAIRMAN. To carry on that.

Mr. LEET. We do provide all the dollar costs, but to do a good job, to check warehouses and review and check all of the different projects, to produce a level of accountability like this costs so much more than a relief distribution does that if you really want U.S. food to be util-

ized more and more to stimulate development, there has to be some way of doing it.

We used about a third of our entire budget in just one country alone and we had to curtail programs in other countries because of the cost of providing the technical training and supervision for such a program.

It costs even more to transport U.S. food to these remote areas. In some situations it would be much more sensible to sell the U.S. food in the urban centers and to use the funds to cover costs of community development projects in the rural areas.

In 1948 in Greece, and in 1951 in Korea, as a United Nations consultant, I helped to initiate community development programs in which small cash payments made to people who contributed their service on community projects served to stimulate massive investments of unemployed manpower in economic development activities and greatly increased productivity in rural areas.

The funds used for this purpose were derived indirectly from the sale of U.S. foods and other commodities imported and sold within the country.

There are many situations in which the controlled sale of U.S. commodities would not adversely affect normal trade or indigenous production but would stimulate local production and create future markets in urban areas for the products of U.S. agriculture.

Technical help in the organizing of self-help programs was first provided by the foundation on a limited scale from its own budget. In the last 2 years, however, a number of governments have desired technical help to a degree which could not be covered by the foundation's budget and they have offered to pay for this service. We have welcomed this development because we believe it establishes a more dignified relationship with the recipient governments and we find that they value the service more when they pay for it.

Under current agreements, the foundation is receiving annual payments of \$85,000 from the Dominican Republic, \$60,000 from the Government of Mexico, \$36,000 from the Government of British Guiana, \$24,000 from the Government of Colombia, and \$24,000 from Honduras. These total \$229,000 and amount to about one-third of our budget.

These payments come directly from the governments concerned. They are not payments by the Agency for International Development. We have, however, made an application to AID asking that they match contributions from governments in order to enable the foundation to further strengthen its technical service, to improve the level of training for the personnel of cooperating countries which have expressed an interest in such services, but are not in a position to pay the full costs.

At present our activities are limited to 16 countries but in the past 2 years, the governments of 21 countries where we are not working have expressed some degree of interest in initiating food-aided community development programs with Community Development Foundation technical support. These countries are: Cameroon, Republic of Central Africa, Chad, Dahomey, Ghana, Libya, Morocco, Togo, and Upper Volta in Africa; Ceylon, India, Korea, North Borneo, Philippine Is-

lands and Vietnam in Asia; Brazil, Costa Rica, Nicaragua, Panama, and Peru in Latin America.

American voluntary agencies are being urged in various parts of the world to shift the emphasis from title III relief programs to title II programs where food is used to encourage work for development. This is an altogether desirable objective and the foundation believes so much in it that we have concentrated entirely on title II programs. However, it should be recognized that programs involving food for development are more complex to administer and involve greater expense, both for the receiving government and for the voluntary agency. In Mexico, during 2 years of operation, for every \$6 worth of U.S. food distributed, the cost to the foundation for technical service amounted to \$1. Even though every dollar spent by the foundation was matched by village people with \$11.32 worth of work and \$1.65 by the Mexican Government in project grants and transportation expenses, the total cost to the foundation for the 2-year period was \$217,272. It required a field staff of especially trained community counselors and substantial research and development costs in developing the systems, methods, and computer technology necessary for the effective administration of a rapidly developing program.

It is a serious defect in the present Public Law 480 program that voluntary agencies are not able to receive any significant help, either in dollars or in local currencies for the costs of insuring adequate technical service, training, accounting, commodity control and other costs involved in title II programs. Without some such help, it will be very difficult to bring about a substantial shift from food for relief programs to food for development programs.

We will not win a war on hunger if we rely exclusively on food or on America's great technology in the field of agriculture as a means of increasing food production. Although better seeds, better fertilizer, better methods of cultivation are important, they alone are not sufficient. We have found that increases in productivity are obtained when people are motivated to apply their resources of idle manpower in constructive ways. Farm to market roads will frequently double or triple the productivity of a community and by eliminating inefficient methods of transportation may increase the villager's income manyfold.

In Korea we found that almost every community could enlarge or extend its irrigation system and that in almost every case the new paddy fields reached with water would have rice production increased from 15 to 30 *suk per chumbo*. Irrigation systems quite commonly tripled the productivity of the campesinos' small fields in Mexico.

Wherever we work, we find village people interested in the projects that will increase food production, but also in projects that will supply them with clean water supply, projects to build roads and projects to build schools. All of these activities we consider essential to winning a war on hunger and we think it is unfortunate if the effect of any amendments to Public Law 480 would be of a restrictive character.

I note that in S. 2157, section 2(D) refers to the—

Enlargement of rural technical assistance programs * * * to assist underdeveloped nations in increasing their own food production.

I would hope that the report of the committee would make it clear that such language is not intended to prevent the carrying out of food-

aided community development activities such as the construction of roads, safe water supplies, and schools which indirectly serve to assist underdeveloped nations in increasing their own food production.

I just want to conclude by saying that although U.S. food alone cannot feed all the hungry people on this planet, it can, if used with wisdom and understanding, serve like a blood transfusion to bring strength and courage to millions of undernourished people who will be enabled to win their own war on poverty and to attain freedom from hunger.

If we succeed, future generations will look back with pride upon this era in history when food raised by the American farmer was not an embarrassment, but a resource imaginatively used to save lives and to bolster the dignity and spirit of people the world over to help themselves to a better life.

I think what has been accomplished by Public Law 840 is perfectly marvelous, a most wonderful thing, and I think with these amendments an ever greater job can be done.

Thank you.

The CHAIRMAN. Very well. I am glad that you came as a witness. You gave us some good information.

Thank you very much.

Mr. LEET. Thank you.

The CHAIRMAN. Anybody else to be heard? If not, we will recess until Monday morning at 10.

(Whereupon, at 1:30 p. m., the committee recessed, to reconvene at 10 o'clock a.m., Monday, March 7, 1966.)

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

MONDAY, MARCH 7, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10:04 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senator Ellender, Talmadge, Montoya, Mondale, Aiken, Young of North Dakota, Cooper, and Miller.

The CHAIRMAN. The committee will please come to order.

The committee will continue hearings on various bills including S. 2933 and S. 2932. The latter is the commodity reserves bill and S. 2933 is to promote international trade in agricultural commodities and to combat hunger and malnutrition in various countries of the world.

Mr. Secretary, we are glad to have you, sir. I understand you have a statement you would like to present.

STATEMENT OF HON. DEAN RUSK, SECRETARY OF STATE

Secretary RUSK. Yes, Mr. Chairman, I have a brief statement.

The CHAIRMAN. Proceed, Mr. Secretary.

Do you mind interruptions?

Secretary RUSK. I have a rather brief statement. It may be 5 minutes, but I am at your disposal, Mr. Chairman. I would like to have a chance to comment on the broad foreign policy implications of this important bill which is in front of you.

I appreciate this opportunity to discuss with you this morning the problem of food and population—a problem which has been receiving high priority from all of us in the executive branch who are concerned with matters of international well-being. It is a subject which doesn't make the headlines that Vietnam does; for example, day after day. Nevertheless, it is of very great importance. Our handling of it will have a significant impact upon our own and future generations.

The root of the problem is clear enough. In many parts of the world, food production is beginning to lag behind population growth. As Secretary Freeman has said, "The less developed world is losing the capacity to feed itself."

The problem of growing enough food to meet the need is not new. What is new is the dimension the problem has assumed as we look at the next decade. With the continuing and sudden sharp rise of population throughout much of the world, this food crisis demands

urgent attention. Fortunately, there is a growing world recognition of this problem, which may in itself be the first step toward its elimination. It has prompted activity within the highest councils of this Government—reflected by the President's recent message to the Congress on Food for Freedom, as well as related legislation which has been referred to this committee.

Before World War II, the developing nations of Asia, Africa, and Latin America were exporting sizable quantities of grain to the more economically advanced nations. In the 1930's, for example, Latin America exported more grain than any other region of the world. Today, for the most part, the laden grain ships are sailing in the opposite direction—and nearly three times as many are required to do the job.

The CHAIRMAN. Mr. Secretary, that was mostly confined to Argentina, was it not?

Secretary RUSK. Very largely to Argentina; yes, sir.

As an illustration, more than 30 million tons of grain probably will be shipped this year from the industrialized to the nonindustrialized countries. This amount is more than double the magnitude of annual shipments of the 1950's, and an increase of more than 50 percent just in the past 5 years. And even with these enormous imports—much of them in the form of food aid—and with some developing countries already straining their port capacity, there are many countries in which the food intake per individual was less this year than last year, less last year than the year before. Unless this disturbing trend can be reversed, it will soon have profoundly deteriorating effects. There is a very real relationship between hunger and political instability. There is also a very real relationship between the ability to meet elementary human needs and economic and social development. In coming years, the problem we discuss today, unless curbed, could become a serious obstacle to important foreign policy goals of the United States.

What can be done? Throughout history, the hungry man often solved his problem—when it was solved—in one of two ways. He either cultivated new lands or migrated to a region of the world with greater opportunities. The latter alternative no longer exists today as it did in the past. Although less than a tenth of the earth's land surface currently produces crops, the new supply of potentially productive land is severely limited. The only other alternative was starvation, an alternative which is unacceptable in today's world.

In what other direction can we turn? First, we cannot realistically face the food crisis without simultaneously looking at the population problem. In country after country, impressive increases in food production have been offset by population growth. However, a number of countries have come to recognize that the food problem cannot be solved without addressing themselves to both sides of the food-population equation. The race between food and population is a critical one. Nevertheless, even with the most optimistic of achievements in family planning, we realistically face the fact that such measures cannot prevent the serious threat of hunger in the next decade.

With limited land availability, our best hope is to obtain more food from lands already under cultivation, and from the sea. We have known for a number of years that better seeds, fertilizers, flood con-

trol, irrigation, pesticides, and other miracles of technology can multiply food production many times. However, the benefits of such techniques have largely been confined to the already rich nations. In the United States and Canada, for example, yield per acre in the last quarter century has been increased over 100 percent—compared with only 8 percent in the less-developed world. Secretary Freeman often describes his grandfather's farm which operated in the days when the American farmer could feed himself and three others. In contrast, the American farmer today feeds himself and 32 others. The prime reason is modern technology which enables the American farmer to grow six times as much corn on an acre of land as does, for example, a farmer in India.

How do you best encourage such an increase? How do you best transfer a technology which we know exists and can work? How do you encourage the needy countries to face up to this problem and solve it with their own resources? How can we make the most effective and, at the same time, the most economical contribution to such an effort?

These are the questions to which the administration has addressed itself. No one has been more aware of the gravity of the situation than the President, and his deep, personal concern is reflected in the legislation which is now before your committee.

The CHAIRMAN. Mr. Secretary, has not the administration been directing itself in that direction for the past 10 or 20 years? We have spent millions of dollars in that effort by way of foreign aid. We have had technical groups scattered all over the world and I am just wondering how you expect to do better by producing more food and giving it to the people who need it.

Secretary RUSK. Mr. Chairman, there have been particular points in connection with foreign aid on which you and I do not always agree. But there is one point on which we have agreed and on which I fully respect the great energy you and the committee have devoted to it. That is on the subject of self-help. We do believe that the United States cannot accept a higher priority for the food requirements of other nations than the governments of those nations themselves. You will find, sir, when the general foreign aid bill comes before the Congress this year that a very high priority will be placed upon an increase in agricultural production, on education, and on health.

Now, one of the reasons, quite frankly, sir, for suggesting a new bill this year is to alert other countries that the United States is utterly serious about the fact that we, alone, cannot make up the food deficiencies of the rest of the world, that this is basically a problem for the nations who face food deficits and that unless they do their very best—and we are prepared to help them to their very best—unless they do their very best and accept food as one of their highest priorities, the United States cannot be counted upon to make up the difference. So I would, Mr. Chairman, like first to express my respect for the great emphasis which you, for the past decade, have put on the subject of self-help, but also to indicate that we do hope to move vigorously and realistically in that direction, faced with the food crisis of the next decade.

The CHAIRMAN. Well, I have been arguing all along that the basis of the Marshall plan is self-help and we spent in excess of \$100 billion in that direction. As you know, I criticized many programs that were going on that later were actually cut out because the people in those countries—Ethiopia for example—were incapable of using our own technology. Now, I am just wondering—I would like to ask you, how do you expect to do better in those countries where our people, who are technicians, have nobody to work with?

Secretary RUSK. Well, Mr. Chairman, there is a technical problem, a procedural problem, which is important here. If one asks the question: How was it possible for the American farmer to make such a miraculous advance in the production of food stuffs? I think one could point the finger back to the combination of education, research, and extension that has been centered in our great land-grant colleges. Now, this is one of the unique contributions which the United States had to make. We invented the land-grant colleges a hundred years ago for the purpose of contributing directly to the development of the United States.

Now, this problem of exporting this miraculous combination—education, research, extension—takes some time, but not all the time that many people suppose. It does require a strong effort on the part of the receiving country to develop their own education and extension services. It does not do any good for research to bring out the possibilities of better agronomic practices, for example, in the use of fertilizer, or in developing better seed if the farmers do not have that information available to them in order to put it into practical effect.

I speak of this with some feeling, Mr. Chairman, because before I came to this present chair, I was for 9 years at the Rockefeller Foundation in New York, where one of our major objectives was to help this process of building up the resources of many countries in different parts of the world in research, in extension, in order to help meet this problem.

Senator YOUNG. If I may say so, you are just as right as you can be. This is the same thing I have found in the various countries I have traveled in. The top echelon of the governments often wanted our agricultural know-how, but they had no way of getting this information across to the farmers themselves.

The CHAIRMAN. And the reason for that was that they were incapable of understanding our methods.

Senator YOUNG. They had no extension service or similar organization.

The CHAIRMAN. None whatever.

Secretary RUSK. I think, sir, it would be a very interesting chapter, and perhaps the committee staff might wish to provide the committee with some information on this, to see what has been done in certain countries quite apart from U.S. official aid programs in this direction. I am thinking, for example, of Mexico, where through their own efforts, basically, with some considerable help in the private side, on the scientific side, from this country, some of our great land-grant institutions, they have been able to achieve a very important increase in their agricultural productivity.

Now, how? By training what they call agronomos agricultural scientists. Their graduate school at Jaspringo today is training young agricultural scientists from all over the hemisphere.

About 75 percent of the corn, the maize, that they grow in Mexico now is on the basis of improved varieties. I think 90 percent of their wheat is based upon improved varieties. So there is a country which has applied self-help and has sensed this combination of effort, education, research, and extension. If anyone of those three breaks down, then the total effort tends to break down.

The CHAIRMAN. Do not overlook the fact that many Americans have crossed the border to use the fine agricultural land of Mexico and that is what has caused a good deal of the increase in their agricultural output.

Secretary RUSK. That is true, sir, and they have been serving as pacesetters.

We would also like to commend some of our universities—for example, the Universities of Arizona and New Mexico, which have intimate relations with their sister institutions across the border—which have made a very important contribution to this process.

The CHAIRMAN. I am still waiting to hear from you as to what in this bill is that different from our foreign aid program that will cause these countries to do a better job of farming. As I have said, we have been assisting them to the limit of our capability in the past and the programs in most cases have not worked because it was too much advanced for those people. And here you expect to use food in order to accomplished the end. I would just like to have you tell us how, in your opinion, this new program is going to work to better advantage than by using cash.

Secretary RUSK. I think, Mr. Chairman, the key point is that we believe, politically and psychologically, this bill enunciates very strongly the concept of self-help and the concept that the United States cannot accept the responsibility, the residual responsibility, for making up food deficits wherever they may occur in the world in the next decade. We expect the governments of the other countries themselves to give agriculture, in particular food, highest priority. We expect them to be as much concerned about their food problems as they expect us to be—at least as much concerned—because it is their problem.

Now, quite frankly, we expect that what a country is doing to feed itself will be a major element in any decisions taken here as to what we ourselves ought to do to assist them. This was illustrated, quite frankly, at the end of the past year in India, where the Indian Government by Cabinet decision, explained to the Parliament, gave the food problem the highest priority on the allocation of Indian resources, both budgetary and foreign exchange. This represented a major development in Indian policy and one which is, in effect, subscribed to in this bill.

What we are saying, in effect, Mr. Chairman, is that people must forget the impression which they might have had during the last decade that somehow the United States was faced with food surpluses which were an embarrassment to us, which we had to get rid of somehow at any cost, and that they were doing us a favor in receiving our food surpluses.

Now, it is quite clear, given the changed circumstance in the United States, that we would be spending real resources—that is, we would be calling upon the schoolteacher, the taxicab driver, the factory worker, the farmworker, for taxes—in order to do what it is that we might decide to do, that this is not a question of disposing of what might be in a garbage can. We are talking about real resources that involve a sacrifice on the part of the American people. Therefore, because that is true, we must in turn ask the other side to do everything that it possibly can to meet its own needs; otherwise, our contribution will have no effect.

The CHAIRMAN. Well, Mr. Secretary, as you know, this bill makes a great change in the present law. Do you envision that we shall have to call on our farmers to grow food for these people instead of using our surpluses?

Secretary RUSK. This is one of the matters which Secretary Freeman has discussed with the committee and is available to discuss further.

I think, sir, that we cannot rely upon the concept of surplus.

The CHAIRMAN. Why not?

Secretary RUSK. In the usual sense, because in the first place, our surpluses are coming into balance.

The CHAIRMAN. Exactly. That is why you and others in government are supposed to have been thinking far in advance, what should we do now that the surpluses are coming to an end. This committee has worked hard and diligently to try to get rid of these surpluses. Now that we are about to even supply and demand on most of our crops except cotton, here is a bill that comes in and says that in effect, we must now produce Food for Freedom. Is that not in effect what you are saying?

Secretary RUSK. That is correct, sir, because it is based upon the following concept: that the legislation calls upon our fantastic agricultural capability—first, our own domestic needs in this country; secondly, our commercial opportunities abroad. As you know, Mr. Chairman, we are selling about twice the amount of agricultural products abroad as we did, say, 10 years ago, in the range of well over \$4 billion.

The CHAIRMAN. Is that exclusive of Public Law 480?

Secretary RUSK. Yes, sir; that is on the commercial side. And third, a legitimate claim upon our agricultural capacity is our reasonable and fair share of the total food problem of the world which the world is going to be facing in a drastic way during this next decade. So those three elements combined, plus, I believe, and I am not an expert on this part of it, the reserves that we feel would be prudent to maintain in this country. Those elements seem to us to be the basis for calling forward the actual productivity of our country in the agricultural field.

The CHAIRMAN. Well, what do you deem a fair share that we should contribute in order to assist feeding the hungry world?

Secretary RUSK. I think, sir, that in the first instance, it would be—I cannot give you an exact figure on that. In the case of the world food program, I believe that our contribution will turn out to be something less than 50 percent to the world food program. But I think that our fair share will be in particular cases that amount which

would be required to stimulate or permit the Government's concern to deal with their own food problem through their own resources, given the priorities and the pressures and the requirements to do so.

As you know, sir, in the case of India, the Indian Government has made a call around the world for assistance in all sorts of categories, from direct food help to shipping to fertilizer and so forth. There will be meetings this month to see what more can be done in that respect.

We believe that this problem, quite frankly, has not been approached by most governments in a sense of urgency that it requires, and that we believe that other governments, faced with this dramatic example of drought in India, can be persuaded to give this feature more emphasis in their own aid programs.

The CHAIRMAN. Well, take the case of India. What would you consider our fair share to meet their needs?

Secretary RUSK. Well, I think, sir, that the notion of fair share in India is temporarily distorted by the sudden impact of the drought and the fact that the arrangement of budgets and contributions moves more slowly than does the direct effect of drought. There has been some contribution now of about \$80 million from others to India. We expect that to go up in the course of meetings this month on that subject. I think that our problem there is to help India keep its problem of food manageable during this period of drought while they enlist maximum help from others, and I might say we would hope for help from other countries regardless of ideology or politics, and then see what happens when the next monsoon season comes and see whether the present effort is temporary and a one-shot affair, or whether they are faced with any continuing climatic problem.

Senator TALMADGE. Will the chairman yield at that point while on the subject of India?

The CHAIRMAN. Yes; proceed.

Senator TALMADGE. Thank you.

Someone sent me the other day an editorial from the Dothan Eagle dated February 15, 1966. They pick up an article from the Chicago Grain & Feed Journal dated January 26, which in turn quotes from the Times of India, a paper published in Bombay. And it is rather startling:

NEW DELHI, INDIA.—All of the wheat America sends to India during 1966 will not be equal to the amount of grain devoured by India's unmolested hordes of rats. Nearly 2.5 billion rats, 5 for each of India's 480 million inhabitants, eat more than 875 million bushels of cereal grain each year, it is reliably estimated. Without the rats, India would immediately be a food-surplus nation. Rat poisons, however, are not available. Defective storage, transport, processing, and handling, account for a further loss of 25 percent each year, the Times of India reports.

Mr. Secretary, has anyone given any thought to sending some rat poison to India?

Secretary RUSK. Yes, Senator.

As a matter of fact, this was one of the questions that I myself had a chance to go into with the Indian Minister of Agriculture when Senator Cooper and I were out there on a recent visit in connection with Mr. Shastri's funeral. I have seen this and one or two other reports indicating that a large proportion of the Indian food was lost

to rats and other, shall we say, pests. But the facts seem to be that those reports are considerably exaggerated. I do not want to say that this is not a problem, particularly in the outlying areas, where the facilities for storage and handling are not as modern or as effective as one would like. But it is my understanding that the real losses, and there are losses, are more in the range of 6 percent than 20 percent at the present time. This has been a serious problem in many of the developing countries, particularly those that have climatic and other problems affecting spoilage and things of that sort.

We have tried to insure that our own food shipments into India are properly handled through proper types of storage and elevator facilities and that such losses are reduced to a minimum.

But there does remain, and I would not wish to suggest otherwise, there does remain a problem in protecting the food that in fact is produced. I think I would be glad to file for the record a brief official report on what the official estimates are in India on this matter. But it is a problem and one which should be addressed, both by ourselves and by the Indians.

The CHAIRMAN. Would such a report cover all losses?

Secretary RUSK. Yes, sir.

The CHAIRMAN. How about the losses sustained—

Secretary RUSK. We have an expert from the Interior Department who is out there now on this particular question and it might be that some emergency steps can be taken to give better protection to the foodstuffs that are available. But this is a real problem. It is not in the magnitude, I think, suggested, Senator, by the editorials you mentioned, but it is one which could make a difference. If they could improve that, say, 6 percent loss; that is, several million tons of food that would be available for the Indian people.

I think this committee is probably better informed than I as to what our own loss is in this country by such purposes. Our loss is less than 2 percent, I understand.

The CHAIRMAN. Very little.

Will this report also contain the amount of food consumed by the sacred cows, peacocks, monkeys, and parrots, things that are sacred to the Indians from a religious standpoint?

Secretary RUSK. I will be glad to see that this does comment on that, sir. I do not wish to appear to be an expert on something on which I am not, sir. I think the problem of the cow population of India is changing rather substantially. In the first place, the cow was the source of fuel for the village; indeed, it was the source, also, of plaster for the huts of many of the villages in many parts of the country. It was a principal source of power for pulling plows and hauling goods.

Now, as power becomes available in the countryside, as other sources of fuel become available, as building materials shift from that type of plaster over to other types of building material, the role of the cow in India will be sharply diminished. The Indians are well aware of this and I think we can expect some change in that. But this has had a local technological feature in it that I think has not been fully understood here in this country.

(The information is as follows:)

RODENT AND INSECT INFESTATION IN INDIA

Foodgrain losses in India caused by rats, insects, monkeys, and birds are generally believed to be substantial. However, no reliable statistics are available on the percentage of crop losses due to these depredators. Estimates range from as high as 25 percent by the Indian Central Food Technological Research Institute to the generally accepted low of 6 to 16 percent by the Indian Ministry of Agriculture. Rats and insects are considered to be far more serious depredators than monkeys, sacred cows, or birds. Although most Indian farmers do not kill cattle they do take precautions to keep them out of the fields and away from stored food. As a result in travels through India it is rare to see a domestic animal in a growing crop, and food losses due to cattle are nominal.

The Indian Government is very much aware of the problem. Much has been done recently to correct it and much more will be done very shortly. This action includes—

1. Antirrat campaigns are being organized by all Indian State Departments of Agriculture. These programs will be greatly strengthened and rodenticides worth approximately \$1 million will be provided without cost by the Government of India to farmers. In addition a National Rodent Central Committee is considering additional ways to eliminate rats.

2. The Indian Council on Agricultural Research and other institutions are conducting research programs on pest and rodent control.

3. The Indian Central and State warehousing organizations which have maximum protective facilities are expanding to cover as large an area as possible to cut losses to stored products.

4. Special assistance is being given by the Indian Government to cooperative marketing societies to construct modern storage facilities in the rural areas.

5. The Government of India and State governments have trained over 600 personnel working on food protection against rodents and insects and the training program is continuing.

6. Initial drafts of the fourth 5-year development plan call for a tripling of third 5-year plan expenditures for plant protection programs.

7. The Ford Foundation is actively assisting the Government of India to develop ratproof silos and to train engineers to design and construct better storage facilities.

Much of this action already has brought results. The Government of India estimates that loss of grain in government storage is now less than 0.2 percent of the total.

The CHAIRMAN. Proceed.

Secretary RUSK. Last year, President Johnson requested a thorough analysis of the situation, and the bill we are discussing today is the culmination of more than a year's intensive study by the executive branch. It adds a new dimension to an effort which has been evolving over the past two decades.

The bill gives recognition to the importance of food as an integral factor in a country's life and growth.

The bill recognizes the gravity of the food problem, certainly the most critical many countries will be facing over the next decade.

The bill correctly suggests that the only solution to the food problem will be through the increased agricultural production of the developing countries themselves, and that we should make efforts to assist that process.

The bill proposes that our own agricultural effort be directed not only to domestic needs, but also to our participation in oversea requirements through both commercial and assistance channels.

Mr. Chairman, there are four aspects of this legislation to which I would like to direct your special attention.

First, is the emphasis placed on self-help. There is little question that the final resolution of the world food problem must come from

the developing nations themselves. Yet, in many ways, agriculture has been the weakest rung in the ladder of development. In many countries, it has been shortchanged, time and again, in favor of more glamorous industrial projects. Today, a new philosophy is emerging. Now there is a growing recognition that a strong agricultural base is a prerequisite to development. The concept of self-help is inherent in this legislation, and any food assistance on our part will be directly related to the extent of these efforts. We will carefully assess the self-help efforts by the recipient countries to assure that they are doing everything possible to increase their own productive capacity.

Mr. Bell, the Administrator of AID, will be, I believe, with this committee tomorrow morning and he will inform the committee that in the AID program generally, quite apart from the food program, very great emphasis will be placed on agricultural production, on education, and on health.

The CHAIRMAN. Well, I am glad that the AID branch of our Government is beginning to see the light, because I have been preaching this for the past 15 years. But it is a little late, Mr. Secretary. We are almost broke now. To start a great program as you are now advocating—we have exported much of our gold and now we are being asked to export the fertility of our soil. Insofar as I am concerned, a mighty good case will have to be made before I support such legislation.

Secretary RUSK. Mr. Chairman, I do, as I did earlier, want to pay my respects to the emphasis you have put on self-help over the years.

The CHAIRMAN. Well, it has fallen on deaf ears.

Secretary RUSK. I hope you will give us the benefit of the suggestion of better late than never.

The second point I would like to call to your attention is the transition from sales for local currencies to sales on dollar credit terms. Some criticism has been leveled over the years—perhaps some of it justified—that certain recipients of our food aid had assumed that our food assistance would continue indefinitely, and thus encouraging them to neglect their own agriculture for other priorities. Some may have felt they were doing us a favor by taking our so-called “surplus problem” off our hands. With this new provision, and the fact of our disappearing surpluses, food will be provided on the same terms as development loans—and will highlight the fact that food aid has the same value as aid in other forms, and involves the same type of burden upon the American people. It is real resources we are talking about, not just a case of dealing with embarrassing surpluses.

The CHAIRMAN. Well, we must have had representatives abroad who were mighty dumb not to be able to tell the people that this food was not bought by a government with collar buttons, but with money. I just cannot follow your argument that the fact that you do not have the food in surpluses now but that you are going to produce it will cause these people to be willing to devote more of their time to the production of food for themselves. I just cannot follow you.

Secretary RUSK. Well, Senator, I think that in logic, that is quite right. I think, however, that other countries do listen in on our discussions here at home, and I think the chairman might agree that during some of the period of the past decade, we ourselves have approached this on the basis of how to deal with a surplus problem here

in the United States, and they listen in on that, and it is a little hard for us to be completely persuasive. I do believe that the approach in this bill will strengthen the voice and strengthen the hand of our representatives overseas on the point that we are not spending wooden nickles here, we are not trying to get rid of surpluses that would otherwise spoil. We are talking about the real resources of the American people that are mobilized to assist you if you will effectively help yourself. I think the psychological difference there is an important one.

The CHAIRMAN. I agree if it is put into effect, but I still contend that it is rather late and in my humble judgment, after all of the work that has been done by this committee over the past 7 or 8 years to rid ourselves of surpluses, we will have another battle on now to increase production, increase the cost. If this bill is enacted, we will be producing much more food than in the past and the cost of it will be much greater than it has been in the past, particularly in trying to get rid of our surpluses.

As I said, it is true, you are limited in this bill to \$3.3 billion per year. But to my way of thinking, it is just a starter if we start producing Food for Freedom as you are now pleading for in this bill.

Secretary RUSK. Mr. Chairman, the question of amounts and what might be reasonably expected is primarily the question of my colleague, Mr. Freeman. But I would hope that we could consider this notion of surplus somewhat in these terms. We have first our own domestic needs. We have secondly the question of a reasonable reserve for our own domestic needs. We have third the possibilities of food exports on normal commercial terms and we would certainly be trying in every respect to increase those exports.

The CHAIRMAN. You mean for dollars?

Secretary RUSK. For dollars, on the normal commercial terms.

The CHAIRMAN. Well, we are doing that.

Secretary RUSK. This is correct, sir, and this is showing a gratifying increase while we were using Food for Peace shipments over the past decade. Fourth, an element of food production which specifically is aimed at our contribution toward the food crisis which will be facing everybody for the next decade on the basis of the policy laid out in this bill.

Then surplus would be beyond those four requirements and it would be for this committee and the Congress and the executive branch to help determine what the magnitude of production is that would meet those four requirements.

I have no doubt that our capacity could exceed those four if we went all out here in this country for all-out production. So we do need to gear our productive arrangements here to the necessary needs and necessary calls upon our agricultural production for these four important purposes.

The CHAIRMAN. Well, Mr. Secretary, would you disagree to a provision in the bill to limit the amount that we should contribute toward assisting hungry people throughout the world?

Secretary RUSK. Well, I think, sir, that the limit would presumably be set by the recommendations of the President and the response of the Congress to the amount of resources, the amount of dollars, that we could invest in this program. Secretary Freeman has discussed that matter with you, I believe, already.

The CHAIRMAN. Well, I have a different proposal there about the limit. What I have in mind is, should not our contribution be in proportion to that furnished by other countries?

In other words, we have been carrying this load, not only feeding the world, but militarily and otherwise, for the past 10 or 15 years now. It is my belief that the American people are getting tired of that. I know I am; I have been. And if we embark on a program now to increase food production in order to assist hungry people, there will be no end to it, because as long as I have known of India and many other countries of the world, they have never had a satisfactory diet.

Secretary RUSK. Mr. Chairman, I should think that in certain programs such as the world food program, the idea of a proportionate contribution would be valuable and would help draw forward the resources from other countries. I would be reluctant to urge that that approach be used in the face of major and sudden changes in a situation such as a major drought in a country like India, because the commitments of other countries' agricultural production are usually made somewhat far in advance. Their budgetary arrangements, like ours, are made somewhat far in advance. One of the advantages of the advance programs that this committee has made available over the past decades has been a considerable flexibility. So I would hope in the circumstances we would not have a percentage contribution written into law.

The CHAIRMAN. Well, we do have under FAO, you know. All that we have been able to obtain from those who ask for help is a total of, for the entire FAO program, was \$300 million, of which we furnished 40 percent. Now, is it your view that we should go higher than 40 percent?

Secretary RUSK. I would have to consult with my colleague, Mr. Freeman, on that figure. I am not now today suggesting that we change our percentage contribution through the FAO machinery.

The CHAIRMAN. That is the amount.

Secretary RUSK. We have had no discussion—at least, I have not been involved in any discussion—in the executive branch which would suggest a change in our percentage contribution to the FAO programs.

The CHAIRMAN. Now, Mr. Rusk, you said you and others have been working on this program during the last 12 months?

Secretary RUSK. That is correct, sir.

The CHAIRMAN. Was not that in anticipation of our surplus problem being limited?

Secretary RUSK. I think there were two elements in it. One was the supply situation, the fact that we were getting our own agricultural production into a certain balance, and that we were not going to be in the position that we were in the past decade of having substantial surpluses that arose over what were basically domestic policies here at home, and, therefore, that we have to move away from the surplus concept to the problem of allocating real resources to produce the food that was required.

The second, I think, Mr. Chairman, it is fair to say, is that—excuse me.

The CHAIRMAN. Well, you know the reason why this committee has been doing all it could to reduce our surplus is because of the great cost to the taxpayers. For instance, back in 1960, in order to reduce the

corn surpluses from a total of 86 million tons to, say 52 or 53 million tons, it required over \$5 billion to accomplish that feat, at a cost of almost \$2 a bushel. Now, this bill is going to say to us, in addition to providing for our own domestic uses, for shipments abroad, which is the usual way of doing it, and also for a decent carryover, now we are going to add to it, I presume, millions of dollars in order to pay the the farmers to produce food to give away or sell at world prices and for soft currencies the production of our soil—all in addition to the regular requirements in the existing law.

Secretary RUSK. Yes, Mr. Chairman; the second point that we had in mind when we were reviewing this problem was that we had had a chance to take a clear look at the projections of the food problem in the world for the next decades. I do not want to engage in vague and unnecessary generalizations on this point, but I do think that there is an important policy question for this committee and for the Congress and the American people as to what part we feel we ought to take in trying to deal with what is promising to be a critical food situation during this next decade.

Now if important countries in the world run desperately short of food, the political effects of that and effects on peace can be very severe indeed. It has been a long time, Mr. Chairman, since nations have attacked each other because of pressures generated by their own food problems. Even Hitler's theory of lebensraum was a phony in the sense that it was not necessary for Hitler to reach out to grab other countries to meet the basic requirements of his own people.

Now, in this postwar period—and speaking very generally at the moment—you have not had countries that have announced as a basis for an aggressive policy their requirements for food. There is rather an extraordinary reliance right around the world, including countries behind the curtains, on the possibilities that science and technology can provide an answer to these questions.

Now, it is important for us in this next decade to test that to the limit so that we do not find ourselves back in the position where people who are desperately hungry will feel that they have to reach out across their borders and seize food rather than deal with that problem in some other way. So I do think that the orders of magnitude of resources we are talking about here are related to the order of magnitude of resources that are needed for the total situation of peace and stability in the world.

We have spent over \$800 billion since 1947 in defense budgets. It is not irrelevant to relate the effort that we make in trying to find an answer to this food problem to the purposes and to the needs of those vast sums that we spend on defense. I do not think these two are unconnected at all.

So I would hope, Mr. Chairman, that we could say to ourselves that our mobilization of our agricultural productivity capacity in this country would be related to domestic needs, commercial opportunities, and adequate reserve, and a fair American contribution toward this desperate problem in this next decade. Now, it will be for this committee and the Congress to work with us to decide what that fair contribution will be.

Senator YOUNG. Mr. Chairman, could I ask a question?

The CHAIRMAN. Yes.

Senator YOUNG. Mr. Secretary, would not a solution to the problem in Vietnam have been much easier, in fact the problem would have been solved, if 5 years ago we had embarked upon a program to help the rural people of Vietnam, which comprise about 80 percent of the total population, rather than confine most of our aid to the larger cities?

Secretary RUSK. I think, sir, that much could have been done to strengthen the fiber of the countryside by such programs as you suggested. I am not sure, Senator, that this applies to the motivations in Hanoi and Peiping. Indeed, there is some indication that in 1959, Hanoi saw that South Vietnam was making much more rapid progress on the economic side than was North Vietnam, that they had a decreasing chance to obtain South Vietnam by the internal subversive political means, and that they then organized the front in 1960 in Hanoi to use direct force and direct subversion.

But there is no doubt at all, Senator, that had these programs in the countryside been pursued much more vigorously 5 years ago or even 10 years ago or even, if I may say so, 3 years ago, the strength of the countryside would have been greater than it is today.

Senator YOUNG. If President Diem had had the kind of farm program or rural program we are sponsoring there now, the Vietcong would certainly never have been as strong as they are.

Secretary RUSK. I think that is true, sir, although I do want to say that I think the relative progress of South Vietnam probably contributed to a decision in Hanoi to use force because they were being outstripped by the progress in South Vietnam. I think it is a mixed problem. I would not disagree with your main point.

Senator MILLER. Mr. Chairman, could I ask a question of the Secretary?

The CHAIRMAN. Senator Miller?

Senator MILLER. Mr. Secretary, when you say that the problem is to determine the fair share that this country should put up for the food problems of the world, you have hit exactly on the problem that is troubling the chairman, and is troubling all of us. What is the fair share? Now, with respect to FAO and the world food program, the fair share has been worked out so that our end is approximately 40 percent. But how much further do we go in our unilateral programs? It has been brought out that we have a surplus; Canada has a surplus. We use our surplus considerably for help to other nations, Canada sees fit to sell its surplus to Red China. Now, there are no guidelines in this legislation which answer the question, what is our fair share? I think we have to look to people like you for a recommendation on this point. In the final analysis, Congress will have to legislate it, but right now, this is the problem that is troubling many of us. You have suggested the problem, you have put your finger on the problem, but I do not think that we have had a recommendation from you.

Secretary RUSK. Well, Senator, as I indicated earlier, I think that on the predictable, organized international programs, it is possible to think in terms of a fair share, such as in the world food program, where it is quite clear. But in terms of the unexpected and unusual

developments such as a drought in India, or in terms of certain important bilateral interests of the United States in our relations with particular countries, I think it would be rather difficult for us to adopt a figure and then say that for whatever country, that figure is our share for that particular country. I would be troubled by an attempt to fix a percentage point for—

Senator MILLER. I am not suggesting a figure, necessarily, so much as a guideline. For example, in recommending a certain size program for our bilateral commitments, are we to take into account the surplus of the other countries of the world after you compute their own domestic requirements so that Canada's surplus, before its sale of surplus to Red China, would be taken into account in determining what would be a fair share of her contribution, whether she made it or not, and then we come out with what is determined to be our fair share. That is an example of what we mean by a guideline and we have nothing like that before us.

Secretary RUSK. Yes, Senator. In the particular case of Canada, they had made forward commitments of their production, but nevertheless, they have been moving promptly here on the Indian problem. You may have noted that the Prime Minister, just 3 or 4 days ago, made a statement that they would be making a substantial additional contribution toward the Indian food problem and I believe they will be able to make the details of that public this month in connection with some international meetings which are being held on that problem.

But I would like to relate fair share in food to the problem of fair share in total aid, because these things cannot be separated very much. Canada, for example, has been making certain contributions to the Commonwealth countries in dollars and some of that has had a direct impact upon the ability of those countries to deal with their food problems.

We have, as you know, been pressing for a long time to bring the contributions of other countries in the total foreign aid field upward. Now, at the present time, there are at least France, United Kingdom, Belgium, whose proportion of gross national product committed to foreign aid is larger than ours and Germany is very close to ours at the present time. There has been some improvement on that.

But if we look at fair shares, it seems to me that we might want to look at that in the total field of foreign aid, rather than limit it just to the food picture.

Senator MILLER. May I say I recognize the validity of what you just said, but I do not believe we have been presented with any comprehensive recommendation or philosophy from the Department which would help us to evaluate this.

Secretary RUSK. Let me examine that further with my colleagues, Senator, and perhaps offer a short statement for that on the record.

Senator MILLER. I think it would be helpful, Mr. Chairman.

(The statement is as follows:)

"FAIR SHARE"

In recent years we have made continuing and increasingly successful efforts to encourage other countries to participate in aid efforts. The question naturally arises whether other developed countries are carrying their fair share of the total aid burden. Obviously, the concept of "fair shares" must take account of differences in national incomes, and must include all forms of aid.

The record shows that the 12 countries which, together with the United States, form the Development Assistance Committee of the OECD, contribute about 1 percent of their national income to foreign aid—the same percentage as the United States. This suggests that our share has not been an inequitable one. USDA is preparing a more detailed report on this for the record.

It would, however, be unwise to insist that the principle of proportionate sharing should be applied rigidly to every specific international or country aid program. Such programs often involve special interests of the donor, which may or may not coincide with interests of other aid-giving nations. In a given situation it may be in our foreign policy interest or defense interest or economic interest to provide 100 percent of the required assistance. In others, it may not be in our interest to provide any. It cannot be expected, for example, that France would furnish as much aid as would the United States to Latin America any more than the United States would provide as much as would France, with its historic ties, to Africa. Flexibility is therefore required in negotiating national contributions in any particular situation.

Secretary RUSK. I would like to say one other thing, Senator, in great candor here before this committee, and I do not want to talk about the situation with specific countries in a public session. But we ourselves have been concerned to the extent to which certain countries or a number of countries had come to take us for granted in this field of food, to the point where they themselves were not going out to seek assistance from other countries. There are a number of countries to whom this has applied. Now, we feel that they must take the responsibility for going to the capitals of other countries and engaging them in their problems and eliciting from them contributions. U.S. diplomacy cannot take on the burden of being the broker for every country in need and presenting their requests in other capitals as though it were our problem. So in the past year, we have been insisting to these countries who are needing assistance that you have to get your people out on the road and in capitals and step up what you are asking other countries to do. I can tell you in closed session, this has had some important results here and there.

Senator COOPER. Mr. Chairman, could I ask a question?

The CHAIRMAN. Would you mind just a moment?

Senator COOPER. Go ahead.

The CHAIRMAN. In fixing this fair share, Mr. Secretary, would you attach a condition that we will furnish our fair share provided other nations do likewise?

Secretary RUSK. Well, sir, we get their—if you look at it from a total aid problem around the world, it is somewhat more manageable than if you limit it to particular foodstuffs. There is also the problem of some division of labor.

For example, France considerably concentrates its foreign assistance in the French-speaking, former French colonies. I am not at all sure that is a bad idea, because they are carrying a very heavy part of the burden in many of these countries and our contribution is relatively minor in many of these countries.

The CHAIRMAN. They do that by way of paying subsidies to the farmers in French equatorial and French West Africa.

Secretary RUSK. And budgetary support to the Governments directly.

Now, I would not want to see a provision which would limit us if there were a major emergency in countries with whom we have the closest relations and with whom we have special relationships in this

hemisphere, or, for example, in the Philippines, where, if they were faced with a sudden and urgent need, I would not want to see legislation that would inhibit us percentagewise simply because other countries in other parts of the world made other dispositions of their resources were not able to come in to meet that need. I would be glad to go into this problem in more detail with the committee perhaps in closed session to see whether this can be worked out. It is a real problem, but it is not one that is easy to meet except in these long-range programs, such as FAO; it is not easy to meet on a percentage basis, for example.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Of course, the thrust of this legislation if it is adopted, is that you will use it to encourage these countries to increase their own food production.

Secretary RUSK. That is right.

Senator COOPER. Assuming that is done, it will be a long time before they can build up their own food production. That does mean there will be intervals, assuming they do undertake this task, during which the United States will be called upon to supply food for them, in this interval of their need.

Now, as to the cost. If our shipments continue during this interval until they do build up food production, does that mean the AID funds which you make available for economic development will be reduced, and larger amounts will be allocated for the food shipments?

Secretary RUSK. Well, I think, sir, that as Mr. Bell will develop before the committee tomorrow, our view is that the AID program and the Food for Freedom program should be very closely coordinated in order to produce that emphasis on agricultural production which is the object of both programs.

Senator COOPER. That is what I want to get to now. If they do go at this job and increase their food production, it would mean they would have to have funds to build fertilizer plants, irrigation systems, transportation, warehouses. Do you mean, or is it intended that a major part of our funds for economic development then will go into these facilities which will help increase food production?

Secretary RUSK. Well, first, sir, the great emphasis on the funds available would be on the resources of the countries themselves. For example, in the Alliance for Progress, the external input—that is, the external resources brought to bear on the Alliance for Progress, is a small portion of the gross national product of Latin America. To us, this is a substantial contribution that we are making. But in terms of the total resources available, Latin America comes up with the great majority of the resources that are involved in this process of development. So that in the first instance, I think the answer to your question is that we will be alert to and really very much concerned about what they do, these other countries, with their resources. In the case of India, for example, they have taken decisions which will commit substantially more of their own resources to such things as fertilizer and to operations of that sort.

But to answer your question somewhat more specifically, Senator, as far as our own AID programs are concerned and the food program itself, we would put a heavy emphasis upon those things which can

add to a rapid increase in the agricultural productivity of the countries receiving aid.

Senator COOPER. Whatever America, for example, puts into our own AID programs in all of these countries, most of them are troubled with problems of foreign exchange and they have been loath to use their foreign exchange for development of agricultural resources. I do not think they can all meet that need. So that means the United States, in its development aid programs, would have to make a choice between supplying funds for these fertilizer plants, irrigation systems, and so on, rather than supplying funds to their industrial development. Is that the contention of the administration?

Secretary RUSK. That is so, sir, and this is a point where what others can do can be important, because there are a number of industrial countries who do not have exportable quantities of foodstuffs as such, but they can provide the capital for fertilizer and they can assist with such needs as shipping and things of that sort.

Senator COOPER. Then, in this fair share concept, your proposal is to urge other countries, that may not be able to supply food, to supply aid for facilities which can increase food production?

Secretary RUSK. That is correct, sir, and, indeed, cash is involved. There have been some voluntary public subscriptions taken in certain countries in Europe that have turned up in one country \$4 million, in another country \$5 million, in connection with the Indian program. Cash can help in these matters. So there are many ways in which countries, whatever their particular circumstance, can contribute toward the food problem in these underdeveloped countries where the food problem is really an emergency.

Senator COOPER. I do see a way of holding down costs in this program, in this way. One, if the major part of our economic development aid goes into the facilities which increase or encourage production of food. And, two, if the administration actually urges other countries to help supply that aid for agricultural facilities. If that is part of your program, I can see how you can hold the costs down.

I will say one other thing. Something has been said here about urging in the past. I had one experience in India, and I knew after being there a short time that they were not putting enough of their budget into food production. I must say I called the attention of our Government to that again and again and again—urging them to insist that the Indians do that. When I came back, I urged that upon our AID Administrator. And, in 1963, I introduced an amendment to the foreign aid bill, which was adopted, requesting the President to make a survey—an immediate survey of the 15 countries which receive the great part of our aid, including India, and if they were not taking steps to meet the needs of their people, to cut off our aid program. So in many ways, the administration has had notice of this. I am glad that it is coming to this point.

I would say that on a recent trip to India following the death of Prime Minister Shastri and over to Vietnam—there were myself, Vice President Humphrey, Secretary Rusk, Ambassador Harriman—there was a very dramatic example of the need for an immediate and searching survey of our AID programs to see if these countries are actually doing what they ought to do to take care of their own people. It is a

dramatic illustration that this should be done. I hope it will be done in all the countries which are receiving aid.

Sir, I think perhaps you will agree with me in the light of your own experience in India and other countries that one of the crucial things here is to find out how to transfer quickly to those countries the competence developed in our land-grant colleges here in this country in these fields. India is now in the process of building five new universities of the land-grant college type, a new university of this type has just been completed in Nigeria. The classical notion of the university, coming out of Western Europe, has not given the impetus to that education and research and extension that is needed if these countries are to meet this problem.

We have been very much encouraged by the interest which more and more countries are taking in this revolutionary development in this country represented in the land-grant college. I think if that can move fast, there is nothing that I know of that will do more to help them meet their own food problem than just that kind of effort.

Senator COOPER. I cannot think of any better group you could send to another country to help them, and also to help our own foreign policy objectives, than a group of county agents. They can do the best of anybody.

One other thing I want to say. I agree with you that this matter of food and agricultural production is a very important part of our foreign policy. In the first place, I think that a country which cannot produce enough food to feed its own people is in danger all the time.

Second, from my own viewpoint, the United States is the only country in the world which can produce food in any significant amounts to help other countries, and I do not think that is appreciated. I am glad that now emphasis is being placed on that point.

The CHAIRMAN. Well, Senator Cooper, I may say this, that 12 or 13 years ago, on the first visit I made to Ethiopia, I found that we had a program there far beyond the capabilities of the people to absorb. I thought that the people could learn best by doing and seeing, but, no, we established a college there to train extension workers. After 9 years of operation, they closed it just because they did not have anybody to work with; that is, the people themselves were not qualified.

And that is my fear, Mr. Secretary, that the establishment of colleges, as you are proposing, or that AID has been proposing, it may be well that you can produce a few extension service men, but those men will have nobody to work with in the field. And that has been the trouble all along.

Secretary RUSK. Senator, I think this is a real problem.

The CHAIRMAN. And if we were to resort to education from the first to the fifth grade, as I have been preaching all along, and then let them learn by seeing and doing, you would have made some progress. It is my hope that something will be done in that line with the little money that we will appropriate from here out, because I hope it will be little from here out.

Secretary RUSK. Senator, I think that the time scale on these matters is changing rather rapidly, because of media of mass communication and other factors. There is, in the beginning, a peasant resistance to

change. I remember as a small boy on a small farm in Georgia, when the first county agents began to come around to tell us how to do this a little different, how to do that a little different, quite frankly, we were a little skeptical. When the first workers came in on the hookworm problem, some of these workers were driven out of some of these counties with sticks and stones. So there is a certain timelag.

But this is moving fast because of the work done by media of communication. In many countries, now, fertilizer is on the black market and the peasants come in to try to get access to fertilizer, because they have discovered by word of mouth and by other means that this is pretty good stuff to have. I think that the receptivity of change is moving very fast now and I think that the speed with which we can develop is thereby moving.

Senator YOUNG. Mr. Secretary, I think the great changes come about through girls and boys in 4-H work and students graduating from various land-grant colleges. You are certainly right that 30 years ago the Extension Service could not do much with the older farmers. It was the younger people coming up that really took advantage of the land-grant colleges and the advances made through agricultural research and extension.

Secretary RUSK. I think that when Mr. Bell is here, you will want to hear from him about the emphasis not only on agricultural production but on education because, of course, we cannot educate the rest of the world. We do not have the people, we do not have the funds or anything else. But the stimulation of the type of education which opens the way for change and for rapid development is something we can do something about with reasonably limited resources.

Senator YOUNG. Mr. Chairman, if I may say another word, then I have to go to another committee meeting. I think this is a great program. We gain more friends around the world through helping them produce their own food and giving of our own food supplies, than any other program that I know of. This one will cost us but very little. We can produce much more food than we are producing now. Farmers will be glad to do it and you will have far less subsidy cost involved than under the present program.

As far as the fertility of our soil is concerned, this land is producing more now than it did 100 years ago. I think that in another 100 years we will probably be producing twice as much as we are now. Soil now is more or less just a receptacle for water and fertilizer.

Senator MONDALE. Mr. Chairman, could I make one observation?

The CHAIRMAN. Senator Mondale?

Senator MONDALE. I spent some days in India between sessions looking at the development of their agricultural program. I think it is tragic that these new efforts by the Indian Government should have taken place at the same time as their worst drought in this century. Because of this calamity, we have not seen the full impact of their new farm program, which has come about partly through the work of our crack AID team there, partly through the excellent work of the Ford Foundation and other foundations, but also because of the new tougher attitude on the part of the Indian Government under Shastri and Subramaniam, which I hope will be continued under the new government.

Indian leaders are recognizing that they have to apply far more of their resources to agriculture than they have in the past, and remove some of these arbitrary restrictions that have discouraged outside capital. I think they are beginning to make real progress there.

I saw firsthand several parts of Raipur, an area which former Ambassador Cooper knows very well, I'm sure. There I saw the results of 3 years of careful extension work, where they would simply go to the farmers—most of whom are illiterate—plant a few rows with improved seed varieties, use fertilizers, use pesticides, use the latest methods and show that farmer—not with films or with strolling minstrels or anything like that—but on his own farm how these new methods would work. Within 3 years, throughout this whole area, where there had been almost total resistance to fertilizers and improved seed varieties, everyone was asking for them, and whole communities have shifted to the new technology, even though the people are still illiterate. Agricultural production has increased in some areas of India by 30 to 40 percent on the same acreage within just a few years. I think this clearly shows the potential.

Secretary RUSK. I think, sir, that one of the very important things that has happened in India has been to take a policy decision to release the possibilities of the private sector in these matters—production of fertilizer, for example. I would hope, also, that the mobilization of private effort to multiply seeds—this is one of the things that could make an enormous contribution, if the multiplication of tested improved seed could be taken on quickly and made available to the farmers at a much greater rate than is now going on.

Senator MONDALE. Has not the Indian Government shown a healthy change of attitude in the last year or so?

Secretary RUSK. Yes, sir; and, indeed—I am not sure how far I should go in this in open session, but they are also releasing the private sector to move fast and hard in these matters. And this is a major policy event.

Senator MONDALE. And our AID mission has been prodding them along. As a matter of fact, it has become a political issue in India that our AID mission has been trying to encourage the Indian Government to move much more swiftly in this area.

Secretary RUSK. I think, sir, I shall have to say that Mr. Subramaniam, the Minister of Agriculture, looked hard at India's problem and consulted with a good many people abroad, including the FAO, on what was required and then the Indian Cabinet came to some very far-reaching decisions at the end of the year about priorities and what ought to be done on their side to try to meet this food issue.

Senator MILLER. Mr. Chairman?

The CHAIRMAN. Mr. Miller.

Senator MILLER. Before we leave the subject of the fair share, Mr. Secretary, you made the point that if we have surpluses this could cause some difficulty in our relations with some of these underdeveloped countries. But I would like to suggest to you that even though the surplus problem is diminished or eliminated, these people are not unaware of the fact that we have a program in this country where we are paying farmers to retire acres from production. This point was made during the last conference of FAO in Rome, and it was

brought up to the Secretary of Agriculture Freeman. His response was that we do have a flexible farm program which would enable us to meet some of their increasing needs. But if we are looking for a way of avoiding criticism either because we have surpluses or we are paying our own farmers to not produce, why would it not be best to point this type of program through the world food program? They already have laid down the guidelines for a fair share, which includes crops and transportation and money and services, and it seems to me that FAO has already established a program and a policy and guidelines for the very problem this is seeking to cure.

Now, what would be wrong with, for example, authorizing a program through FAO, perhaps with certain restrictions which you might recommend to us to be placed on them, which would greatly step up the world food program in line with the needs?

Secretary RUSK. Well, Senator, our attitude on the world food program has been that it should expand. It has tripled, as you know.

Senator MILLER. Yes, but it is still very small.

Secretary RUSK. I would think that our attitude ought to be to support that as much as the traffic will bear in terms of the ability to mobilize the resources of other countries. But I still feel that at the end of the day, what can be done that way will not be large enough to meet the needs, the foreign policy needs, the real interests of the United States in a good many different situations. Therefore, I would hope that we could encourage that world food program to go as far as it could on an equitable basis though without limiting ourselves to that program in terms of what we do out here.

Senator MILLER. But would we not by adopting this program retard the desire of other nations to expand the world food program's activity?

Secretary RUSK. Well, I think, sir, that that will depend in part on how it is handled. The effort made by the receiving country to mobilize resources elsewhere will be one of the important factors taken into account by us in terms of what we do in a given situation. But I would hope that we would not accept the limits of that approach as a limit on what we ourselves might want to do additionally at the end of the day on some of these particular situations.

The CHAIRMAN. Well, Mr. Secretary, that is why we have ended up doing most of the job, because we were willing to go ahead irrespective of what our neighbors did. That is why we are having difficulties in many parts of the world when we go to ask for assistance, for instance, in southeast Asia. We have been doing the job ourselves, and so long as Uncle Sam permits these nations to let him do the job, why, they will be satisfied.

Senator MONTOYA. Mr. Chairman, I would like to ask a few questions.

The CHAIRMAN. All right, Senator Montoya.

Senator MONTOYA. We have had this food program for quite a few years under Public Law 480, Mr. Secretary, and the usual agreement calls for repayment in local currencies. Can you tell us how much is due us in local currencies at the present time? And how much has been repaid to us?

Secretary RUSK. We have had somewhat over 1 billion repaid in terms of using these local currencies for U.S. purposes. I would have to get the exact figures for the record, if I may here, Senator.

The CHAIRMAN. If you do not have them, Mr. Secretary, you may furnish them for the record.

Secretary RUSK. I would have to furnish the exact figures for the record.

(The information is as follows:)

Status of foreign currencies under title I as of June 30, 1965¹

India :

Amounts through agreements.....	\$3, 032, 400, 000
Collections.....	2, 481, 900, 000
(Plus \$75,900,000 104(e) and 104(g) loan interest and repayment of principal.)	
Disbursements by agencies.....	1, 750, 800, 000
Planned uses of currencies in agreements signed from program inception through Dec. 31, 1965, total :	
104(e) loans.....	212, 900, 000
104(e) grants.....	788, 175, 000
104(g) loans.....	1, 659, 537, 000
U.S. uses.....	398, 919, 000

Indonesia :

Amounts through agreements.....	292, 300, 000
Collections through sales proceeds.....	292, 300, 000
(Plus \$1,700,000 interest and repayment of principal from local currency loans.)	
Disbursements by agencies.....	70, 200, 000

Pakistan :

Amounts through agreements.....	1, 038, 300, 000
Collections through sales proceeds.....	876, 500, 000
(Plus \$26,000,000 through repayments of loans.)	
Disbursements by agencies.....	772, 400, 000
Planned uses of currencies in agreements signed from program inception :	
104(e).....	79, 260, 000
104(e) grants.....	539, 567, 000
104(e) loans.....	51, 163, 000
104(g) loans.....	255, 618, 000
U.S. uses.....	112, 687, 000

United Arab Republic :

Amounts through agreements.....	804, 200, 000
Collections through sales proceeds.....	719, 700, 000
(Plus \$26,700,000 through repayment of principal and interest.)	
Disbursements by agencies.....	402, 800, 000
Planned uses of currencies in agreements signed from program inception through Dec. 31, 1965, total :	
104(e) loans.....	77, 662, 000
104(e) grants.....	24, 954, 000
104(g) loans.....	582, 311, 000
U.S. uses.....	128, 902, 000

World totals (through June 30, 1965) :

Agreement amounts.....	10, 504, 400, 000
Collections :	
Through sales proceeds.....	9, 287, 100, 000
Through loan repayments.....	285, 400, 000
Disbursements by agencies.....	6, 562, 900, 000

¹ Market value.

Senator MONTONA. But you do agree with me that there is quite a substantial sum, over \$1 billion outstanding and still payable to us?

Secretary RUSK. That is correct, sir.

Senator MONTONA. Now, you say that these were used for our purposes; that is, the \$1 billion, of which you speak was used for overhead

expenses of our Government and for our purposes. What do you mean by that?

Secretary RUSK. The memorandum that I have in front of me, and I am not an expert on the details here, says that we have used over \$1 billion worth of these local currencies to pay U.S. bills. In other words, our own obligations, our own requirements in those countries.

Senator MONTOKA. Well, included in the use of these currencies are outright grants made by our Government for hospitals and for other purposes in the particular country, so actually they have been grants to the particular country in many instances; is that correct?

Secretary RUSK. Yes, in addition to the \$1 billion for U.S. bills, there have been some substantial amounts of these local currencies used for local cost of development schemes to which we, ourselves, were committed. I would have to break that down for you, sir, for the record.

Senator MONTOKA. So, actually, they were not expenses of our Government but rather grants for projects that were beneficial to the paying country.

Would you say that the greater proportion was in that category?

Secretary RUSK. I would think so. I would think the greater proportion, that is right, sir.

Senator MONTOKA. Now, under the new bill, have you made an attempt to change this particular use of repayment in local currencies?

Secretary RUSK. In the first place, we would hope that over a period of 5 years, we could move from foreign currency sales to sales calling for repayment in dollars, over a period of time.

Senator MONTOKA. Has not that been the theory behind the original sales and the continued sales for local currencies, that eventually the buying country would be able to repay us in dollars? Has not that been the theory?

Secretary RUSK. Well, in some instances, we have had transactions in which we received payment in a short term in local currency to be converted into dollars later on, for example, in Poland. But the title I operations did not involve a dollar commitment at the end of the day. Now, we are trying to move and have been moving as a matter of fact, from title I to title IV which does involve repayment in dollars.

Senator MONTOKA. Now, in title I here, under the bill you stress the intent to be that the sales will be for dollars or for foreign currencies. Then in subsection (b) on page 2 and on page 3, you add the proviso that the sale for local currencies shall be as the President may determine. So, actually, you are continuing the same program that has existed since the inception of Public Law 480 sales?

Secretary RUSK. Senator, it is true that we may still make some foreign currency sales as far as the permissive aspects of the act are concerned. But I would like to say that we are trying to emphasize the gravitational pull in our exports in this direction. The bill requires that foreign currency sales be reduced. First, we would like to develop commercial sales. Second, we would like to develop perhaps the credit arrangements through the CCC. Third, we would like to develop the dollar sales under title IV. Fourth, we would like to be able to use title I sales.

I think that during last year, for example, 23 percent of the transactions under Public Law 480 were title IV. We have tried to increase

that aspect of it in order to build up dollar returns for later on. So that there is a progressive move, we are working to try to achieve a progressive move from the softer to the harder, from the local to the dollar, and from concessional shipments to commercial shipments.

Senator MONTAYA. I recognize that, Mr. Secretary, and that has been your purpose since the inception of the Public Law 480 program. But has that been the result?

Secretary RUSK. Well, we have doubled our agricultural exports in the last 10 years. I cannot say that in the particular countries to which we have appointed Public Law 480 arrangements, it works out quite that way, because, for example, Japan is our greatest buyer of agricultural products as a single country, but we have been looking in each of our more recent Public Law 480 transactions, we have been looking first at what they are doing on the commercial side. Second, we are looking at their capacity to undertake CCC or title IV commitments. Third, then, is the title I possibility.

Senator MONTAYA. Do you have the figures on how much in Public Law 480 sales we have made to India, let us say?

Secretary RUSK. Yes, I have that right here.

The total of commodities actually shipped through December 31, 1964—that is title I shipments—amount to about \$2,584 million since August 1956.

Senator MONTAYA. How much of that has been repaid to us in dollars?

Secretary RUSK. These are title I transactions.

Senator MONTAYA. Gifts, grants?

Secretary RUSK. These are not included.

Senator MONTAYA. And local currency?

Secretary RUSK. That is correct. These are sales for local currencies.

Senator MONTAYA. The reason I asked that question, Mr. Secretary, is because these were justified, these programs were justified to the Congress on the theory that the country, the receiving country, would eventually be able to pay in foreign exchange.

Secretary RUSK. We would be able to move from title I to other kinds of arrangements; that is correct, sir.

Senator MONTAYA. That is right and India has not done that; correct?

Secretary RUSK. May I insert a figure here for their commercial purchases in this country? It will not be large in relation to this figure but, nevertheless, they have been buying something.

Senator MONTAYA. Yes.

(The information is as follows:)

From fiscal year 1961 through fiscal year 1965, India has purchased commercially, for dollars, \$113,163,000 of agricultural products from the United States.

Secretary RUSK. Also, we have sold \$53 million worth of such commodities to India under barter arrangements, under which we got in return jute products, ferrochrome, ferromanganese, mica, and certain other materials.

Senator MONTAYA. How much local currency has been repaid to us out of the \$2,584 million?

Secretary RUSK. I would have to furnish a figure on that, sir. We do have in front of the Congress now a question as to whether we

might not have better access to these local currencies for our own use. You see, we have been, in effect, limited by the necessity for a dollar appropriation in our own budget here in order to buy these local currencies from the Treasury for use. That has tended to inhibit some of the uses that might otherwise be made of these local currencies. If we could look at these local currencies as an asset, but an asset which need not enter into the dollar budget each time, we could get some flexibility perhaps to use them much more effectively before, in some cases, they wither away through inflation. So we would like the Congress to give some thought as to how best to use, on a national basis, these assets in the form of local currencies.

Senator MONTOLA. Now, give me the figures for sales for local currencies to Pakistan, Indonesia, and Egypt, if you will, for inclusion in the record.

Secretary RUSK. For Pakistan, the total title I shipments, \$882,714,000.

Which is the next country, sir?

Senator MONTOLA. Indonesia.

Secretary RUSK. I do not happen to have that figure. I will supply it, because we are not in such transactions with Indonesia at the present time and have not been for some time.

Senator MONTOLA. But you have been?

Secretary RUSK. Well, not for about 2 years, now. I am informed that the title I shipments totaled \$273,823,000.

Senator MONTOLA. What about Egypt?

Secretary RUSK. Since December 14, 1955, a total of \$715,823,000.

The CHAIRMAN. That is title I?

Secretary RUSK. Yes, sir.

Senator MONTOLA. Now, what has been repaid to us by these countries in local currencies and how much have you disposed of those local currencies after the repayment has been made?

Secretary RUSK. I will be very glad to furnish those figures, sir.

Senator MONTOLA. At this point in the record?

Secretary RUSK. Right.

(For information requested above, see p. 213.)

Senator MONDALE. Mr. Chairman, if I may, on the question of title I concessional sales, was it anticipated that those counterpart funds would be changed into dollars, or that they would be used in other ways, within the receiving country?

Secretary RUSK. It was not contemplated that they would be exchanged into dollars, in the usual fashion. It was contemplated that certain parts of them would be available for U.S. requirements which otherwise would have to be met by dollars, for example, such as Embassy expenses.

We do have some arrangements by which we could make certain sales to tourists and to meet otherwise dollar requirements. But there was not an obligation that title I sales, except where special arrangements were made, such as in Yugoslavia, would in fact be picked up later as dollars.

Senator MONTOLA. As a matter of fact, you have restrictions in each one of these contracts whereby the U.S. Government agrees that any repayment in local currencies shall not be exchanged on the world market, but shall be to the credit of the United States and used only for specific purposes, such as you have specified?

Secretary RUSK. That is correct, sir. I think that in the case of India, \$399 million of this was for U.S. uses, so-called; that is, to pay our own expenses out there over this period of time.

The CHAIRMAN. Well, all of that which you talked about now was included in the agreements we entered into between the host country and ourselves?

Secretary RUSK. That is correct, sir. By the way, Mr. Chairman, I apparently had a slip of the tongue. I was talking about obligation to pick up local currency in dollars. I should have said Poland not Yugoslavia.

Senator MONDALE. Mr. Chairman, as of a few months ago, we had a total of about \$575 million in Indian rupees in our local currency fund reserved for U.S. uses. We have been using those rupees at the rate of about \$38 million a year. With the sharp stepup in congressional sales to meet the drought this year, that amount will rise even more rapidly than before.

Secretary RUSK. That is correct, sir.

Senator MONDALE. Do these Indian rupees, if we could remove some of the current restrictions imposed upon the State Department and AID, provide a source for funding of some technical assistance programs to improve agricultural production? Couldn't we do more in providing rupee grants and long-term, low-interest loans to improve Indian agriculture, permitting us to spend out of that account and reduce our need to use American dollars?

Secretary RUSK. Well, Senator, I should speak to this subject with great deference to the appropriations policy of the Congress. This is a matter which has been discussed from time to time. It would be possible to mobilize certain of these funds, for example, to do the kinds of things that private foundations are doing in terms of education, in terms of the distribution of books and pamphlets and other types of extension material, and things of that sort. But I am just a little reluctant to offer a final conclusion on that point until we have had a chance to discuss it further with the Appropriations Committees of the Senate and the House because this, as the chairman knows, involves some fairly substantial appropriations policies of the Congress as a whole.

Quite frankly, my own personal view would be that if we could find ways to utilize these resources which are otherwise somewhat frozen, there would be some advantage to doing so. How best to do that is something we are talking about now with other committees.

Senator MONDALE. Mr. Secretary, is there not another problem that is beginning to surface? Because of the sharp increase in our holdings of Indian rupees—and this fund will grow by \$100 million in 1966 alone—the critics of the Indian Government, particularly the Communists, are using this fund as a target for propaganda, claiming that the United States is not really in there to help the Indians, but that we are using Public Law 480 sales as a subtle device to buy the country. I have in mind some statements which I have before me to that effect by some of the Communist Members of the Indian Parliament.

Secretary RUSK. Well, I think, sir, that it would be, quite frankly, difficult to find any way to proceed that would not elicit considerable Communist propaganda. I just noticed—I do not want to get into this subject unduly—but Peiping, over the weekend, has called both

hawks and doves in this country fools and just saying they are different kinds of hawks, from Peiping's point of view.

But I think that it turns out—as far as most of the Indians are concerned—it turns on what use can be made of these local currencies in the joint interests, and this is one of the things we would like to discuss further with them and with our own Congress.

There is a common interest in what is done with this overhang of local currency. To some extent, there is an overhang on price levels in countries like India, where it is as large as it is, you see. We felt it necessary to give certain assurances and agree with them as to what can and cannot be done with them in order not to have a sharply inflationary effect on the Indian situation.

Senator MONTOYA. May I ask one more question?

The CHAIRMAN. Proceed, Senator Montoya.

Senator MONTOYA. What other countries have made sales or grants of food to India in the last 5 years, and in what amounts?

Secretary RUSK. We can place in the record here a list of the more immediate contributions made in recent months in connection with the present drought situation. It is a little bit hard, Senator, to pick out the food increment in aid otherwise given to India. I tried to do that quite frankly over the weekend but some countries make a commitment through the consortium and some countries make a commitment, say, in dollars or their own currencies.

(The information is as follows:)

INDIAN IMPORTS OF GRAINS AND DAIRY PRODUCTS

Rice exports from countries other than the United States have averaged 244,000 metric tons in the past 5 years—68 percent coming from Burma ; 14 percent from the United Arab Republic; and the remainder from South Vietnam, Pakistan, Thailand, and Cambodia.

Indian imports of wheat from Canada and Australia have averaged almost 407 million metric tons per year in the past 5 years with 78 percent coming from Australia and 22 percent from Canada.

Exports of dairy products to India, excluding the United States, have averaged 22.4 million pounds per year—68 percent coming from Australia, 27 percent from New Zealand, with the remainder from the United Kingdom and Canada.

Exports of these commodities by year and country are shown on the attached tables.

Grain imports into India

[Figures in 1,000 metric tons]

	Fiscal year				
	1961	1962	1963	1964	1965
Rice:					
Burma.....	100	258	157	151	167
United Arab Republic.....	84	21	0	29	35
South Vietnam.....	0	0	0	10	0
Pakistan.....	0	0	0	0	81
Thailand.....	0	0	0	0	54
Cambodia.....	0	0	0	0	74
Total.....	184	279	157	190	411
Wheat:					
Canada.....	126	96	19	(1)	205
Australia.....	146	458	306	197	480
Total.....	272	554	325	197	685

¹ 200 metric tons (approximately).

NOTE.—Included in the above import totals are Canadian and Australian donations through the Colombo plan, a total of 620,000 metric tons of wheat—427,000 from Canada; 193,000 from Australia.

Reported exports to India, dairy products

[Figures in million pounds]

	Calendar year				
	1960	1961	1962	1963	1964
Australia.....	8	18	20	15	16
New Zealand.....	7	6	4	5	9
United Kingdom and Canada.....	2	1	1	1	1
Total.....	16	25	25	21	26

NOTE.—Included in the above totals are Australian donations through the Colombo plan of about 5,000,000 pounds of dried milk.

Senator MONTROYA. You mean these consortiums where each country contributes in their own currency for some objective?

Secretary RUSK. I think it would be proper to refer to two types of consortiums. One is the type that evolves more or less informally, as a result of the Indian Government's efforts in the last few months to get assistance from other countries in specific relation to the food problem.

Now, up to this point, the contributions from other countries are over \$70 million. There is another round underway and there will be meetings this month to see if those contributions cannot be increased. But those range all the way from foodstuffs—for example, Canada, Australia, Greece, and Argentina have contributed some wheat—all the way around to contributions of machinery or port unloading equipment or things or that sort.

Now, when I referred to the other consortium—that is the consortium of donors for the World Bank's arrangements for funding economic and social development in India and Pakistan, there is no doubt that the assistance provided by those large and international consortia also have a bearing on food.

Senator MONTROYA. Well, as a matter of fact, we are also contributing to those consortiums because we have been a part of most of them, have we not?

Secretary RUSK. That is correct.

Senator MONTROYA. So we are actually giving them food with one hand and giving them dollars in the consortium with another?

Secretary RUSK. That is correct, except our contributions are not free dollars; they are limited to uses here. They are not, in that sense, a foreign exchange output.

Senator MONTROYA. But you will include the total direct contributions by the other countries for food on a year-by-year basis during the last 2 years?

Secretary RUSK. Those that we can isolate yes, sir. But I would just point out that there have been other contributions made in India which have a bearing on their ability to meet their food or the use of their own foreign exchange and things of that sort.

(The information is as follows:)

INTERNATIONAL RESPONSES TO INDIAN REQUEST

Twenty countries have so far offered or are considering special emergency assistance to help India meet its food needs. According to our information, the

220 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

total amounts of this assistance, offered or under consideration, is roughly \$69.7 million.

Among the contributions offered thus far are :

Country	Assistance	Value (in thousands of dollars)
Australia.....	The Government of Australia has announced an emergency grant of \$8,960,000 (8,000,000 Australian dollars) to cover 100,000 tons of wheat, other foodstuffs, pesticides; and handling and storage equipment.	8,960
Austria.....	The Government is offering a \$1,000,000 grant to be used for dry milk, fertilizer and pesticides; it could also be used to pay for shipping these commodities.	1,000
Canada.....	Has announced a \$15,000,000 grant for use by Mar. 31 (end of current fiscal year). Will finance 126,000 tons of wheat, 10,000 tons of rapeseed, 4,000 tons of dried peas, and 3,700 pounds of dry milk. Has offered whole wheat flour (35,000 tons) and more dry milk for the balance of about \$3,000,000. In addition, it has offered to allow India to use a substantial sum, from the remaining unallocated portion of its regular aid pledge, for the purchase of port-handling equipment.	15,000
Federal Republic of Germany.	Has extended a \$3,000,000 long-term credit for fertilizer and a \$125,000 grant for dry milk. Also will help finance 3 agricultural projects.	3,125
Greece.....	Has made a grant of 5,000 tons of wheat and 1,000 tons of raisins. Considering long-term credit.	420
Italy.....	Has decided in principle to extend \$2,000,000 long-term loan for goods and services. Considerable private subscription drive has reportedly collected \$500,000.	2,000
Netherlands.....	The Government has offered 2 grants totaling 3,300,000 guilders (\$1,028,000) for the purchase of foodstuffs. It is also allocating 1,000,000 guilders (\$278,000) for an agricultural project in India. Dutch radio and television campaign had raised over 20,000,000 guilders (\$5,500,000) as of Feb. 21.	1,306
Sweden.....	Has offered a grant of SKr7,000,000 (\$1,400,000) for the purchase of 4,000,000 tons of nonfat dry milk plus shipping. First shipment to arrive in early February. Has also offered a long term, low-interest loan of \$2,400,000 for an agricultural project.	3,800
United Kingdom.....	The United Kingdom has offered as interim assistance—a "first immediate contribution"—a 25-year interest-free loan of £7,500,000 (\$21,000,000) including a reallocation of £6,000,000 against the current consortium pledge which was previously earmarked for a lagging steel project. Of the £7,000,000, £1,000,000 is to be used to defray the cost of shipping wheat to India from Commonwealth countries; £1,000,000 for port-handling equipment; £1,500,000 for fertilizers, pesticides, and dried eggs; and the balance for essential industrial imports from the United Kingdom. A British bulk grain-handling expert from the Port of London Authority joined the U.S.G. (Eskildsen) team which toured India.	21,000

In addition, generous contributions have been made by the people of the Netherlands in response to a radio-television appeal (\$5.5 million as of February 25), by the German people through MISEREOR, a Catholic charitable organization (\$4.125 million), and by the Italian people in response to an appeal by President Saragat (\$9 million as of March 1).

Senator MONTROYA. What is the gap widening between the increasing population and productivity of food? Could you give us a statistic on that?

Secretary RUSK. Yes; it varies from country to country.

Senator MONTROYA. Let us say about India.

Secretary RUSK. In the case of India, they were almost holding their own short of this drought.

I would have to give you some specific figures on that to illustrate the point. They have had a substantial increase in agricultural productivity in the last, say, 8 years, but their population has risen. The drought, of course, complicated the matter very substantially.

I would be glad to provide for the record some statistical material on those countries where the problem that you mentioned seems most acute in terms of food production in relation to population. On others, it has been moving in the other direction; for example, Mexico, Taiwan, other countries have done a very good job in keeping the increase in their agricultural productivity ahead of their population increase.

Senator MONTROYA. Thank you, Mr. Secretary.

(The information is as follows:)

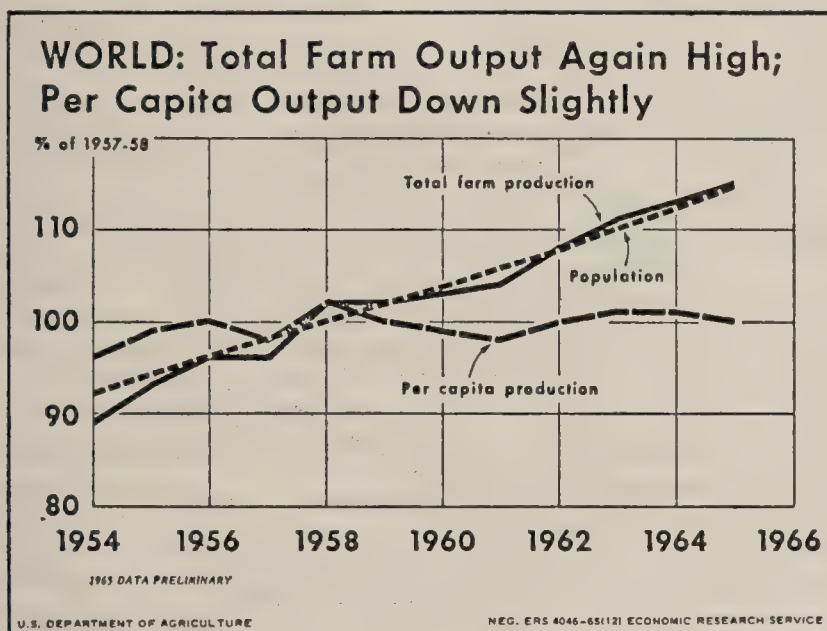
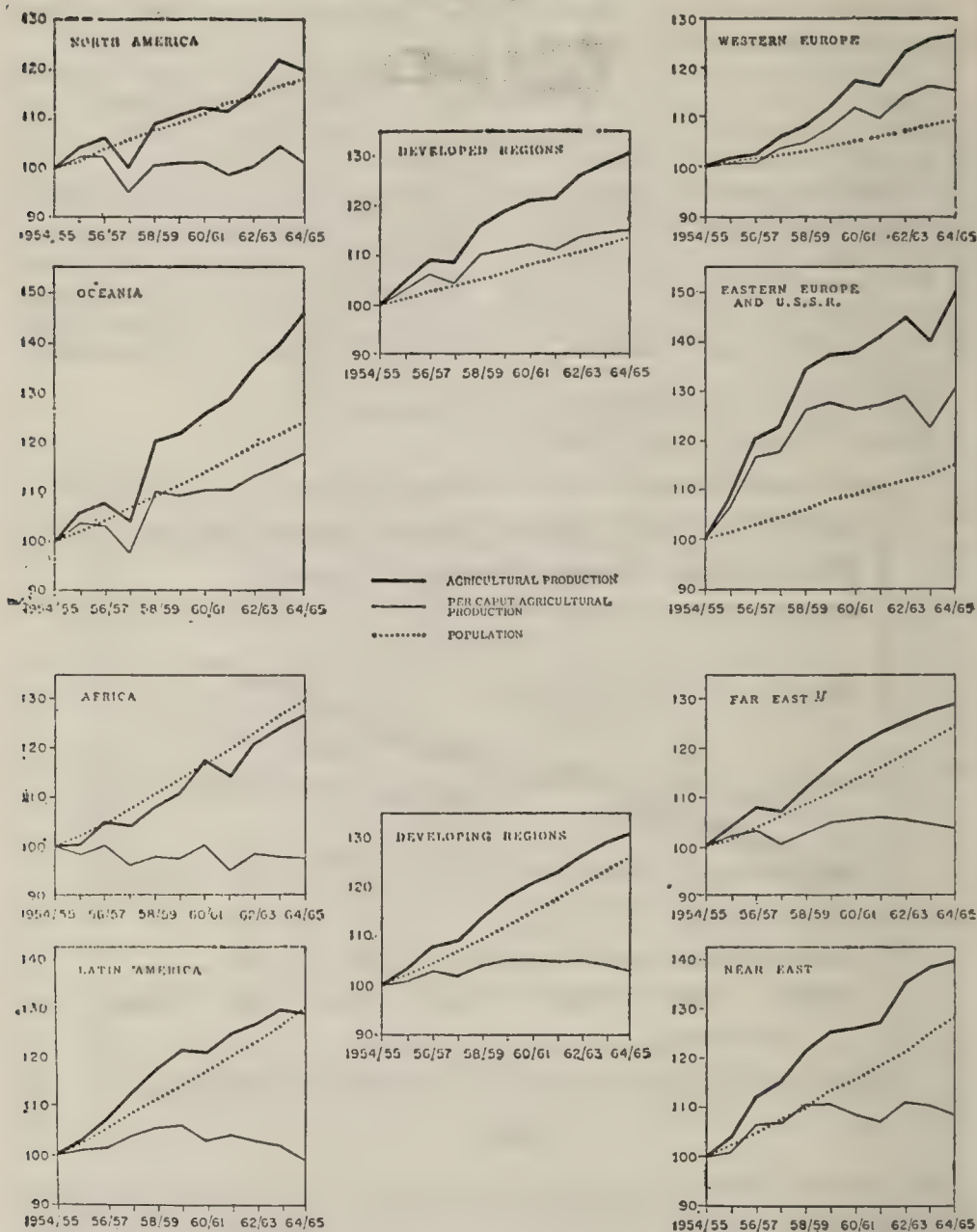


FIGURE 1¹

¹ The indexes of agricultural production and food production used in this report are not directly comparable with indexes previously published by ERS. The indexes used herein are constructed from regional commodity production totals minus feed, weighted by regional prices. Also, the estimates of production of rice, corn, sugar, and cotton have been adjusted to refer as closely as possible to calendar years.

FIGURE II-1. - REGIONAL TRENDS IN AGRICULTURAL PRODUCTION AND POPULATION
(Indices, 1954/55 = 100)



Excluding China (Mainland).

(Reprint from "The State of Food and Agriculture, 1965" published by the Food and Agriculture Organization of the United Nations, Rome, 1965.)

Aggregates and indexes of food production and population—1960–65 (India, Pakistan, United Arab Republic, Brazil, and Colombia)

Country	1960	1961	1962	1963	1964	1965
India:						
Index of production.....	111	116	113	120	123	116
Index of per capita production.....	107	108	104	107	107	98
Index of population.....	104	107	109	112	115	118
Pakistan:						
Index of production.....	113	114	113	127	126	123
Index of per capita production.....	108	107	103	112	109	108
Index of population.....	105	107	110	113	116	119
United Arab Republic:						
Index of production.....	105	107	116	119	121	124
Index of per capita production.....	100	99	105	105	103	102
Index of population.....	105	108	110	113	117	121
Brazil:						
Index of production.....	109	114	120	123	122	135
Index of per capita production.....	103	104	106	106	102	109
Index of population.....	106	110	113	116	120	124
Colombia:						
Index of production.....	109	107	117	117	120	127
Index of per capita production.....	103	98	104	102	102	104
Index of population.....	106	109	112	115	118	122

Source: Economic Research Service, U.S. Department of Agriculture-Foreign 44.

Senator MILLER. Mr. Chairman.

The CHAIRMAN. Senator Miller.

Senator MILLER. Mr. Secretary, Senator Cooper had a question he would like you to answer. He is sorry he had to leave. Perhaps you or one of the members of your staff could answer this.

The question is, "are there critical food shortages in any Latin American countries to which this administration proposal would be directed, and if so, to what country?" Then, along with that, "has the United States, through the Alliance for Progress, made efforts to secure increased food production in these countries and with what success?"

Secretary RUSK. I think, sir, since I do not have the Latin American figures with me, I might submit for the record here Public Law 480 transactions in Latin America for the information of the committee. We would hope to have under this bill a Food for Freedom opportunity in Latin America.

But again, the Alliance for Progress has, just as the AID bill that we will be discussing with the appropriate committees shortly, put a very heavy emphasis on the increase of agricultural production, particularly on the food side. I think we can take some encouragement from the way this has moved along in Latin America for the past 10 years, for example.

Senator MILLER. I had understood that there have been some good results, but I do not know what the overall results have been with respect to each of the countries. I would like to suggest, if you would, that you supply this for the record, that we go beyond just simple Public Law 480 sales, but also indicate, perhaps, a country-by-country analysis of those countries which were in short food supply and what has been the result through the Alliance for Progress.

Secretary RUSK. All right, sir.

(The information is as follows:)

*AID assistance to agriculture in Latin America, fiscal year 1964 and fiscal year 1965*¹

[In millions of dollars]

Country	Fiscal year 1964		Fiscal year 1965	
	Grants	Loans ²	Grants	Loans ²
Argentina.....	0.4	1.4	0.3	-----
Bolivia.....	.6	3.7	.8	-----
Brazil.....	4.0	35.0	2.6	34.5
Chile.....	.5	1.9	.4	27.2
Colombia.....	.5	4.0	.4	-----
Costa Rica.....	.3	-----	.4	.8
Dominican Republic.....	.1	-----	.9	2.2
Ecuador.....	.4	1.2	.3	-----
El Salvador.....	.3	.7	.3	1.2
Guatemala.....	.4	-----	.3	-----
Haiti.....	-----	-----	-----	-----
Honduras.....	.5	.45	.5	.5
Jamaica.....	.2	-----	.2	3.8
Mexico.....	-----	2.0	-----	21.5
Nicaragua.....	.1	-----	.4	.3
Panama.....	2.4	2.4	.1	2.4
Paraguay.....	.7	3.0	.8	-----
Peru.....	1.0	6.6	1.3	2.0
Uruguay.....	.3	-----	.2	-----
Venezuela.....	.2	-----	.1	-----
ROCAP.....	.2	-----	.1	1.2
Regional.....	2.4	-----	1.1	-----
Total.....	15.2	62.4	11.6	90.8

¹ Monetary assistance. Food assistance under Public Law 480 described in attached.

² Includes estimated amount of local currency generated by program loans for allocation to agriculture and estimated distribution of feasibility study loans.

NOTE.—Columns may not add to total due to rounding.

LATIN AMERICA, GENERAL

Fifteen U.S. land-grant colleges and universities are giving assistance to universities and government entities in 10 Latin American countries under AID contracts in such fields as veterinary medicine, agricultural technology, rural home economics, and agricultural production. The National Farmers Union is carrying out a program under contract for leadership development among the small farmers of Latin America. This program is closely related to alliance efforts toward agrarian reform and creation of viable democratic farm organizations.

Accomplishments.—Rural development activities have been supported by contracts or loans involving universities and land-grant colleges in the following countries:

Countries:	Institutions
Argentina-----	Texas A. & M. Michigan State.
Brazil-----	Purdue. Mississippi State. Ohio State. Wisconsin. Arizona. Louisiana State (proposed).
Bolivia-----	Utah State.
Chile-----	California.
Colombia-----	Minnesota (proposed).
Costa Rica-----	Florida.
Dominican Republic-----	Texas A. & M.
Guatemala-----	Oklahoma A. & M.
Honduras-----	Direct TCR grant to Pan American School of Agriculture.
Mexico-----	Loan for Chapingo development.
Paraguay-----	New Mexico State.
Peru-----	Cornell. North Carolina State. Iowa State. Loan for La Molina development.
Uruguay-----	Iowa State.

In addition AID has contracted with the Inter-American Institute of Agricultural Sciences to carry out training and technical assistance activities in agricultural extension, natural resources, and agricultural communications in which services are rendered to all country programs upon request.

Under the Army Corps of Engineers, PASA, a resources inventory center, is compiling atlases of geographical data for development planning purposes. These atlases have been completed for Dominican Republic and El Salvador and are scheduled for early completion for Guatemala, Honduras, Nicaragua, Costa Rica, and Panama.

The National Farmers Union has undertaken an extensive program of campesino leader training in Latin America with a portion of the training carried out in the United States and part in Latin America. About 80 highly selected campesino leaders have been trained each year for the past 3 years and their effective reintegration in service activities in their own countries is directed and assisted by experienced trainers from the NFU.

Research activities in Latin America rural development include a soil testing fertilizer recommendation program, a study of agricultural credit institutions, study of agricultural productivity and production trends, study of the factors affecting adoption of innovations, land tenure studies, and a program of guidance for Andean Indian farmers in self-improvement.

REGIONAL

The natural resources inventory is the first element in the agrarian development program of Latin America. Its primary purpose is the identification of inventorying land resources suitable for the improvement of agricultural and forestry opportunities of large numbers of rural people throughout Latin America.

A regional participating agency service agreement was signed April 22, 1964, between AID and the U.S. Department of Agriculture to—

- (a) Provide necessary technical assistance needed to carry out various project activities;
- (b) Improve cooperation with other institutions and organizations in achieving the broad objectives of rural area development;
- (c) Make studies within the rural sector of country programs; and
- (d) Assist in the rural participant training program.

The National Farmers Union (NFU) under a contract with AID conducts a training program for young rural leaders from Latin America. They receive a month's orientation and language training at Jamestown College followed by 2½ months in the homes of NFU members who provide free room and board, and they participate in family and community activities. Before returning home, participants spend a month at the land tenure center of the University of Wisconsin. During the first 3 years of the program (fiscal year 1963 to fiscal year 1965) 230 young farm leaders have been trained. Returning participants have

organized cooperative credit programs, established local schools, and enlisted government support for farm improvement programs.

The Inter-American Institute of Agricultural Sciences is the specialized agricultural agency of the Organization of American States (OAS). It was established in 1944 by the American Republics for the purpose of promoting economic and social development through training, research consultant services, and communications in agriculture and rural development. AID and predecessor agencies have cooperated with IICA through a contract which has been in effect continuously since February 1955. Since the Alliance for Progress was initiated, the Institute has redirected its emphasis to a few high-priority activities: agricultural extension education; resources for development, an activity related to surveys and evaluation of natural resources; and agricultural communications.

To date, highly qualified Spanish-speaking specialists have provided USAID's with a variety of technical services and training through—

(a) Over 100 short courses, seminars, and formal graduate training and participation in mission-sponsored national programs which have trained over 1,100 nationals;

(b) Over 286 consultation visits to USAID's and to cooperating national institutions;

(c) Preparation and distribution of scientific and extension publications and teaching materials, including over 65 issues of *Extension en las Americas*, over 350,000 copies of manuals, leaflets, and other teaching materials;

(d) Short-term supporting research.

In addition, IICA has sponsored extension information seminars and has distributed improved varieties of seeds.

BRAZIL

Loans

The AID agricultural loan program has been directed toward the problems of efficient production, marketing, and distribution. AID has made a \$15 million loan to the Brazilian Government for the import of fertilizer through the private trade. The counterpart was applied to a selected program of agricultural credit designed to finance the purchase of fertilizer. As a result of the stimulus provided by this program, a new institution was created for coordination of rural credit (CNCR), which has been integrated into the Central Bank's newly created fund for agricultural-industrial development.

Technical assistance

The AID technical assistance program in agriculture is designed to assist Brazil to carry out a more effective, unified, and coordinated program of agricultural development, through training, advisory services, and institutional development in the following key areas:

1. Strengthening of institutions carrying out broad agricultural programs, and the improvement of coordination among national, State, and regional organizations, in order to achieve more unified national planning and more uniformly directed action programs.

2. The increase of farm production through strengthening of the rural extension, experiment station and research programs, to determine more effective farm technology, improved crops and seeds, etc., and transmit this information to the farm producers.

3. Assistance to various Brazilian agencies in improvement of economic relationships, through analysis and action programs to improve marketing and distribution, and to achieve supply stabilization and minimum prices for farm producers.

4. Assistance to various Brazilian agencies in analyzing and carrying out action programs for improved and expanded use of production inputs. This includes rural credit for small farmers, expanded use and availability of fertilizers, pesticides, improved seeds, and the introduction and availability of improved tools and equipment.

5. Assistance to the agrarian reform agency, and others as appropriate, in analyzing and planning action programs for social justice through improved land tenure, the opening of new lands, colonization, and the development of expanded economic opportunities in depressed agricultural areas.

6. Support for the entire agricultural development effort through a broad program of strengthening and upgrading university education in agriculture—mainly through university to university contract relationships—in order to supply nation's needs for trained agricultural personnel to staff the agricultural institutions and to translate available information into actual practice in private production. The Purdue University contract to assist the Rural University of Minas Gerais is an excellent example.

AGRICULTURAL PRODUCTION IN LATIN AMERICA

Agricultural production—Base period population and indexes of per capita volume in Latin America, annual, 1954-64, and preliminary, 1965
 [1957-59 equals 100]

Country	Population midyear 1958	Indexes											
		1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	<i>Thousands</i>												
Argentina.....	19,244	101	96	107	97	107	95	87	95	95	106	100	93
Bolivia.....	3,622	85	88	92	99	97	104	99	100	95	106	103	103
Brazil.....	66,348	91	96	91	97	97	106	99	103	101	101	87	103
Chile.....	7,241	95	98	98	94	107	99	100	100	94	98	99	88
Colombia.....	13,968	101	96	92	93	102	104	104	100	104	99	101	100
Costa Rica.....	1,080	98	88	85	98	103	100	109	104	100	98	88	92
Cuba.....	6,548	97	95	94	102	97	102	96	95	74	63	68	74
Dominican Republic.....	2,813	102	99	99	101	98	101	101	98	95	92	90	87
Ecuador.....	4,039	91	98	102	97	96	107	111	116	111	111	102	105
El Salvador.....	2,320	98	96	104	100	101	98	96	116	112	121	117	115
Guatemala.....	3,580	87	92	95	99	99	103	103	109	122	124	120	125
Haiti.....	3,987	104	117	99	105	92	103	85	101	89	79	76	78
Honduras.....	1,820	91	91	103	100	102	98	92	102	105	103	112	127
Mexico.....	32,866	92	98	93	99	104	98	101	100	109	108	113	111
Nicaragua.....	1,340	106	108	109	101	105	94	98	106	113	117	128	117
Panama.....	1,012	92	96	93	96	102	101	88	95	91	91	99	101
Paraguay.....	1,665	97	96	94	98	101	100	94	95	96	96	95	97
Peru.....	9,681	101	101	93	95	102	103	105	111	109	102	103	99
Uruguay.....	2,483	119	114	113	104	105	90	105	105	105	107	113	105
Venezuela.....	6,815	99	97	103	101	99	100	108	103	108	112	114	117
Jamaica.....	1,579	103	103	98	98	93	109	113	110	107	108	111	110
Trinidad and Tobago.....	801	102	113	101	98	104	99	105	106	93	97	95	95
Total 19 Republics ¹	185,924	96	97	96	97	101	102	98	102	102	103	98	102
Total 20 Republics ²	192,472	94	97	96	98	101	102	98	101	100	101	97	101

¹ Excludes Cuba, Jamaica, Trinidad and Tobago.

² Excludes Jamaica, Trinidad and Tobago.

Source: Economic Research Service, U.S. Department of Agriculture. ERS,
 Foreign 44.

Food for Peace in Latin America, titles I and IV programing¹

[In millions of dollars]

	Title I	Title IV
Argentina.....	29.9	0
Bolivia.....	29.5	4.4
Brazil.....	501.4	0
Chile.....	84.3	39.1
Colombia.....	76.3	6.2
Ecuador.....	10.8	8.1
Dominican Republic.....	0	22.3
El Salvador.....	0	1.8
Mexico.....	24.6	0
Paraguay.....	15.1	.1
Peru.....	39.2	1.8
Uruguay.....	35.9	0
Venezuela.....	0	13.1
Total.....	847.0	96.9

¹ Period covered: Title I July 1 1954 through Dec. 31 1965; title IV July 1 1961 through Dec. 31 1965.

FOOD FOR PEACE IN LATIN AMERICA

Sales of agricultural commodities for local currencies have been made with 10 Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay) since the inception of the program (July 1, 1954) through June 30, 1965. Commodities programed have included approximately 379 million bushels of wheat and flour, 31 million bushels of feed grains, 2 million hundredweight of rice, 282,000 bales of cotton, 15 million pounds of tobacco, 16 million pounds of dairy products, and 588 million pounds of fat and oils.

Estimated export market value for these commodities totals \$846 million. Of this amount, agreements totaling \$265 million have been executed from fiscal year 1962 through fiscal year 1965—the Alliance for Progress years.

Sales of agricultural commodities for dollars have been made with nine Latin American countries (Bolivia, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Paraguay, Peru, and Venezuela) since the inception of the program (July 1, 1961) through June 30, 1965. Commodities programed have included approximately 17 million bushels of wheat and flour, 6 million bushels of feed and feed grains, 2 million hundredweight of rice, 66,000 bales of cotton, 11 million pounds of tobacco, 15 million pounds of dairy products, 84 million pounds of oils and oilseeds, 7 million pounds of poultry, and 11,000 hundredweight of hay and pasture seeds.

Estimated export market value totals \$93 million.

Donations of agricultural commodities to assist economic and social development programs have been made to 12 Latin American countries (Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Peru, and St. Lucia). The Commodity Credit Corporation cost of the commodities involved has totaled about 76 million. (It is significant to note that almost all of this activity has occurred under the Alliance for Progress. Prior to August 1961 only one program—for child feeding in Uruguay costing about \$216,000—had been authorized.)

Donations of commodities to meet emergency situations have been made to 14 Latin American countries (Bolivia, Brazil, British Honduras, Chile, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Peru, and Uruguay). The Commodity Credit Corporation cost of the commodities involved has totaled about \$51 million. (Of this amount, commodities totaling about \$12 million have been donated since the inception of the Alliance.)

Commodities under these donations programs have included: bread, grains, coarse grains, fats and oils, dry beans, milk and milk products, rice, and raw cotton.

Donations of commodities to the voluntary agencies for use in their feeding programs in 33 Latin American countries or territories have totaled about 4 billion pounds in the past 11 years, with an estimated cost of \$470 million. It is estimated that the voluntary agency feeding programs are now reaching over 15 million people in Latin America. (Note: 75 percent of the 11-year total has been shipped in the past 3 years—since the beginning of the Alliance.)

In total, over \$1 billion worth of commodities have been shipped since fiscal year 1955 to Latin America.

Senator MILLER. Do I understand that this Food for Freedom program would be something that would be superimposed, possibly on the Alliance for Progress?

Secretary RUSK. It would be one of the tools that we have when the issues arise. When you say superimposed, it would be at least parallel with it and would be a source we could draw upon when needed to accomplish the purposes of the Alliance for Progress and—

The CHAIRMAN. It would be supplemental to the Alliance for Progress program.

Senator MILLER. Perhaps this is a much broader question than what we have here, but I can see some tie-in with this program. Recently we read in the papers of a reorganization announcement which placed you in charge of, I guess, all foreign operations. My question is: How would that affect the implementation of this program as distinguished from the way it would go without that reorganization? In other words, as I see it, our agricultural people and our AID people who are part of the country teams would now come more closely under your cognizance than perhaps under the cognizance of the counterpart agencies back here in Washington?

Secretary RUSK. Senator, in one sense, the action taken last Friday was to make explicit what had been implicit all along in terms of the role of the Secretary of State and the State Department in foreign policy matters. There are at least 40 departments and agencies of Government who are involved in operations abroad of one sort or another. In the country abroad, the American Ambassador has been given by the President the responsibility for overseeing all of the official activities of the United States in the country to which he is accredited. This move on Friday was, in effect, to place upon the Secretary of State the responsibility for a similar type of oversight here. But he emphasized that this does not affect the statutory responsibilities of other Cabinet officers or the other agencies.

I, in turn, must keep very much in mind that the missions of these other agencies and departments must be embraced by me as a part of the total responsibility in the conduct of our own foreign relations. So if the FAA, for example, needs to get a job done in a particular country, it is part of my job to help the FAA get that job done.

In the case of Food for Peace and Food for Freedom, the responsibility there is specifically in the Secretary of Agriculture. But obviously, he and we keep in close touch on two important respects:

One is to be sure that the food program and the AID program are consistent with each other and mutually reinforcing; and

Second, to get from time to time into larger foreign policy questions which may affect whether we do anything at all or not, or which might affect the shape of a particular program in a particular country. The action taken last Friday does not affect the statutory responsibilities of the Secretary of Agriculture.

Senator MILLER. Nor the statutory responsibilities of your office?

Secretary RUSK. That is correct, sir. In the case of AID, there is a slightly different relationship between myself and Mr. Bell than there is between myself and Secretary Freeman, because Mr. Bell is specifically under my general direction for foreign policy matters, by law.

Senator MILLER. As I detect it, if this just reaffirms what has informally been done, if there is perhaps a possible conflict between our overall foreign policy and the implementation of this particular bill—for example, if there is a possible conflict between the U.S. participation in the world food program and this particular bill—that would have to be resolved in your office rather than in the office of the Secretary of Agriculture or the office of the AID Director.

Secretary RUSK. I would rather say, sir, that Secretary Freeman and I, as we do frequently, will look at these things jointly. If there are major problems that ought to be looked at by the President, there is no problem about the President's doing it. As a matter of fact, Secretary Freeman and I, in most cases, with very few exceptions, are able to determine these things between us. This is partly because, if I may say so, the Department of Agriculture accepts certain rather severe standards here about what we do in this field, particularly in view of the growing emphasis on self-help and moving toward harder terms away from the softer terms.

We have in the State Department, a major commitment to expand our commercial sales, to move these concessional arrangements into harder terms where possible. So there is an acceptance of a common object in view.

Now, as I say, as a matter of fact, I am not sure that in the last few months, we have taken any question to the President on this matter to be resolved because of the agreements between Secretary Freeman and myself.

The CHAIRMAN. Well, Mr. Secretary, under the order that was issued last week, your powers have been increased. If this bill goes through as written, then the Secretary would not have anything to do with determining the nations to whom some of this food would go, because under Public Law 480—that is, the law that we now have—there is omitted from this bill this provision:

The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated.

Now, if the law is passed as written and then you exercise this new power given to you last week, why, the Secretary of Agriculture will not have much to say, will he?

Secretary RUSK. Oh, he has the major responsibility for administering this bill.

The CHAIRMAN. You will not object if we write into this bill the provisions of Public Law 480, then?

Secretary RUSK. Well, let me—

The CHAIRMAN. Just answer "Yes" or "No," please?

Secretary RUSK. I would have to read the provisions of Public Law 480 and this bill.

The CHAIRMAN. It is "The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated," and it continues on. We placed that in the Public Law 480 and it is my hope that we can insert it in this bill.

Secretary RUSK. Well, may I have the privilege of answering that specifically, since you mentioned a provision of law, after a little consultation?

The CHAIRMAN. I did not want to bother you. Senator Miller raised the question. That is why I wanted to put this together.

Secretary RUSK. The point is, Mr. Chairman, that both Secretary Freeman and I serve the President, whose basic responsibility all of these questions are. We carry out our respective responsibilities by direction of the President on policy matters. I just want to record here in this committee that these problems have not been a problem of difficulty and dispute and major controversies between our two Departments. Secretary Freeman has the full authority to carry out his important responsibilities under this bill.

The CHAIRMAN. Which are?

Secretary RUSK. Which are as in Public Law 480.

The CHAIRMAN. Then you will not object, then, for us to rewrite into this bill the provisions in Public Law 480?

Secretary RUSK. I do not have as much difficulty with the merit of the problem as the procedure here, Mr. Chairman. I have been long schooled to consult, say, the Bureau of the Budget before commenting specifically on particular pieces of legislation. I would like to check this as an administration matter, rather than a personal matter, related to me as an individual.

The CHAIRMAN. Well, we do not want to put the State Department in the position of saying what ought to be done in Agriculture. That is why this committee inserted in Public Law 480 the provisions that I have just read, plus others.

Secretary RUSK. I would hope, Mr. Chairman, that you would not object if the Secretary of State were interested in and concerned about the foreign policy aspects of what we do abroad. That is the only thing I am talking about.

The CHAIRMAN. No; I am not worried about that, but as to providing this food, if the impact that it is going to have will be on the laws that we now have on the statute books—I think it ought to be left entirely in the hands of the Secretary of Agriculture.

Secretary RUSK. May I advise you on that after a little consultation?

The CHAIRMAN. Yes.

(The statement is as follows:)

Section 106 of Public Law 480 provides, in part, that the "Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act."

The corresponding provision of S. 2933 is section 301 which provides, in part, as follows:

"After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act * * * the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country."

That part of section 106 of Public Law 480 which authorized the Secretary of Agriculture to determine the nations with which to negotiate has intentionally been omitted from S. 2933.

It was omitted because the primary responsibility for determining the countries with which agreements shall be negotiated is a matter of foreign policy. On this, like all other foreign policy matters, the primary responsibility lies with the President and the Secretary of State. On the other hand, the determination of the kinds and amounts of available commodities is a primary concern of the Secretary of Agriculture and should be recognized as such in the law.

As a practical matter, the determinations of the countries for negotiations and

the amounts and kinds of commodities for negotiations with each country are of course interrelated. In both cases, the determination is made by the administration after careful consideration by all interested agencies. The change in language in S. 2933, therefore, does not reflect a change in the practices which existed under Public Law 480.

The CHAIRMAN. Proceed. I have a couple of other questions.

Secretary RUSK. I have mentioned two points I would like to call to your attention. The third is I would like to point out the emphasis of this legislation on combating malnutrition. This is a new dimension to the food problem, which was barely recognized in the early days of Public Law 480. Scientific findings of the past few years emphasize the fact that the kind of food we eat is often more important than how much we eat. We now realize that protein malnutrition, especially among young children, can result in both physical and mental retardation. Indeed, as the President has said on a number of occasions, the problem on malnutrition could well become one of the basic obstacles to the entire development process. At a recent conference of the National Academy of Sciences, it was pointed out that our approach to this aspect of the food problem could have a direct effect "on what our civilization looks like, acts like, and thinks like in 1984."

Fourth, and perhaps the most dramatic element in this new program, is the concept of "growing to meet the need." We have already discussed this, Mr. Chairman, but this is a positive and logical extension of previous food aid efforts. It provides a link between domestic farm programs and overseas commercial and assistance requirements which cannot help but make a more effective use of our magnificent agricultural capacity.

I do not pretend to possess expertise in a field which you gentlemen have studied for many years. However, in addition to the foreign policy implications which I know are very serious, the domestic economic benefits of the Food for Freedom Act are readily apparent. Time and again, we see evidence that the developing nations are important potential customers. As their economies grow, their dollar purchases increase. What we're really suggesting, aside from the obvious humanitarian and foreign policy features of the legislation presented here, is that we are helping to build bigger dollar markets more quickly. Food is a stimulus which can help, and has helped to expedite the arduous development process.

I would like to stress, Mr. Chairman, that our food aid program has been a valuable foreign policy tool because it is directed toward positive changes—strengthening democratic governments, promoting political stability, encouraging economic stability, assisting national development. Our food has been and will continue to be used in the cause of peace. On certain occasions our donation programs, especially child-feeding programs, have continued in countries when all forms of formal relationships were ruptured.

Our pattern of operation necessarily is different in different countries. The quid pro quo, for example, often is different as relationships with countries differ. But what I want to emphasize is that our food programs are important components of our overall bilateral relationships. In each case, as we negotiate agreements, we consider the U.S. national interest, just as the other country considers its national interest.

The legislation before you is based on two American traits—a compassion for fellow human beings in need, and a technical skill and productivity in agriculture which must surely be considered as one of the great success stories of modern history. These two threads of American greatness were woven together by this committee during the 83d Congress more than 10 years ago, with the enactment of Public Law 480. As you well know, the evolution of the bipartisan Food-for-Peace program over the years has made it one of the most successful and imaginative of our overseas assistance programs.

The achievements of Food for Peace have been many, and we have learned much during the decade of Public Law 480. The new legislation takes advantage of this experience. It is adapted to the needs and conditions of today.

President Johnson has proposed that “the United States lead the world in a war against hunger.” I view the legislation being studied by your committee as supporting this goal.

As I said at the outset, we are dealing with a problem of immense proportions. From my desk at the State Department, where rarely a day passes in which I am not involved in some food-related issue, it looms as one of the major problems our Nation will be facing during the coming decades. A major attack on the problem today can prevent serious political economic and social turmoil in many countries within a very few years.

I recommend to you the attack on hunger as proposed in the Food for Freedom Act and its companion legislation as being in the best interests of the foreign policy of the United States.

Thank you very much, sir.

The CHAIRMAN. Now, Mr. Secretary, I would like to ask you a few questions as to omissions in the pending bill from what is now in the law. The first is in respect to exchange rates.

We found it necessary to place in the law in 1960, I think it was, when it was extended—that is, Public Law 480—a provision whereby the exchange rates would be realistic. As chairman of this committee, I pointed out that in transactions in four countries from June 1957 to December 1958 the countries involved were Poland, Spain, Turkey, and Yugoslavia. By not following realistic exchange rates, we lost \$631,409,979 and that came about by accepting the current exchange rate, let us say in Poland, of 24 zlotys to 1, whereas the market value of it—that is, the transactions to other countries—was 65 to 1. And in Spain, the same thing occurred, 82 to 1, and we sold 50.85 to 1.

In other words, we were nicked of almost half of the zlotys and the pesetas that were required in Poland and Spain. So in order to rectify that situation, the committee put in the bill this language:

“Section 101(f)”. That section of Public Law 480 requires the President in negotiating sales to foreign countries to “obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation.”

Now, that has been omitted and I am wondering what is your view on it, as to whether we should, what harm would we do by putting it in this bill?

Secretary RUSK. Senator, there is a division of labor here. My colleague, Mr. Bell, will have a chance to go into that in more detail. The basic policy of this bill is to move from title I to title IV, to move from local currency sales to dollar sales. We have this problem in the interim period about exchange rates. We have been aware of the problem.

The CHAIRMAN. I know the State Department has been the chief opponent of this particular clause that I am reading from. I just am wondering why, because here, in these four countries, aside from losing greatly on the sale of these commodities at world prices—we pay, of course, as you know, the farmer a support price—but we lost the difference between the support price and the world price, and in addition to that, we lost exchange, as I said, in excess of \$600 million. I think a thing like that is unconscionable and should not be permitted.

Since the State Department is the chief opponent of this particular provision, I would like to have your reaction as to including it in the present bill. If you are not ready to give it today—

Secretary RUSK. I prefer to furnish you a comment on that, sir.
(The comment is as follows:)

The Food for Freedom Act of 1966 (S. 2933) is basically a bill authorizing dollar credit sales. As has been previously stated it is intended to move as quickly as possible, and in no event in more than 5 years, to dollar sales, except where the United States has a need for foreign currency for the particular purposes enumerated in section 103(b). This is why the foreign currency exchange rate clause (section 101(f)) was not included.

We expect to see that foreign currencies are deposited at the highest legally obtainable exchange rate and to see that there is no discrimination against our agricultural commodities. We would have no objection to a provision which calls for those objectives. In this regard we suggest that the language set forth below would accomplish the desired result:

"Sec. 103. In exercising the authorities conferred upon him by this title, the President shall—"

* * * * *

"(g) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries by any nation and which would not discriminate against commodities sold under this Act."

The CHAIRMAN. Now, there is another provision that we put in the bill and that was with respect to the rate of interest to be charged on the sales of these commodities to foreign countries. We found out that, for instance, in Israel—and Israel is certainly not a backward country—we sold corn on credit, and the interest rate charged was three-quarters of 1 percent. In order to prevent such transactions, we placed in the law certain language which is omitted from the bill now before us. The language reads:

Any loan made under the authority of this section will bear interest at such rate as the President may determine, but not less than the cost of funds to the U.S. Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States having maturity comparable to the maturity of such bonds unless the President shall, in specific instances, upon the recommendation of the advisory committee herein established, designate a different rate.

Will you have any objection to the inclusion of that provision in this bill?

Secretary RUSK. May I again, sir, file a comment on that on behalf of the administration? Again, the policy of this bill is to move from the softer terms to the harder terms, from local currency to the dollar.

The CHAIRMAN. I understand that, but in the transition period, I presume that well over 50 percent of the amount provided in title I will be sold for soft currencies.

Secretary RUSK. Well, we are up to 23 percent in title IV. There is a very strong drive to move as much as possible there. I am not sure during the entire transitional period that it will be in terms of that.

The CHAIRMAN. Out of \$17 billion, only \$700 million is under title IV. That is a small amount.

Secretary RUSK. That is correct.

The CHAIRMAN. Would you object to limiting the amount that we are going to sell for soft currencies? Either that or this language?

Secretary RUSK. I would hope that it would not be made a matter of law. I think we do need some flexibility here. I think this is well understood.

The CHAIRMAN. I would rather have it in the law.

Secretary RUSK. It is my understanding that Mr. Bell will comment on this issue tomorrow.

The CHAIRMAN. I believe the inclination of this committee would be to put it in there and try to preserve a little bit of sale on our part.

Now, there is another provision omitted and that is in regard to the clause about friendly nations. That is a very touchy one. I am sure that there would be much to date as to whether we should put this clause back into the law, and I would like to have your comment now or—

Secretary RUSK. Well, Mr. Chairman, let me say that—

The CHAIRMAN. You are familiar with it?

Secretary RUSK. Yes; I am, sir. This is something I do know about.

The CHAIRMAN. We will print the section as it is now, provided in the Public Law 480.

(The section referred to follows:)

[Public Law 480, 83d Cong.]

SEC. 107. As used in this act, "friendly nation" means any country, other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement, or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding U.S. installations in Cuba) and equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of "friendly nation" for the purpose of that title. In the case of any such agreement which would be prohibited by any other act but for the foregoing sentence the maximum payment period shall be 5 years, instead of 20 years.

The President is directed that no sales under this act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

No sale under title I of this act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than 1 fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this act.

Secretary RUSK. Senator, the underlying idea is one we do not object to, very frankly. We are going to be looking at our bilateral relations with other nations on the basis of their interests and our interests and what is necessary to accomplish a program of this sort. This is a part of the total bilateral relationship between ourselves and other countries. It has been more than 2 years now since we have had any of these transactions, say, in Indonesia. It is a little difficult for us to try to categorize too precisely in a world of considerable movement exactly which countries are friendly countries and exactly which countries are not friendly countries. It gets a little murky around the edges, at the borderlines, and also may not take fully into account some of the motion that is going on in certain places.

Having said that, sir, I will say that we would be prepared to sit down with the committee and try to find some language that relieves us of this dilemma of sort of listing all countries either as friendly or unfriendly, and at the same time, make it clear that we are not interested in providing aid to countries who are wholly indifferent to or hostile to other great common interests of ours.

The CHAIRMAN. Well, it is my belief that it might be of great assistance if we can make the determination here at this committee before the bill is sent to the floor.

Secretary RUSK. As I say, we would be very glad to sit down with the committee and see if we can find some language on this point.

The CHAIRMAN. Very well.

Now, you discussed a while ago the uses to which these soft currencies may be put. As you know, under the law, it is agreed to by the host country and us.

Secretary RUSK. That is right, sir.

The CHAIRMAN. Now, we placed in the present law 3 years ago a clause to force maximum convertibility. We found out, for instance, that we owned a lot of Egyptian pounds, and that we were not able to use those Egyptian pounds to pay for the passage of our vessels through the Suez Canal. So in order to meet that situation, not only as to Egypt but with other countries, we placed a clause which would invite you and others to enforce maximum convertibility. Are you ready to comment on that, on the inclusion of that same clause in this bill?

Secretary RUSK. Yes, sir. Before making a completely categorical statement, I would like to consult others who ought to be consulted on a particular suggestion on a clause in the bill. However, we would like to find additional ways and means of utilizing these local currencies, both for our own governmental costs and for other purposes. We will be discussing that further with the two Appropriations Committees.

We are limited, as you know, sir, from time to time from making full use of them because of the requirement for dollar appropriations

here before we can use them locally for our governmental expenses abroad.

The CHAIRMAN. But under the contract that could be entered into between us and the host country, you could certainly arrange so that the proceeds of the sales could be used for purposes that you have been bringing to our attention here; that is, the production of more food.

Secretary RUSK. Yes; there is no problem between us on that, as far as policy is concerned.

The CHAIRMAN. It is my hope, since that is the purpose of this bill, to insert in the bill that in all contracts between us or sales agreements, stress be placed on that and even go to providing for a certain amount that must be spent in the direction of producing more food, or else no sales are going to be made.

Secretary RUSK. My good colleague, Mr. Reuter, may wish to comment on this additionally. He has just commented to me that he thought the provisions you have in mind there have been maintained in the bill.

The CHAIRMAN. No; it is kind of hazy, kind of fuzzy, we would like to have it more specific.

Secretary RUSK. Mr. Chairman, I understand that Mr. Bell is prepared to discuss this in detail with you tomorrow. I concur in his judgments on this.

The CHAIRMAN. You know, Congress maintains to itself—that is, its two committees—the right to take a look at sales. I notice that the provision was put in the law whereby any sale had to be submitted to the committees of Congress—that is, the Agriculture Committees of Congress—that has been omitted. Have you any objection that that be continued?

Secretary RUSK. Mr. Chairman, quite frankly, I have not consulted with my colleague, Mr. Freeman, and the Bureau of the Budget on a number of these proposed items for the bill itself. I would need to do that before I made a comment.

The CHAIRMAN. But I say, before you comment, would you want to consult with Mr. Freeman?

Secretary RUSK. I think so, sir, and the Bureau of the Budget; I would need to consult with them on a particular piece of a suggested amendment, sir.

The CHAIRMAN. Well, I want to be perfectly frank with you in saying that our reason for doing this or for suggesting that that be put in is that many of these programs have not been administered in accord with what Congress thought. It is my belief that since this affects agriculture, in particular, the committees of the Senate and the House should have a say in seeing that the intent of Congress is carried out.

I know of no better way to do it than to proceed in the manner that we are now doing; that is, you make your agreements and let the committees of Congress look into it. It might make it so that you would be a little more careful in following the law rather than putting it all in your lap or that of the Secretary of Agriculture.

Secretary RUSK. I sincerely regret that I am not in a position, Mr. Chairman, to speak specifically for the administration on this matter. I think, therefore, I had better consult before I comment on this.

The CHAIRMAN. Now, in respect to restoring this provision which requires the Secretary of Agriculture to pick out the nations to be serviced, you would have no objection to that, I am sure, since you all work so nicely together, according to your own statement.

Secretary RUSK. Well, the picking does not involve merely or simply food problems. There are some other problems, foreign policy problems. Now, I do not want to leave the impression that this is very often a question, but, for example, there are foreign policy reasons why we stopped our shipments to Indonesia 2 years ago, foreign policy reasons.

The CHAIRMAN. We will not object to your stopping the shipment. It is just to get an agreement. That is the thing we are worrying about.

Secretary RUSK. We are relying very heavily upon the Department of Agriculture with respect to agreements negotiated with other countries. In closed session, we might be able to give you—I hope you would find, Mr. Chairman, some very encouraging news about how some of these agreements have been working.

The CHAIRMAN. Of course, under the Public Law 480, the fact that this food was in excess of our requirements, our administrators did everything that they could to get rid of it at the beginning of this program. That is why we had so many bad agreements entered into. That is why a lot of the currencies accumulated. In other words, we had to more or less agree to what the countries desired and not what we desired. I am very hopeful that in agreements from here on entered into under this new law, if it is enacted, that the purpose of the act is really carried out instead of being magnanimous and want to help everybody. We want to help them if they help themselves.

Secretary RUSK. Well, Senator, I would like to say that, on that, I think you and we would not have any serious difficulties about the purpose of the legislation. It is quite true, I think we just have to say so, that at a time when the center of attention was being placed upon these very large surpluses, it may be that people on our side became a little negligent about them and people on the other side came to take them for granted and came to think that they were doing us a favor by taking those surpluses off our hands. Now we are entering into a period where that is no longer possible and we are going to be using real resources, and the negotiating picture changes considerably.

The CHAIRMAN. You would be surprised, Mr. Secretary, what you are saying now about the countries saying that we let them have this food because we had it and did not know what to do with it, I heard the same statements with regard to our generosity in spreading greenbacks around. How foolish we were. It is not peculiar to the surplus program of agricultural commodities.

I am very hopeful that, as I said, if this law is enacted, it will be done to benefit our country, also.

Secretary RUSK. I fully respect your views on that, Mr. Chairman.

The CHAIRMAN. Any questions?

Senator MILLER. Thank you, Mr. Chairman.

Mr. Secretary, under the present foreign aid program, we make some development loans and include in those development loan contracts a requirement that they buy American goods and services. Now,

I envision from this bill that we would have a similar development loan which would require purchase of agricultural goods from the United States. So there seems to be a parallel between the two.

Now, I am sure we all know that there has been some criticism of the requirement that these countries who receive these development loans must buy all of their goods and services in the United States. There has been criticism that we have heard that they are paying more than they would have to pay for similar goods and services elsewhere. I am wondering if we might be laying a foundation for a similar criticisms if we require the purchase of our agricultural products in this country, unless there is something in the law or in the program which is going to make sure that our agricultural products must be competitive?

Do you foresee any difficulty on this?

Secretary RUSK. I think, sir, that a part of the problem that bothered us in the past is being relieved considerably by the very scale of the prospective food crisis and the food need. As the committee knows, it has been a general approach that we should not use the Food-for-Peace program to disrupt existing commercial channels. Now, were we to do that, under present circumstances—let us forget for the moment 10 years ago—we might very well bring acres in other countries out of production that ought to be stepping up their production if the whole world is going to meet this food crisis in the next decade.

Second, we had some problems of the possibilities of trade retaliation. If we were to move with this type of program into the disruption of other people's normal commercial markets, they might move and very likely would move to effect retaliation with us in some other respect.

So we feel that the need here is superimposed upon the best that can be done through normal production channels, normal trade patterns, plus a substantial amount of food aid from those countries that are in a position to give it.

I think the character of the question, the scale of it, has been diminished considerably by the very shape and scale of the emerging food need.

Senator MILLER. I am sure you have stated the policy very well, but I can see difficulties in drawing the line as to what is disruptive and what is not disruptive. This brings me back to my original concern about using a program like this, quite separate and distinct from the world food program, where those difficulties should be hammered out on a more diplomatic basis.

In other words, though, the question that I had is that you do not perceive, because of the amount of need involved and the nature of this program, any particular difficulty over the requirement that recipient nations must buy agricultural products from the United States?

Secretary RUSK. One of the first questions that we ask of any country that approaches us in this field is what are you buying and where; how does that relate to your own past experience; what are you buying from us; can you buy from us? Not in terms of tying them closely together in terms of what some countries might consider

as dumping, but in terms of the total pattern of their own arrangements, so we can then decide what can be done by commercial sales, by short-term assistance through CCC, by title IV or by title I. We try to take all of these things into account before we come to a final conclusion with any particular country on one of these agreements.

Senator MILLER. But these will be tied loans, will they not? We are not going to extend the development loan to this program without the requirement that they have to be buying?

Secretary RUSK. Under this particular program, sir, the only thing we send is food. We send things; we do not send cash nor money. We send food.

Senator MILLER. I had understood that what we were looking forward to was a program where we would lend them some money with the understanding that this money would be loaned to help finance a contract, maybe a year or two leadtime on it, for certain types of agricultural commodities in this country which might not be in surplus at all, but which they would want. Would that not be the situation?

The CHAIRMAN. We tried that plan at first, but the recipient nations did not want it that way. We provided a certain amount in cash to permit them to buy food. I am certain that if you put that in this bill, it would not be favored by the recipient nations, by any means, although it would be a good plan.

Secretary RUSK. Perhaps my colleague, Mr. Reuter, might comment on this.

STATEMENT OF RICHARD W. REUTER, SPECIAL ASSISTANT TO THE SECRETARY OF STATE, AND DIRECTOR, FOOD FOR PEACE, U.S. DEPARTMENT OF STATE

Mr. REUTER. I believe the Farm Bureau has made a suggestion to have it operate this way, but it is included in this bill exactly the same as title IV is now operating, in which we provide the food with credit arrangements, not the credit for purchase.

Senator MILLER. The food with credit arrangement, but the credit arrangements are going to be premised on a certain price. Those credit arrangements are going to be made in the nature of a loan, are they not?

Mr. REUTER. Yes, sir.

Senator MILLER. I cannot see too much difference whether we provide it one way or another. The fact is they are going to be provided money to buy the agricultural requirements from the United States. The question I have is are we going to get ourselves into more criticism on this by the buy-American requirement? The Secretary apparently does not think so. I did want to have that question answered.

Mr. REUTER. We always have sold at world market prices, and presumably, this would be continued.

Senator MILLER. Just one more question. On page 8 of your testimony, Mr. Secretary, you state:

"In many countries it has been shortchanged, time and again, in favor of more glamorous industrial projects."

I seem to recall that this has been one criticism that has occurred from time to time over our foreign aid program. I am not sure that

I interpret this as a criticism of the way our foreign aid program has been administered, but I would like to find out whether, under this new reorganization plan that was announced last week, this would fix the responsibility for the administration of our AID program in such a way that this statement here would not be able to be said a year from now or 2 years from now.

Secretary RUSK. Well, Senator, on that, let me say that this concept involves a response to some criticisms which we have heard at this end of Pennsylvania Avenue over some time, but also some self-criticism, when we face the fact that the most urgent problem before many of these nations for the next decade is going to be how to feed themselves.

Now, Mr. Bell, tomorrow, will go over with the committee how this affects the other AID program itself in terms of emphasis on agricultural production. So I think I can tell you quite candidly that this does represent some considerable shift in emphasis on the part of the United States, not only with respect to this program but with respect to the AID program. If that is a change, then it is a change, but we just feel that it is important if we are all going to get hold of this food problem that the world is facing.

You see, one of our problems has been, and I do not want to point fingers at any particular country in open session here at the moment—one of our problems has been that some of them have expected us to be more concerned about their food problem than they appear to be. They would use their own resources for purposes which peripheral to the central responsibility which they have to assure that at least their people are fed.

Now, I think these days are changing and I hope members of this committee would feel that that is a change in the right direction. We are convinced that it is an essential change if the people here are going to be fed by the year 2000.

Senator MILLER. I am sure we would agree with that, but I think it is only fair to point out that certainly since I have been here, I have heard criticism from several Members of Congress, myself included, from time to time, over what appeared to be an abuse of the foreign aid program on the part of some recipient nations who desperately needed to improve their agriculture, and instead, they were engaged in financing these glamorous projects to which you refer. Then, when an effort was made to amend the foreign aid bill, to tighten it up, we ran into difficulty with it.

I remember in particular the proposed steel mill plant in India. I just hope that there will be a better phasing in of programs with this agriculture need. And I do appreciate the thorough honesty of your statement before the committee.

Secretary RUSK. Senator, I think you will find that the administration itself has, in effect, made some amendments in terms of emphasis in the AID bill, and Mr. Bell can give you the details of that tomorrow morning.

The CHAIRMAN. I am sure that after the Secretary studies this language that we put in the bill, he will agree that the Congress ought to have a little say about that. Because in the past, as I have said—I shall not say we did a miserable failure in all cases, but we did waste a lot of funds. It would seem to me that it is a little late. But if Con-

gress retains the reins to this go-around, we might do a little better job.

Thank you.

Secretary RUSK. Thank you very much, Mr. Chairman.

The CHAIRMAN. Senator Yarborough and Senator Tydings?

STATEMENT OF HON. RALPH YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. Mr. Chairman, in the interest of time, I shall condense my statement, put it in the record, and state in less than 1 minute what it involves.

This is an amendment cosponsored by Senator Tydings, Senator Gruening, and Senator Metcalf with me, to provide within this proposed legislation that family planning be emphasized. I have two proposals in this proposed amendment to the distinguished chairman's bill as stated in my statement here.

One is that in exercising the authorities conferred under this act, the President shall take into account the efforts of countries to help themselves toward a greater degree of self-reliance, and especially in providing enough food to meet the needs of the people and in providing family-planning services.

The second amendment provides that along with food we also give these nations assistance in financing a program of maternal welfare, child health and nutrition, and family-planning services. My statement points out the impossibility of this Nation, rich as it is in financial resources, feeding the whole world while their population expands and continues to multiply. Some nations are increasing their populations by a third in 10 years. We, with scientific agriculture, are trying to alleviate suffering and starvation over the world.

The CHAIRMAN. But your amendment does not provide that funds be made available for that purpose?

Senator YARBOROUGH. It provides that a certain percentage of this be—

The CHAIRMAN. You mean the proceeds of the sales?

Senator YARBOROUGH. It provides for financing a program emphasizing maternal welfare, child health and nutrition, and it says that for which purpose, not less than 15 percent of the currencies received in any country shall be reserved to be made available at the request of such country. We will take 15 percent.

The CHAIRMAN. In other words, the proceeds of the sales we make in the host country.

Senator YARBOROUGH. Yes. We take 15 percent and make that available. And under procedures established by the President to carry out the provisions of this paragraph through any agency of the United States or through any international agency or organization of which the United States is a member, and which it determines is best qualified.

I ask that my entire statement be printed in the record. Certainly the two prongs of this problem should both receive attention—both food production and population growth.

(The complete statement of Senator Yarborough follows:)

Mr. Chairman, I appreciate the privilege of appearing here this morning to offer my views on what may well be the most important issue to face Congress this session. It has been said by many well-informed people that after the threat of nuclear war, the most important, the most urgent problem facing the world is the population explosion.

I appear here jointly with the distinguished junior Senator from Maryland, Senator Tydings, who also has an amendment to S. 2933. I endorse Senator Tydings' amendment; his is very similar to mine, and my appearance this morning is really on behalf of both amendments.

Title I of S. 2933 authorizes the sale of agricultural commodities both for foreign currencies and for dollars on credit terms. This title specifies that the President shall take into account efforts of countries to help themselves toward a greater degree of self-reliance.

Title II authorizes the donation of agricultural commodities for such purposes as to meet emergency food needs for victims of disasters, to provide food for work, community development programs, and to carry out the U.S. pledge to the world food program.

Title III provides that currencies which accrue from foreign currency sales shall be deposited to the credit of the United States to be used for such purposes as financing U.S. expenses abroad, developing new markets for U.S. agricultural commodities, procuring military equipment for common defense, promoting economic development, financing educational exchange programs, making loans to U.S. firms for business development and trade expansion, and financing research.

I stand solidly behind the high-minded purposes of this legislation, as stated so eloquently by President Johnson in his message to Congress.

The purpose of President Johnson's Food for Freedom program is to enable America to share its bounty with those nations of the world which are experiencing difficulty in growing enough food to feed themselves and to encourage and assist those countries to expand and improve their agricultural efforts so that they will be able to provide for themselves adequately in the future. Inseparable from this purpose, however, is the other side of the hunger coin: the population explosion. It is this aspect of the problem that I wish to discuss briefly this morning.

To illustrate the dimensions of the problems, I ask the distinguished members of the committee to consider the following facts. Many thousands of years were required before man reached a total population on earth of 250 million. This happened about 2000 year ago. Sixteen centuries later, another quarter billion had been added. Thus the population of the world was about a half billion at the time the Pilgrims landed at Plymouth Rock. But after that things really began moving. In just two more centuries we added another half billion. And the trend has continued to move upward. It took us only a little more than 10 years to add the most recent half billion. Today the world's population is over 3½ billion. And the United Nations medium estimates call for an increase of 3.4 billion people to the world's population between 1960 and 2000, a doubling of the world's population in 40 years. The reason for this astounding increase is a rapid decline in mortality rates and a consequent increase in the average length of life.

The world faces severe food shortages in the decade ahead, as many distinguished experts have been telling the members of the committee, unless we are willing to take steps now to meet the coming challenge.

The problem exists primarily in the underdeveloped areas of the world, where populations are growing much more rapidly than the supply of food can be expanded.

Historically, traditional societies expanded food production along with population by expanding the acreage under cultivation. Today, however, many densely populated underdeveloped countries have little new land that can be brought under cultivation. Studies show that increased production in the future must increasingly be from higher yields per acre. This method of increasing food production is vastly more difficult than the traditional method. It requires a reasonably high level of literacy, capital, a "market oriented" economy, and support from the rest of the economy in the form of fertilizers, insecticides and other products. These are precisely the things that are lacking in the underdeveloped regions of the world.

The food for freedom bill will enable us to assist underdeveloped land in developing some of these "preconditions for a yield per acre takeoff."

We can't feed the world if it continues to rapidly multiply its population and depends upon our scientific agriculture to feed all those additional millions. There must be a little scientific planning in limiting the billions to feed, if our scientifically planned agriculture is to let us feed billions of people.

Let us consider what would happen if we were successful beyond our wildest dreams, if we could raise yields in the underdeveloped lands at the same rate at which they are increasing in the developed areas. The French have raised wheat yields 2.3 percent per year. This is one of the most successful performances in Europe, and when compared with the French population increase of 1 percent per year, has meant real progress in France. But the French performance would not have been adequate had it been confronted with population growth rates as high as those which prevail in many underdeveloped countries.

Or take the United States as an example. We have raised wheat yields 2.7 percent per year from 1935-39 to 1960-62. When combined with our 1.7-percent rate of population growth this gives us a net gain in output per capita of 1 percent. If this rate of wheat yield increase had been achieved in Brazil, with a population increase of 3.1 percent per year, however, output per capita would have declined.

Let me now quote briefly from page 20 of "World Population and Food Supplies, 1980," published by the American Society of Agronomy. This gives an even more revealing picture of what would happen should we bring the rate of growth of production in underdeveloped lands up to that in developed areas:

"Consider these facts. The agricultural land resources of the two economic regions (developed and underdeveloped) are approximately the same. The 1960 population of the developed world was less than 0.9 billion, that of the less-developed world was more than 2 billion. The projected increase between 1960 and 2000 for the developed world, according to the United Nations medium level projections, is 0.4 billion and that for the less-developed world is nearly 3 billion.

"Now let us interchange the projected growth in population of the two regions. The developed world then would absorb the 3 billion and the less-developed world, the 0.4 billion. The United States, with about one-fourth of the agricultural land resources of the developed world, could expect to accommodate one-fourth of the 3 billion total (750 million). This amounts to an addition of about 190 million per decade—roughly the equivalent of our current population every 10 years."

This statement alone illustrates that the United States, with all its riches, could not stand the rate of population growth now taking place in the underdeveloped world. Thus we cannot escape the fact that even if we bring the growth of food production in these underdeveloped areas up to what it is in the developed half of the world, we will still be fighting a losing battle in the war against poverty and famine. Losing, that is, unless we do something about the other half of the equation—population growth.

President Johnson recognized this problem when he said in his message to Congress:

"A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine."

With this bill we are going to be investing substantial amounts in economic development. In his 20th anniversary message to the United Nations, President Johnson stated:

"Let us act on the fact that less than \$5 invested in population control is worth a hundred dollars invested in economic growth."

When experts tell us how difficult, indeed almost impossible, it will be to bring increases in food production to underdeveloped areas up to the level of increases in population, it makes no sense to spend millions of dollars to feed all these additional hungry mouths unless we also render assistance to allow individuals, if they choose to do so, to exert some measure of rational choice over just how many additional hungry mouths we shall have to feed every year. We must look to the causes of our problems; if we treat only the effects, we shall never win our battle.

I am, therefore, proposing an amendment to S. 2933. The amendment, a copy of which I believe has been given to the committee members, is cosponsored by Senators Gruening, Metcalf, and Tydings.

It does two things. First, it would amend section 103(a) of the bill so that it would read:

"In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people and in providing family planning services, and the resources required to attain that objective;"

The amendment would provide added inducement for underdeveloped countries to be vigorous in their efforts to afford their people the opportunity to practice family planning methods if they wish to do so.

Second, my amendment would add a new subsection (i) to section 304, which prescribes the uses to which foreign currencies that accrue from sales of agricultural products for foreign currencies, may be put:

"For financing a program emphasizing maternal welfare, child health and nutrition, and family planning services, and research activities related to the problems of population growth, for which purpose not less than 15 per centum of the currencies received in any country shall be reserved, to be made available, at the request of such country, under the procedures established by the President to carry out the foregoing provisions of this paragraph through any agency of the United States, or through any international agency or organization of which the United States is a member and which he determines is qualified to administer such activities."

This part of the amendment is similar to one introduced in the House by Congressman Paul Todd, of Michigan.

I believe that these two amendments would be very helpful in bringing into the picture the other side of the dual-natured enemy we are fighting. We must attack both the cause: population increasing faster than food supplies, and the effect: insufficient food to feed the present population. What I suggest here is a limited step, a prudent step. Let us make this beginning.

(The amendment introduced by Senator Yarborough is as follows:)

[S. 2933, 89th Cong., 2d sess.]

[Amendment No. 488]

AMENDMENTS Intended to be proposed by Mr. YARBOROUGH (for himself, Mr. GRUENING, Mr. METCALF, and Mr. TYDINGS) to S. 2933, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, viz:

On page 2, line 22, after "people" delete the comma and insert: "and in providing family planning services,".

On page 3, line 6, strike out "and" insert in lieu thereof "(e) and (i)".

On page 12, line 21, strike out "and".

On page 13, line 4, strike out the period and insert in lieu thereof "; and".

On page 13, immediately after line 4, insert a new subsection (i):

"For financing a program emphasizing maternal welfare, child health and nutrition, and family planning services, and research activities related to the problems of population growth, for which purpose not less than 15 per centum of the currencies received in any country shall be reserved, to be made available, at the request of such country, under the procedures established by the President to carry out the foregoing provisions of this paragraph through any agency of the United States, or through any international agency or organization of which the United States is a member and which he determines is qualified to administer such activities."

STATEMENT OF HON. JOSEPH D. TYDINGS, A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator TYDINGS. Mr. Chairman, I support Senator Yarborough's amendment. My amendment has the same thrust. It emphasizes the voluntary nature of any population control program.

I do not need to tell you, Mr. Chairman, about the famine crisis in this world. Within the next 10 years, even assuming that we pass this Food for Freedom bill, and assuming that the nations of the world expand their agricultural production, even assuming they could produce 50 percent more, we are still going to have the most unholy famine

since Biblical times if something is not done to curtail the population explosion.

Now, this Food for Freedom bill, as a vehicle before your committee, gives you, as the chairman, and the members of this committee a unique opportunity, in my judgment, to do more to preserve human life than almost any committee has had, at least to my knowledge, in many years. With a very small amendment—and mine is—which would enable the funds which are obtained for the sale of food to be utilized when the country requests it for family planning clinics and public health services, you can provide the impetus, you can give backbone to the AID people who are beginning cautiously, and hesitantly, to move in this area. You can provide the means where the countries who want to get involved will have a little something to do with it.

Let me say, Mr. Chairman, that a great many countries now are involved in volunteer family planning—Taiwan, Korea, Thailand, even India and Pakistan have major programs. I was there. I saw what the Indians want to do, but they do not have the wherewithal to do it. But they know the problem and they know what they want to do.

Now, it would seem to me to be an incredible shame if we miss this opportunity with a small amendment, which could mean so much to so many countries in the world.

Mr. Chairman, the population of the world is now increasing at the rate of 2 percent a year. The best way I can dramatize it is if we had started out the day Christ was born with a man and wife, and the population of the world had increased at the rate of 2 percent we would now have on this planet 20 million times as many people as we have today, or 100 persons for every square foot of room on our planet. It took us from the time that man first evolved until 1900 to get a billion and a half people on this world. It has taken us 65 years to double it and in another 35 years, it is going to double again. There is, in my judgment, no hope for peace or democratic society in a world where, in another 10 years, you are going to have famines and people starving by the millions.

There were 3 million children last year who died directly from malnutrition. Now, their death reports, if there were any, may have read "diarrhea," or "parasitic diseases," or "worms," but the fact of the matter is that they died because they did not have sufficient protein, they did not have a basic diet, and they were so weakened physically from malnutrition that they just could not survive.

The CHAIRMAN. Does your amendment provide a joint effort on the part of other nations to assist in this program?

Senator TYDINGS. Yes; it does. My amendment differs from Senator Yarborough's in that mine is more voluntary. His says that in order to receive food, a foreign country must actually have a population control program. Mine simply says this is an additional area in which foreign currencies may be spent. It also says that if a friendly foreign country or a private or nonprofit U.S. organization—that would include the Ford or Rockefeller Foundations, who are working in India and some of these nations—if they request assistance, then they can receive funds provided that the recipient nation or agency will take reasonable precautions to insure that no person receives family planning assistance unless he desires such. Mine is more of a voluntary program, which the country itself has to be involved in.

The CHAIRMAN. Since you are so concerned about it, do you not think it ought to be made obligatory?

Senator TYDINGS. No; I do not think we should force another nation to develop a program that violates its own traditions. Perhaps we should apply some influence to interest others in these matters. I think, Senator, I would rather see that, but I am cognizant of the political vicissitudes of the times.

The CHAIRMAN. Well, it would be a good thing to put in.

Senator TYDINGS. That is why I cosponsored Senator Yarborough's amendment, because I believe encouraging other nations to interest themselves in voluntary family planning programs.

The CHAIRMAN. From the inception of foreign aid, I tried to attach strings to the AID program, but nobody listened. I remember Dean Acheson saying, "Why, Senator, we should not put that in the foreign aid bill, because you would invade the sovereignty of those countries."

I said, "They do not have to take our dollars if they do not want it."

Senator TYDINGS. I would be happy with either Senator Yarborough's amendment or mine.

The CHAIRMAN. Your whole statement will be put in the record, Senator.

(The complete statement of Senator Tydings follows:)

Mr. Chairman, I appreciate the opportunity to appear before this committee.

You have before you for consideration legislation dealing with the most critical problem—after the control of nuclear weapons—facing the world today. I refer to the twin crises of world food shortage and world population explosion. They are, of course, opposite sides of the same coin.

There can never be a truly peaceful world when large masses of men die of starvation. Unless our generation can meet the food and population crises, the world cannot be secure for our children and grandchildren.

The President's Food for Freedom bill is a bold and vitally needed step toward solving one of the twin crises—the world food shortage. It would harness the vast agricultural resources of this Nation in a prudent and humane program of helping to feed the hungry people of this planet.

But if the world's population continues to grow at its present rate, all the wheat farms of our great prairies, all the cornfields of the Middle West, all the rice crops of the South cannot begin to meet the gap between the agricultural output and the food consumption requirements of the underdeveloped world.

The human race is simply growing faster than its available food supply. It took all of human history to the beginning of this century for the world's population to reach 1½ billion. In just 65 years, the population has more than doubled. In the next 35 years, if present trends continue, the population will more than double again. It would reach over 7 billion.

Gen. William Draper, the new head of the Population Crisis Committee, has bluntly warned that the peoples of Asia, Africa, and Latin America "are on a collision course with their food supply." He said:

"The stark fact is, if the population continues to increase faster than food production, hundreds of millions will actually starve in the next decade. The 2 billion people living in Asia, Africa, and Latin America are increasing by more than 2 percent a year and their food supply resources by only 1 percent a year. They are losing the race between food and people."

Experts in the Department of Agriculture have estimated that, merely to maintain present meager diets in Asia, yields per acre must increase by more than 50 percent between now and 1980. It would require 24 million tons of fertilizer to obtain such yields and at present, there are only 28.6 million tons being produced in the entire world.

The harsh truth is that most of the underdeveloped world will simply not be able to feed itself unless ways are found to control the population explosion.

Many foreign governments have undertaken programs of family planning within the past few years. Korea, the Republic of China, and Tunisia are on the way to establishing effective national programs. India, Pakistan, the United Arab Republic, and Turkey are also making efforts to set up programs which will reach all of their people. Until very recently no government in Latin America, with the exception of Chile, had undertaken any programs in this field. But now Peru, Venezuela, Honduras, and Colombia have established population units as part of their public health ministries.

The United States has begun to help these nations carry out their population control programs. Just last Friday, Mr. Bell announced that next year AID would double its support for oversea population control programs, from \$5 to \$10 million. This is good news. But it is only a beginning. The world's population is increasing at the rate of 60 million persons per year. We must and can do more to help these nations get themselves off the treadmill of increased production and lower per capita consumption.

We in the Congress have a responsibility to provide AID with the funds, the authority and, equally important, the moral support and backing which it needs to carry out expanded and effective programs of population control.

This committee has before it my amendment No. 489 to S. 2933, which would put the Congress and the Nation firmly on record as supporting the steps which AID has undertaken in this field, and would result in greater emphasis on this critical aspects of economic development in the future. This amendment would specifically authorize the use of soft currencies accumulated from the sale of U.S. agricultural commodities to finance voluntary family planning programs in friendly foreign nations that desire such assistance. There are safeguards to insure that no nation establishes a family planning program and no individual receives family planning assistance unless that nation or that individual so desires.

The language of my amendment differs slightly from that offered by Senator Yarborough. The differences, however, are far less important than the basic objective: to defuse the population explosion and to make the world safer for coming generations.

(The amendment introduced by Senator Tydings is as follows:)

[S. 2933, 89th Cong., 2d sess.]

[Amendment No. 489]

AMENDMENT Intended to be proposed by TYDINGS (for himself and Mr. GRUENING) to S. 2933, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, viz: On page 13, line 2, strike the colon following the word "currencies," insert in lieu thereof a semicolon and add the following new subsection:

(i) To assist friendly foreign governments and private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that, in the administration of such program, the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. As used in this subsection, the term "voluntary family planning program" includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical supervision and supplies to individuals who desire such assistance:

The CHAIRMAN. Any further questions?

Senator AIKEN. No.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We will stand in recess until 1:30.

(Whereupon, at 12:35 p.m. the hearing recessed to reconvene at 1:30 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.
Mr. Danielian?

**STATEMENT OF N. R. DANIELIAN, PRESIDENT, INTERNATIONAL
ECONOMIC POLICY ASSOCIATION**

Mr. DANIELIAN. What is your pleasure, sir? Would you like me to read this brief statement and then discuss the issues it raises, or would you like me to summarize it?

Mr. CHAIRMAN. Well, your whole statement will be put in the record, filed for the record. You may summarize it.

Mr. DANIELIAN. Yes. I think that will probably be best.

I want to introduce our organization. My name is N. R. Danielian. I am president of the International Economic Policy Association. This is a group, an organization of American international business corporations which are all vitally concerned with the success of our foreign economic policies in the interest of free world security and prosperity, and in the advancement of the concepts of private ownership of property and private enterprise. These corporations are very substantial in their activities: their annual sales are about \$26 billion. They have large investments here and abroad, and their total invested capital is about \$12 billion.

This organization has supported in full the basic objectives behind Public Law 480, and we also support the basic objectives behind the Food for Freedom bill, as advanced by President Johnson.

I think history will surely judge this undertaking not only as an act of self-interest on the part of the United States, but also as an act of true generosity. We agree with most of the objectives of the President.

I want to summarize briefly; I am assuming that this statement is going to be in the record.

The CHAIRMAN. It will.

Mr. DANIELIAN. We agree with the elimination of the surplus concept, so that our productive capacity may be put to work in meeting conditions of famine and malnutrition.

Mr. CHAIRMAN. You mean produce food to assist hungry people all over the world?

Mr. DANIELIAN. Well, to the extent that it is within not only our physical but, of course, fiscal capacity.

Second, we feel that this can be easily done under Public Law 480 by the elimination of just one word "surplus", from section 101. For that purpose, you do not need a new bill.

The CHAIRMAN. What is so bad about retaining the concept of surplus in the act? I recall when we held hearings some time ago on a renewal of Public Law 480, this committee went on record that we would not produce food for the express purpose of shipping abroad. Only when we had in excess of our domestic requirements as well as requirements for sale abroad; that is, on our regular marketing methods would Public Law 480 be used. Here we are confronted with a bill that will change that concept. Instead of merely producing our food requirements, as is now the case, we are adding a new element,

and that is in addition to producing food for our own domestic consumption, for export in our ordinary ways of doing business abroad, and for a fair amount of carryover, we are going to add a new one; that is, feed the hungry.

I am just wondering the extent to which we will be going and the cost of these programs.

Mr. DANIELIAN. My impression, Senator, is that we have been producing this food for this very purpose over the past several years and making appropriations for CCC—

The CHAIRMAN. That is because we had the food in excess of our requirements. That is why the word, "surplus" was put in there.

Mr. DANIELIAN. It has been going on for a long time.

The CHAIRMAN. I know.

Mr. DANIELIAN. That is why I think the word "surplus" was in the law.

The CHAIRMAN. We have been working like Trojans on this committee for the last few years to get rid of the surplus. Now that we are getting rid of the surplus, they are cooking up a new dish for us in the State Department to create food for freedom.

Mr. DANIELIAN. I think the elimination of the word "surplus" is going to mean more in terms of the different kinds of products they will buy. As you know, the President's budget only includes \$1.6 billion for this program for the next fiscal year, which is somewhat less than this year, as a matter of fact. The recommendations for authorization in this bill are really no higher than what you have in section 103 of Public Law 480.

The CHAIRMAN. For an annual—

Mr. DANIELIAN. \$2.5 billion, plus—

The CHAIRMAN. \$800 million, so that makes \$3.3 billion.

Mr. DANIELIAN. The only increase advocated is really in the title II provision from \$400 to \$800 million. Now, if you compare the language with section 103 of Public Law 480, you will find that the new authorization request is not changed very much from the present authorization.

The CHAIRMAN. Yes, but we thought that by getting rid of our surpluses, we could curtail the cost of this program. That is what we are fighting for all the time. And a lot of people have been complaining about the high cost of our agriculture program. Now that we are about to clear the decks and just produce what we need in the ordinary ways of doing business—that is, for our domestic use and our foreign sales and a decent carryover—we are being asked to produce food especially for hungry people all over the world. That, to me, is going far beyond what the law now is.

Mr. DANIELIAN. This is a new departure—

The CHAIRMAN. Sure it is.

Mr. DANIELIAN. I think the new departure is more for the future than it is for 1966 and 1967 in terms of the amounts of money that are recommended by the President. But I do believe that if there is any saving to be made in the foreign aid program, and this is a part of the foreign aid program, of course, it should be in the dollar cost of our AID appropriations, rather than in in-kind shipment of goods, particularly food for needy people.

In the foreign aid program, I believe that we can afford to give food more easily than we can give dollars. Therefore, I would be inclined to be more liberal in the shipment of food in the future if the needs continue to be as pressing as they certainly are now in many parts of the world.

But, again, for this purpose, it is not necessary to have a new bill. I think an amended Public Law 480 could achieve this purpose. The proposed "Food for Freedom Act" emphasizes self-help criteria. However, there is nothing in the present Public Law 480 which has prevented the administrators from requiring self-help or insisting upon it during the past 12 years. As a matter of fact, if you look at the Food for Peace annual report, one of the surprising items is that the countries which have been getting the most in Public Law 480 appropriations or shipments are the ones which have been devoting the smallest amount of resources to agricultural development.

The CHAIRMAN. And the ones receiving a large portion of our cash outlay.

Mr. DANIELIAN. Yes. Now, here, in the 1964 Food for Peace Annual Report on page 40, there is a tabulation which gives a breakdown of the loans for economic development that have been made to other governments under section 104(g). Surprisingly, India and Pakistan and the United Arab Republic, three of the largest recipients of title I sales, have not allocated any money for food and agricultural development, according to this tabulation.

Well, you do not need a new act, really, to require them to apply self-help to their internal development. Under Public Law 480, title I or title II or IV, you can require that a certain amount of resources be devoted to this purpose.

Again, we say that it is desirable to develop self-help criteria and insist upon them, but we fail to see the need for a new law for this purpose.

If the committee wishes to spell out some self-help criteria in the bill, I would be all in favor of it. For instance, in the case of a country like India, the Indian Government seems to be retarding the economic development in the country by the controls they have established upon their industries—

Senator MONDALE. Mr. Chairman, would you yield there?

Mr. DANIELIAN. Yes.

Senator MONDALE. Is it not true that, in the last few months, the Indian Government has removed certain longstanding restrictions on the fertilizer industry? Do you think that is a fair statement?

Mr. DANIELIAN. They have done so in two or three cases.

Senator MONDALE. Don't you think they ought to be given credit for that?

Mr. DANIELIAN. And the Minister who has been instrumental and very courageous in bringing about this change has been subject to tremendous criticism, as you probably have been seeing in the papers.

Senator MONDALE. But do you not think we ought to support them in those moves, rather than criticize them?

Mr. DANIELIAN. Yes, we ought to, but they are not making basic changes in policy. They are changing only a few instance in this particular area. Their own Congress Party itself has been criticizing the

Minister responsible, because apparently he went contrary to party policy. I hope that, over a period of time, India would change its governmental policies toward economic development, particularly giving a little more freedom to the private economy and attracting outside investments.

Senator MONDALE. I agree with that, but I think we ought to credit courageous men such as Minister of Agriculture Subranaman, who are trying to move in that direction, for the steps they have taken.

Mr. DANIELIAN. Yes, I think it is very creditable. I think they have to go much further, and I think that perhaps Mrs. Gandhi's visit here might be an occasion for something expressed along those lines.

There is another aspect of this proposed bill that disturbs us. That is the terms of the loans, or dollar credit sales. Now, there is nothing in the present act that prevents or that makes it difficult to shift from local currency sales to dollar sales. All they have to do is shift from title I to title IV sales, so actually you do not need a new bill for that. In fact, under title IV there are no dollar limits on the amount of sales they can make, so it is an open authorization. You do not need a new bill to accomplish an increase in dollar credit sales.

What this new bill does, however, is to permit a lengthening of the maximum repayment period on title IV sales from 20 years to a maximum of 40 years, with a 10-year grace period. Terms for the dollar credit sales are made similar to the terms for foreign aid development loans.

Now, the idea of a 40-year dollar loan for consumption of food is more in the nature of a grant than a loan.

The CHAIRMAN. A grant or a gift.

Mr. DANIELIAN. A grant or a gift. A country like India, for instance, could buy \$400 or \$500 million worth of food a year, and 10 years from now they would have \$4 billion of obligations, dollar obligations. I do not think we should kid ourselves that they will be able to pay those. I think this is not a practical expectation. I do not think this country needs to hide its generosity behind a facade of the hard banker. We must not change the picture of the United States from that of Uncle Sam to one of Uncle Scrooge, as we would appear if we demanded repayment of the \$4 billion.

I do not think it is a practical proposition to expect that these countries will, over a period of time, be able to repay large amounts of accumulated obligations in dollars.

Now, we do have a balance-of-payments problem. This is one area in which the record will show that the International Economic Policy Association has been most interested over the past several years. However, this balance-of-payments problem of the United States cannot be solved by selling grain to other countries on 40-year dollar loans with a 10-year grace period before any repayments begin. Our balance-of-payments problem is an immediate one. Therefore, we suggest that we keep title IV as it is and sell as much as necessary under that, retaining the present terms, which call for repayments to begin after 2 years and to be completed after 20 years at the most.

On title I sales, we suggest a progressive dollar or hard currency component. Start with 5 percent, for instance. If you sell, let us say, a billion dollars under title I, you would expect a 5-percent downpayment the first year, amounting to \$50 million, to the United States

in hard currency. But for title I sales made in the second year you might be able to increase the component to 7 or 10 percent, and the third year to 15 percent. This approach would have the following advantages: It would give us, first, a dollar return to help our balance of payments; second, it would be a progressive encouragement or pressure, you might say, to the other country to develop its own agricultural resources, I think much more so than if you gave 40-year dollar loans.

I think 40-year dollar loans are likely to lead any foreign governmental official to a somewhat careless approach, because 40 years from now not many of these politicians are going to be around in those countries.

But if you say to them that this year you are going to have to pay 5 percent in dollars, next year 10 percent, the third year 15 percent, I think you are putting them under some pressure to develop their own agricultural resources. Eventually, therefore, they will be able to reduce their dependence on title I sales.

I believe a hard currency component on title I sales would lead to a more natural transition to commercial business, commercial sales, than the proposed long-term dollar credit loans. If a country can get food products for 40-year loans, 10-year grace period, what incentive is there to go into the commercial market or to convert purchases from the concessional market to the commercial market?

But if you have this other arrangement that we are suggesting, I think you will be accomplishing three purposes: You will be helping our balance of payments; you will be able to force them to a greater development of resources for food production; and, third, you will have a gradual transition to commercial sales, probably sales by the United States.

So we suggest an amendment along those lines to title I of Public Law 480.

Now, there is another problem, the Cooley amendment funds. Two years ago we appeared before congressional committees expressing our unhappiness about the lack of attention given to Cooley funds, which finance loans to private enterprise abroad, and the committees adopted certain very strict positions. The committee reports made it quite clear that they expected the administration to provide funds for Cooley loans to the maximum usable extent, and that the administration must establish a measure of the need for Cooley loans. The Congress expected the administration to satisfy the demand.

However, examination of this problem indicates that there has not been much improvement in the availability of Cooley loans in the countries where they are needed. We have some statistical data here indicating that Cooley applications are about 6 or 7 percent of the total title I resources available in local currencies.

The CHAIRMAN. Are you suggesting any changes?

Mr. DANIELIAN. I suggest that perhaps there should be a mandatory provision in 104(e) of Public Law 480.

Senator AIKEN. The failure for maximum use of the Cooley funds was due to regulations rather than law; was it not?

Mr. DANIELIAN. Yes; it is a question of administration.

Senator AIKEN. Did they not have a policy of making Cooley funds available for construction only, but nothing for equipment and opera-

tion, and companies were not interested in just putting up walls and not being able to operate within them. Was that not what the trouble was?

Mr. DANIELIAN. Yes.

Senator AIKEN. Did we not undertake to take care of that a few years ago?

Mr. DANIELIAN. Yes; the congressional committees were very clear in their intent, but in the signing of contracts, not enough money is being made available for Cooley funds at the present time in such countries as Brazil and Chile and so on.

Senator AIKEN. And Brazil is one country where they expect to operate more liberally, I believe.

Mr. DANIELIAN. The Cooley fund provisions have varied from 5 to 15 percent in the past years, from November 1964 to December 31, 1965.

Senator AIKEN. Was the failure of the Cooley fund program to function in Brazil due to the fact that the Brazilians would not put up their part of the money?

Mr. DANIELIAN. That is right. For a long time, they would not allow Cooley funds in their contracts with the United States.

Senator AIKEN. They insisted that 15 percent of a plant be owned within the country; did they not?

Mr. DANIELIAN. I think so.

Now, there is another aspect of this bill that you commented on this morning, Mr. Chairman. That is the limiting of these sales to friendly countries.

Our organization favors commercial short-term credit; not more than 5-year credit sales of agricultural commodities to, say, Iron Curtain countries in Eastern Europe. However, this bill goes so much further that unless it is well defined, it would permit, for instance, the same kind of credit sales to East European countries as, say, to India or Pakistan.

Now, I understand that the administration has said that this is not their intent. If so, why back into this indirectly? I would like to see this problem dealt with in connection with the President's forthcoming recommendations on East-West trade. I would assume that the Battle Act, of course, would limit, possibly, the signing of such agreements with those countries which may be helping our enemies at the present time. But at any rate, we do not feel that this should be handled in an offhand fashion. I think that we ought to confront this problem as an issue by itself. This, again, can be done by renewing Public Law 480.

Finally, there is a question of length of authorization involved in this bill. There may be reasons which require a long-term authorization, although this morning, I heard the Secretary of State say that they are going to have annual contracts to make sure that there is performance under the contracts.

Senator AIKEN. You refer to the Johnson Act. Can you tell us briefly what the Johnson Act is?

Mr. DANIELIAN. The Johnson Debt Default Act, Senator, limits private credit to countries that have defaulted on their financial obligations to the United States. The Battle Act, of course, is control of

the limitation of any aid, and I think concessional sales can be considered as aid.

Senator AIKEN. When was the Johnson Act approved?

Mr. DANIELIAN. I shall be glad to give it to you, if you will bear with me.

That was June 25, 1948.

Senator AIKEN. I see. What Johnson was that.

Mr. DANIELIAN. I could not really identify him.

The CHAIRMAN. Edward.

Senator AIKEN. I withdraw the question.

Mr. DANIELIAN. It seems to us that instead of authorizing a \$16.5 billion bill all at once and without adequate consideration of its significance we should renew Public Law 480 with changes to meet the administration's aims in terms of amounts of money and self-help criteria and so on. It seems to me that, as a matter of principle, the annual review of Congress is desirable on matters involving large amounts of money and major policy considerations. But if there is a good case to be made for the 5-year authorization, I think perhaps after a year's discussion of what the administration wishes to achieve, with a clearer definition of what the agricultural program would be, then next year perhaps we could come forward and support a more than 1-year authorization as requested by the administration.

But in view of the fact that all of the administration's objectives can be achieved by the extension of Public Law 480 with a few slight changes, we do not see the necessity of an immediate, hasty, 5-year authorization committing ourselves to \$16.5 billion.

This, Mr. Chairman, concludes my statement, except that I want it to be understood that our organization is in favor of helping other countries, particularly where famine and malnutrition are present. Many of our member corporations have the competence and the technical ability to help solve some of these problems. I think that a good deal of the delay has been due to a failure to confront the issues, as in the case of India, and not due to a lack of money or a lack of desire on our part to help.

(The complete statement by Mr. Danielian follows:)

The International Economic Policy Association represents a group of American international business corporations vitally concerned with the success of our foreign economic policies, in the interest of free world security and prosperity, and in the advancement of the concepts of private ownership of property and private enterprise as the best means toward economic and social development and the raising of the standards of living of all peoples.

These corporations comprise a substantial segment of the American economy, productivity, and employment. Their combined net sales in 1964 were in excess of \$26 billion, with a combined capital investment of over \$12 billion.

SUPPORT FOR OBJECTIVES OF THE PRESIDENT

The International Economic Policy Association is in full accord with the basic objectives behind Public Law 480 and the new Food for Freedom program. We understand these objectives to be the relieving of hunger and malnutrition, the fostering of economic development through food aid, assisting U.S. farmers to market their commodities through both commercial and food-aid channels, and the furthering of specific U.S. foreign policy objectives. Public Law 480 has proved itself a vital and flexible instrument in working toward these objectives. The association has given and will continue to give its full support to Food for Peace and Food for Freedom programs.

History will surely judge this undertaking not merely as an act of self-interest on the part of the United States, but also as an act of true generosity for the benefit of mankind. The world's judgment today can hardly be different. The Food for Peace program is one of the most effective methods we know of for projecting a positive American image in foreign lands.

In his Food for Freedom message, President Johnson has proposed that existing objectives be pursued with new vigor. We join him wholeheartedly when he proposes that, "The United States lead the world in a war against hunger." In no other area of human endeavor has there been better demonstration of America's technical competence, matched in equal measure with generosity, to assist needy countries, than in food production and distribution. In no other field has there been better demonstration of progress under conditions of private ownership and incentives than in agricultural production in the United States. This knowledge we must make available to the rest of the world.

We agree with the President also in his conclusion that ultimately the world's need for food must be met by self-help measures. There will not be enough surplus in traditional food exporting countries to meet the needs of a growing world population.

OBJECTIVES CAN BE MET BY AN AMENDED PUBLIC LAW 480

The association believes that the President's objectives can be fully met through appropriate amendments to present legislation. We believe that the public interest would best be served through a 1-year extension of the present legislation, with amendments to bring it more in line with the President's objectives.

If it is necessary for Congress to establish certain guidelines for program administration in order to promote self-help abroad, appropriate amendments to present legislation would surely suffice.

Another objective, with which we are in accord, is the elimination of the "surplus" criterion for commodity availability. We recognize that, by eliminating this criterion, it would be possible to increase production and procure certain high protein foods under the program in order to promote better nutrition abroad. However, eliminating the "surplus" requirement and procuring higher quality food can be accomplished through very simple amendments of the present legislation.

If an increase in authorization for food shipments is desirable, the amount of authorization in section 103(b) of Public Law 480 may simply be increased. Or, alternatively, an overall authorization of \$3.3 billion may be applied on all titles.

As the President has stated in his Food for Freedom message, another primary objective is to " * * * emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years." This objective is given form in section 103(b) of S. 2933 which states that the President shall take steps to assure a progressive transition from sales for foreign currencies to sales for dollars. Before commenting on this objective, it is merely noted that such a transition can be satisfactorily accomplished under the present legislation. If, in the future, the administration wishes to conclude a much larger volume of dollar credit sales than sales for foreign currencies, it can easily do so under the present title IV of Public Law 480. There is no annual ceiling for agreements concluded under this title.

However, the real issue is not whether the administration now has the authority to conclude a substantial transition from foreign currency sales to dollar credit sales, but whether such a transition should be undertaken at all under the terms which would be permitted by the Food for Freedom Act of 1966. Under this act, the administration is given the authority to make these terms substantially more lenient than under the present law.

In Public Law 480, title IV, section 403, the terms for concluding dollar credit sales are specified. The maximum period for which credit can be extended is 20 years and the maximum grace period which can elapse before dollar payments must begin is 2 years from the last shipment. Our organization believes that these terms are satisfactory, very liberal, and should not be relaxed further.

Accordingly, the association strongly opposes the provision in section 104 of S. 2933 which would permit both the maximum payment period and the grace

period to be lengthened at the discretion of the President. Under section 104 the credit terms would be made the same as the terms for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. Section 201 permits the President to select these terms at his discretion. In actual practice, the terms selected for the least developed countries have specified a maximum payment period of 40 years and a grace period of 10 years.

Dollar credits for food aid on softest development loan terms would not be credits at all. Under such circumstances, "sales" of commodities, in reality, would become outright grants. After 10, 20, 30, or 40 years, the disposition, willingness or ability of most of the countries to repay massive amounts of dollar obligations for food consumed long ago, would be problematical. We do not need to hide our generosity under a banker's facade.

Is it realistic to think of the dollar sales program as a way station to commercial sales when, under the administration's proposals, 10 years hence, India, for example, might find itself in the position of owing the United States several billion dollars for food received under 40-year dollar terms? We need not change our appearance from Uncle Sam to Uncle Scrooge in order to achieve our noble objectives.

The United States is confronted, of course, with a balance-of-payments problem which requires that we secure as much dollar income as we can from any source. This, however, is an immediate need and cannot be satisfied by converting the present program into 40-year dollar credit sales.

The association recommends, therefore, that the present title I of Public Law 480 be amended to provide for the immediate repayment in dollars to the United States of 5 percent of title I sales concluded in 1967, unless the President makes a determination that a recipient country's foreign exchange resources makes this impossible. In subsequent years, the percentage should be gradually increased until, by 1971, 25 percent of the sales would be in hard currency.

We believe that this approach would help the United States in its balance-of-payments position immediately, would put pressure on the recipient country to undertake self-help measures, and would lead to a gradual transition to commercial sales much more effectively than 40-year dollar credit sales. We also believe that some control over the local currency counterpart would make it possible to allocate resources to agricultural development, a degree of control which would not exist in the case of very long term dollar credit sales.

ALLOCATION OF LOCAL CURRENCIES FOR COOLEY LOANS TO PRIVATE ENTERPRISE

In 1964, the association recommended that greater amounts of local currencies generated under title I agreements be allocated for Cooley loans to private enterprise. Congress voted to remove the former 25-percent ceiling on allocations under title I for Cooley loan purposes and amended section 104(e) to read that "currencies shall also be available to the maximum useable extent" for Cooley loans.

Both the Senate and House Agriculture Committee reports (see app. I) had extensive explanations of congressional intent in amending section 104(e)—the Cooley loan section.

The Senate Agriculture Committee report stated, on pages 27 and 28, the following:

" * * The committee feels that private business can and should play a much greater role in the economic development of friendly countries being assisted by Public Law 480 title I programs, and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives * * *."*

"The committee expects the responsible agency to accept, tabulate, and process all properly executed loan applications for Cooley funds. The responsible agency shall then take whatever steps necessary to provide the funds needed to satisfy all loan requests which are likely to bring about 'business development and trade expansion' in the recipient countries and which the agency, applying normal commercial banking standards, has reasonable assurance will be repaid."

"The committee notes that the AID agency has established the policy that in some countries Cooley funds are to be available only for fixed investments and not for working capital requirements. Loans for working capital requirements of existing productive facilities, especially in the countries of Latin America, where it is difficult to obtain funds on reasonable terms, contributes greatly to economic development. The committee is informed that the aforementioned AID

agency policy has been necessitated by an insufficient amount of local currency being allocated for Cooley loans. *It will, therefore, be necessary for the responsible agency to establish an adequate reserve of Cooley funds to meet the requirements—both for fixed assets investment and working capital needs—reasonably to be anticipated in each recipient country.*" [Emphasis supplied.]

The House committee report was quite similar, and it specifically mentioned Brazil on page 34.

"At the same time, the committee is aware that in a few instances, notably Brazil, no funds have been reserved for Cooley loan purposes. It is the expectation of the committee that this practice will not continue where funds can be used effectively to promote private enterprise."

It is the understanding of the association that negotiations are presently underway for a sixth Public Law 480 agreement with Brazil. Brazil is a country where there is great demand among U.S. business firms for local currency financing, and our association recommends that the AID negotiate, at the very minimum, a 25-percent allocation for Cooley loans.

THE ADMINISTRATION OF SECTION 104 (E) OF PUBLIC LAW 480 FAILS TO COMPLY WITH CONGRESSIONAL INTENT

As can be clearly seen from table I, in no agreement signed since the amendment to the Cooley loan provision went into effect on October 31, 1964, has more than 15 percent been allocated for Cooley loans to private enterprise. In two specific instances; namely, Chile and the Philippines, the demand for Cooley funds exceeds the supply. A much greater percentage than the 15 and 10 percent respectively allocated in these two countries could have been used for private industrial development.

TABLE I.—Public Law 480 title I agreements and amendments signed from Nov. 1, 1964, through Dec. 31, 1965

Country	Date signed	Total amount of agreement (thousands of dollars)	Percentage allocation sec. 104(e) Cooley loans to private enterprise
Greece (amendment).....	Nov. 16, 1964	2, 500	-----
Congo.....	Dec. 9, 1964	4, 050	-----
Pakistan.....	Dec. 11, 1964	7, 700	9
Guinea.....	Dec. 21, 1964	5, 420	10
Israel.....	Dec. 22, 1964	17, 400	15
Morocco.....	Dec. 29, 1964	7, 800	10
China (Taiwan).....	Dec. 31, 1964	18, 550	5
India (amendment).....	do	28, 400	10
Korea.....	do	45, 000	1
Tunisia.....	Feb. 17, 1965	14, 686	10
Morocco.....	Apr. 23, 1965	9, 450	10
Philippines.....	do	12, 570	10
Bolivia.....	May 12, 1965	3, 830	5
Afghanistan.....	May 22, 1965	1, 000	-----
Vietnam.....	May 26, 1965 ¹	38, 740	-----
Mali.....	July 14, 1965	580	15
Congo.....	July 19, 1965	12, 000	-----
India.....	July 26, 1965 ¹	205, 220	5
Chile.....	July 27, 1965	19, 750	15

¹ Date of original agreement; there were subsequent amendments in 1965.

Source: Food for Peace 1964 Annual Report on Public Law 480, pp. 100 and 116, and preliminary table 12 of the Food for Peace 1965 Annual Report on Public Law 480.

In the Philippine agreement, signed on April 23, 1965, only 10 percent (\$1.2 million) was allocated for Cooley loans while pending applications for local currency funds amounted to approximately \$10 million. In the Philippine agreement, 40 percent was set aside for United States uses; 20 percent for common defense purposes; 30 percent for section 104(g) loans to the Philippine Government; and 10 percent for Cooley purposes. It seems to us that it was the intent of Congress that if a choice were to be made between allocations for loans of local currency to the recipient government and Cooley loans, that the latter would have priority.

The language of the statute reads that "currencies shall also be available to the maximum useable extent" for Cooley loans. The law places no such emphasis on section 104(g) loans to recipient governments. On the contrary, such section 104(g) loans to recipient governments, generally on 40-year terms with a 10-year grace period and no maintenance-of-value clause, are just one of some 20 other permissible uses for local currencies generated from title I sales. In the case of the section 104(g) loans to the Philippine Government, the term was 30 years with a 4-year grace period.

We feel that since the demand for Cooley funds by U.S. business was clearly present that AID, under the law, had an obligation to allocate more funds than it did and that it was not justified in allocating 30 percent to the local government on soft terms while limiting Cooley funds to 10 percent.

The Chilean agreement shows a similar disregard for congressional intent. Demand for local currency loans in Chile is substantial because, among other factors, there were no title I sales to Chile between 1961 and 1965. Since the announcement in January this year that some Cooley funds will be available in Chile, applications have been very brisk, far beyond the prospectively available funds. Yet AID negotiated a 50-percent allocation of the local currencies under the new agreement for section 104(g) loans to be made to the Chilean Government on very "soft" terms, but allocated only 15 percent for Cooley loan purposes although there was clearly greater demand for such funds. This just does not meet the legal requirement that local "currencies are to be available to the maximum useable extent" for Cooley loans. If there were any doubt as to what those words "maximum useable extent" meant, the committee reports clarify this. The report makes it clear that Congress expected AID to establish a means to ascertain the approximate demand for Cooley funds and to satisfy it.

There are a number of countries which have been and probably will continue to be active participants in the Food for Peace program, where there is substantial demand by U.S. business for local currency loans. As far as we can determine, they are Brazil, Colombia, Chile, Peru, Greece, Turkey, and the Philippines. There may be others. Perhaps this committee will want to make clearer congressional intent with regard to the allocation of funds for Cooley loan purposes, particularly in regard to the above-mentioned countries.

RESTRICTIONS ON SALES TO COMMUNIST COUNTRIES

The administration bill, S. 2933, omits the legislative restrictions on foreign currency and dollar credit sales to certain Communist countries, which are found in sections 107, 304, 401, and 402 of Public Law 480. These restrictions are valuable safeguards and also express the intent of the Congress on the policies which govern our food aid program. The Association favors U.S. trade in agricultural products with the Communist countries of Eastern Europe on normal commercial terms, except that it also supports the provisions of the present law, defined in the sections listed above.

It would be unwise at this time to eliminate the present restrictions on concessional sales to these Communist countries indirectly. Any changes in the authorizing legislation ought to be considered only in connection with the policies on East-West trade which it is expected that the President will recommend to the Congress. Eliminating the present restrictions could cause confusion at home and abroad about our policy toward concessional sales to Eastern Europe, and could interfere with commercial sales.

It is our understanding that the administration does not, in fact, intend to change its policy toward these sales and that the Johnson Act would not in any case permit long-term credits to be extended. However, in order to avoid any possible misinterpretations, we believe that the legislative restrictions should not be removed at this time, and should be reenacted as part of an amended Public Law 480.

ADVISORY COMMITTEE

In addition, the International Economic Policy Association is impressed with the value of retaining appropriate congressional review of the program. As specified in section 104(t) of Public Law 480, an advisory committee has been established with congressional participation. The administration bill does not provide for such congressional review. The association believes that the benefits of congressional scrutiny can best be retained by extending the present legislation.

SUMMARY

Nevertheless, despite the various objections which we have raised to S. 2933, there are undoubtedly some very good reasons for proposing the bill in its present form. The association believes that the administration's case should be thoroughly discussed and examined for at least a full year, both within the Congress and among public-spirited citizens and organizations. All the ramifications of adopting a completely new food for freedom law should be explored in great detail throughout the country during the coming year. In particular, it should be ascertained why the authority for the legislation needs to run for 5 years, as stipulated in section 309 of S. 2933.

It is to facilitate a comprehensive and searching examination of the administration's proposal that the International Economic Policy Association advocates the 1-year extension of the present Public Law 480, appropriately amended. If, after a year's examination, it becomes clear that there are positive benefits to be gained from discarding the existing legislation and starting anew, our organization at that time would be prepared to support a new bill to run for a period longer than 1 year. At the present time, however, we cannot support S. 2933. We suggest the extension of Public Law 480 for 1 year, with increased appropriation authority under title I, and with a requirement of partial hard currency repayment, where possible. A strengthening of Cooley loan provisions is also advocated.

In conclusion, I wish to repeat that members of our organization are unanimous in their desire and commitment to do everything within the power of the United States to help alleviate conditions which threaten famine and malnutrition. Many of our members are technically competent to give such help as our Government and other countries may require. There is no nobler cause to which the combined efforts of both government and private business need to be directed at this time.

APPENDIX I

[S. Rept. No. 1467, 88th Cong., 2d sess.]

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

(Pp. 27-28)

Cooley loans.—Paragraph (7) amends section 104(e) of the act to strike out the 25-percent maximum limit previously imposed on the use of currencies generated from title I sales for so-called Cooley loans (loans to U.S. business firms for business development and trade expansion in friendly countries and loans to foreign firms engaged in further utilization of U.S. agricultural products). The committee feels that private business can and should play a much greater role in the economic development of friendly countries being assisted by Public Law 480 title I programs, and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives.

Section 104(e) of Public Law 480 formerly provided that "not more than 25 percent" of the proceeds of title I sales "shall be available for" loans to private U.S. business for use in economic development in recipient countries and to other private businesses for development of the U.S. agricultural markets. The statistical analysis of the administration of this section indicates that since 1957, out of \$5,728,655,000 title I sales only \$405,675,000 (7.08 percent) as of December 31, 1963, had been set aside for this purpose and of this amount only \$179,300,000 (3.1 percent) had actually been lent as of that date. This record is not responsive to the committee's original expectations and not consistent with the policy of the administration to encourage economic development through private enterprise.

The committee expects the responsible agency to accept, tabulate, and process all properly executed loan applications for Cooley funds. The responsible agency shall then take whatever steps necessary to provide the funds needed to satisfy all loan requests which are likely to bring about "business development and trade expansion" in the recipient countries and which the agency, applying normal commercial banking standards, has reasonable assurance will be repaid.

The committee notes that the AID agency has established the policy that in some countries Cooley funds are to be available only for fixed investments and not for working capital requirements. Loans for working capital requirements

of existing productive facilities, especially in the countries of Latin America, where it is difficult to obtain funds on reasonable terms, contribute greatly to economic development. The committee is informed that the aforementioned AID agency policy has been necessitated by an insufficient amount of local currency being allocated for Cooley loans. It will, therefore, be necessary for the responsible agency to establish an adequate reserve of Cooley funds to meet the requirements—both for fixed assets investment and working capital needs—reasonably to be anticipated in each recipient country.

[H. Rept. No. 1767, 88th Cong., 2d sess.]

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

AUGUST 11, 1964.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

(Pp. 29-30)

COOLEY LOANS

Although not usually listed as a "U.S. use," foreign currency loans to private business firms authorized in section 104(e) of Public Law 480 are high in the priority of uses which return a tangible benefit to the United States. Popularly called Cooley loans after the author of the amendment, they are of two general types: (1) To U.S. private business firms or affiliates for business development in a foreign country that will not compete with U.S. products or agricultural exports and (2) to domestic or foreign private business firms for facilities which will expand the export of U.S. agricultural products.

The loans are made in and repaid in foreign currencies generated from the sale of agricultural surpluses, at interest rates comparable to prudent business loans in the country involved. Loan repayments and interest go into the U.S. Treasury and are available for other uses, including the direct U.S. uses by Government agencies discussed above.

The Cooley loans program has been one of the most popular and constructive parts of the Public Law 480 operation. A recent development, which the committee strongly commends, is the use of the loan funds to help finance low-cost housing developments in other countries by U.S. firms.

The present law has a ceiling of 25 percent on the amount of foreign currency which may be allotted for such loans in the agreement covering any single sale. Under this limitation, the amount authorized for such use in the agreements entered into since the enactment of the provision has averaged about 7.5 percent.

In some countries there is little or no demand from private business for these loans. In other countries, the requests for loans substantially exceed the amount of currency available for this use. The committee believes that in some of these countries a higher proportion than 25 percent of the Public Law 480 currencies could profitably be used for Cooley loans and it has, therefore, included in this bill an amendment removing the 25-percent ceiling with the expectation that this expanded authority will be used in proper cases.

The committee notes with disapproval that there are a few countries where the amount of currency reserved for such loans in the country agreements is less than the maximum authorized by present law and apparently less than the amount which could profitably be used for this purpose, as measured by business demand for such loans. Neither the business community nor the committee understands why this should be.

The committee suggests, therefore, (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for the use of local currencies for section 104(e) loans up to the maximum which he estimates may reasonably be used profitably in that country and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement

informing the business community and the committee why the amount is less than 25 percent.

(P. 34)

(3) Section 104(e) of the act is amended to remove the 25-percent limitation on Cooley amendment loans of foreign currencies to private business firms. The amendment would add a requirement that foreign currencies be available for such purposes to the maximum usable extent, consistent with the purposes of title I of Public Law 480. In taking this action the committee notes with approval the fact that in the last few years an increase of funds has been made available to U.S. private enterprise through the Cooley loan program. This increase has, however, given rise to increased demand by American business for these funds. To the extent possible this demand should be met. At the same time, the committee is aware that in a few instances, notably Brazil, no funds have been reserved for Cooley loan purposes. It is the expectation of the committee that this practice will not continue where funds can be used effectively to promote private enterprise.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. We thank you very much, Mr. Danielian.
Mr. Rice?

STATEMENT OF SAM L. RICE, JR., PRESIDENT, GRAIN & FEED DEALERS NATIONAL ASSOCIATION, TOLEDO, OHIO

Mr. RICE. Mr. Chairman, I am Sam L. Rice, Jr., president of the Rice Grain Co. of Toledo, Ohio. I am appearing today on behalf of the Grain & Feed Dealers National Association of which I am president.

This national association has 1,800 dues-paying members which range in size from the smallest country elevators to the largest grain and feed marketing complexes. In addition, 53 State and regional grain and feed associations are closely affiliated with the national association. This statement was prepared within the framework of the policy objectives of the national association and by a special task force created for the purpose.

We appreciate the opportunity to appear before this committee to express our views on two new concepts implicit in the bills now before you. They are specifically the creation and maintenance of reserves of basic foods and a new concept of our responsibility with respect to international food aid.

Since both of these policies involve the production, handling, and distribution of grains and oil seeds, the interest of members of this association is readily apparent. Our association recommends that the Secretary of Agriculture use the utmost caution in approaching the goals of reserve level so as not to disrupt the normal marketing channel, and we would hope the legislation or legislative intent be specific to preclude drastic market action. As a further precaution, we would urge that the reserve level be considered as a target objective and not an absolute and finite amount which must be religiously adhered to.

In respect to reserves, we strongly endorse recommendations made by others who have appeared before this committee, that the United States establish and maintain food reserves. In establishing these reserve goals we believe that consideration must be given to total avail-

able annual carryover—which includes both private and Government-owned inventories. We also believe that, after assessing all factors affecting both supply and demand, the Secretary of Agriculture should announce the reserve level goals well in advance so that the agricultural industry is not faced with unpredictable actions of the Government.

The CHAIRMAN. Would you tie down those reserves for specific purposes at specific times?

Mr. RICE. Sir, I think I cover it in here. Perhaps if I finish reading the statement, then you may have some other questions.

The CHAIRMAN. Proceed.

Mr. RICE. In considering the purposes underlying these recommendations, it occurs to us that two purposes are involved:

(a) Primary reserves in Government hands to protect the security of this country in the event of a national disaster whether it results from an unprecedented crop failure, military involvement on a broad scale, or other calamity; and

(b) Secondary reserves or supplies in both Government stocks and private trade channels in amounts sufficient to assure to the United States the ability to fulfill its obligations and avail itself of expanded opportunities in foreign marketing of food.

We suggest this separation because different considerations apply to the creation, maintenance, and disposition of stocks intended to fulfill these two purposes.

With respect to primary reserves, it is our judgment that amounts should be determined by reference to foreseeable needs for food in this country in the event of a major disaster. Sufficient stocks to assure maintenance of these primary reserves should be owned by the Government and effectively excluded from consideration of availability in ordinary commercial markets. While they must not be physically separated from other stocks, effective measures should be taken to preserve these reserve levels, either by a direct prohibition of sales or by the application of a formula price which effectively excludes them from commercial markets.

Secondary reserves should include both stocks held by the Government in excess of those required for primary reserves and those in normal commercial channels. Secondary reserves should be maintained in amounts sufficient to provide reasonable assurance that the United States can avail itself of commercial export opportunities and fulfill its food obligations to less developed countries under any reasonably predictable circumstances. Both private and public agencies in this country have undertaken expensive and arduous efforts to build foreign markets for U.S. commodities. The continued growth of these markets is dependent upon our ability to be a reliable supplier of grain on a continuing basis and at reasonable prices.

It is our belief that present commodities programs provide sufficient mechanisms to assure the production of adequate stocks to meet the purposes we have described. The nature of these programs, however, is such that the Secretary must estimate amounts to be produced far in advance of actual production. If the reserve requirements are to be met, it is therefore important that we weigh carefully the inherent uncertainties in world supply and demand, and program a sufficient

production so that reserves are not endangered. In the present world situation, it is clearly in the interest of this Nation that unavoidable errors in programing be made on the side of too much rather than too little production.

For several reasons, we oppose extending to the Secretary of Agriculture the authority to build and maintain reserves through purchases in the commercial markets. First, the most effective mechanism for this purpose is the judicious administration of price supports and acreage diversion programs. Under normal circumstances, reserves can be built in a single year through the administration of the commodities program. Additionally, and most important to the grain trade, the authority granted to the Secretary to purchase in commercial markets interjects an element of uncertainty on the demand side which can discourage private carrying of commodity inventories which this program should foster. Finally, purchases by the Secretary will not increase the available amount of grain by one bushel nor will it help the domestic consumers in availability of food or price levels. They merely transfer the ownership, at a cost to the taxpayer, from private to Government ownership.

We urge consideration of price formulas as the principal controls on the disposition of reserves. The important role that these resale price formulas can play in excluding Government-owned stocks from commercial channels was the subject of extended discussions before your committee in connection with recent proposals to increase the resale price. As then stated, the position of this association supports our strong recommendation for price limitations in the disposition of reserve stocks so that Commodity Credit Corporation sales may be predictable with some degree of reliability.

With respect to the primary reserves, we recommend that the Secretary be prohibited from making sales at less than 130 percent of the loan level plus carrying charges or at the market price, whichever is higher. However, we see no reason why the Secretary should not be permitted to dispose of secondary reserves at the price applicable to other sales of CCC stocks for unrestricted use which we have urged should be no less than 110 percent of the loan level plus reasonable carrying charges.

The CHAIRMAN. But those secondary—would those secondary reserves be purchased by the Government through the program that we now have on the statute books?

Mr. RICE. Yes. I think I might cover it in here if I go ahead.

The CHAIRMAN. Go ahead.

Mr. RICE. This association also endorses the new concept of food aid implicit in the administration's recommendation. Specifically, we agree that food aid should not be limited to commodities in surplus; that nutrition should play a larger role in the selection and distribution of commodities under these programs; and that food aid should be conditioned upon evidence of satisfactory progress by recipient countries toward the goal of substantial self-sufficiency in food production.

Respectfully, we call your attention to the fact that the private grain trade has played an exemplary role in the administration of sale and distribution programs under Public Law 480, since 1956, in

the case of wheat, and since 1958 in the case of feed grains. The department has wisely recognized that private trade channels have offered the most efficient; and, therefore, least expensive means of originating and delivering food sold in exchange for foreign currencies or under long-term credit arrangements. This has been accomplished by agreement between the Foreign Agriculture Service and recipient countries which designate the commodities eligible for sale and provide arrangement for acquisition of these commodities by recipient countries through tenders to private exporters.

We see no reason why this procedure cannot be extended and expanded under the proposed program. Indeed, the expressed object of converting existing aid recipients into commercial buyers over a period of years suggests the importance of establishing present relationships on the basis which resembles as much as possible ordinary commercial transactions. There is no reason why these arrangements cannot work as well in the donation program, whether they involve basic agricultural commodities or products thereof, as they have in the past in the case of sales under titles I and IV of Public Law 480. The use of the commercial sources, with its attendant efficiencies in the donation programs, will enable these programs to achieve the desired results at lower costs. Furthermore, it is prudent to establish commercial trade channels which will be of benefit to our Nation long after aid programs are no longer necessary.

In conclusion and brief summary, we support the objectives of the administration, both with respect to establishment and maintenance of reserves and restructuring of food aid along more constructive lines. We would urge, Mr. Chairman, that your committee write into the legislation and confirm by legislative intent the two major considerations which are threaded throughout this statement, namely: (1) That the authority granted to the Secretary of Agriculture be circumscribed so as to preclude uncertainties from interfering with normal commercial marketing consideration, and (2) that the efficiencies of the private trade be used in implementing these important programs so that they will be fully effective in reaching the desired objectives.

We are confident that consideration of our views will enhance the objectives of the administration's program and we stand ready to assist the Secretary of Agriculture in setting the goals of the primary and secondary reserves.

I would like also to add, if I could, in my statement—this was not ready in time—in fact, it was in this morning's Wall Street Journal—an article there that I think brings a strong point home. This is dated Monday, March 7, 1966, the Wall Street Journal. The title of the article is "Corn Prices Hurt by Soaring Federal Sales."

"Amid strong demand, farmers hold back."

The article reads:

The Government's rapidly accelerating disposal of surplus corn is putting downward pressure on prices. In recent weeks, the corn sales by Federal farm surplus managers have increased to a fire sale pace, a sharp turnabout from earlier predictions. The Agriculture Department forecast in December that corn requirements in the crop year begun October 1 "can be met largely out of the 1965 crop with only limited amounts of corn expected to be made available from Government-owned stock."

The article goes on to read :

Sales in December were limited to 8.4 million bushels compared with 50.6 million a year earlier, but Federal disposals in January expanded more than seven-fold to 62 million bushels, about matching year-earlier sales. In February, Government corn sales ballooned to 140.2 million bushels, highest for any month in 4 years and more than double the 63.1 million bushels sold in February 1965. Last week, the sales accelerated to an even greater volume as the Government unloaded 72 million bushels of corn.

I brought this out because I think this shows what we are talking about when we ask that your legislation include definite guidelines to be followed, rather than leaving it up to the administrative decisions.

The CHAIRMAN. Well, these reserves that are provided for or suggested by the Secretary of Agriculture will be in the hands of the Department of Agriculture just as a cushion, to be certain that the Government has on hand enough of the commodities to fulfill any obligations made in the future. Now, your proposal would provide the same thing, except that your primary reserve would be owned by the Government?

Mr. RICE. We say that the primary reserve—we break it down into two categories.

The CHAIRMAN. All right, that would be owned by the Government and could not be sold by the Government except at 130 percent of the market?

Mr. RICE. Of the loan level.

The CHAIRMAN. And the other, under the law as it now stands, or would you change that, too?

Mr. RICE. We break this down. I think we look at our primary reserves in the light of our domestic requirement.

The CHAIRMAN. Well, your proposal, you see, goes beyond the present law. The law, as I recall, and I must refresh my memory of it, provides for resale at 105 percent of the loan, and you would want to make it 110 percent?

Mr. RICE. We feel this way about it: In talking total reserves, and I think we have to look at it first of all in total reserves, we break it down first of all into primary, because we feel the primary reserves are those levels which we need, call them primary or strategic, whatever word you use. We are looking at it in the light of protecting our own citizens of our own Nation.

Now, we do not see the need to place as well built a fence around our total reserves as we do our primary. We feel that in looking at our total reserve needs, we should look at it in the light of total available stocks, whether the Government owns it or whether they are held by private hands. We feel that when the Government ownership, we will say, increases beyond that point where we set the primary reserves, then we see no objection to the Government selling these to put them back in the market.

In other words, we do not want to get back into the situation that you have been fighting to get out of for many years.

The CHAIRMAN. I think your proposal there would worsen the situation, because if your primary reserves cannot be sold at less than 130 percent and then your secondary ones at 110 percent, when you can sell it now at 105 percent, it would certainly put us back in the same situation as we have been that we spent so much money to alleviate.

Mr. RICE. Well, we feel this way——

The CHAIRMAN. You can change the law. We fought over it last year for quite some time, and, personally, I do not want to get back into a battle like that.

Mr. RICE. We feel that in looking at reserves, we have to look at them for two purposes. This is why we say we use the 130-percent support level, recognizing that the reserves are of no value unless you can move them—we do not want to freeze them forever.

The CHAIRMAN. I understand. This would be a protection.

Mr. RICE. In other words, you would have to have pretty drastic conditions where it would be in our best interests to release these reserves before you release the primary reserves.

The secondary reserves, actually, we would favor those being owned by commercial channels. However, we must recognize that through the various programs, the Government may or may not end up owning reserves that are in excess of our primary needs, and, therefore, we need a mechanism to throw those back into the market. This is why we say these should be available at ——

The CHAIRMAN. That will be a great protection to the grain trade, without question.

Now, let me ask you this: I think it was in 1960 that Public Law 480 was amended so as to permit 20-year credit sales of our surpluses. What effect did that have, if you know, in countries where they bought for cash, but now, since they found out they can buy for credit, they decreased their purchases for cash on the barrelhead?

Mr. RICE. Well, I think the statistics that I have read or seen show that your cash sales have been increased, and I am looking at feed grains—the last figures I saw, we are now up to pretty close to 90 percent; at least, we are approaching the 90 percent of all feed grains being sold for cash.

The CHAIRMAN. What about wheat? It has not been the same with wheat.

Mr. RICE. No, wheat has not been the case.

The CHAIRMAN. Well, now, do you not think that if the bill as presented is enacted, instead of extending the credit as is now the law for 20 years, make it 40 years, with a 10-year period of grace, and then liberalize the interest that is going to further deter countries from buying for cash on the barrelhead?

Mr. RICE. Well, I think the important thing is that you would establish the trade channels. Naturally, anyone who can reasonably buy on long-term credit has to analyze what is the best way to buy. But what we are interested in is actually, I think, developing the markets for the products that our farmers have the ability to produce.

The CHAIRMAN. Well, as I see it, if we change the rules now and permit the sale of commodities on a 40-year term with 10 years' grace, we are going to be producing a lot of grain and the cost will be much, much greater than it now is. In other words, it is going to simply expand, in my opinion.

Mr. RICE. Well, our interest here in appearing today is primarily in support of the reserve program, and also to point out that as we develop a reserve program, there are many inherent dangers in a program. We feel it is in the interest of our Nation to have one, but

we also want to point out that there are also many dangers, such as I mentioned here from the Wall Street Journal. This is one of the dangers when the Government is permitted to sell. Therefore, we are supporting a reserve program, but also asking that in this reserve program, we have a predetermined set of rules so that everyone knows what the ground rules are.

The CHAIRMAN. You want to put that in the law?

Mr. RICE. Either words in the law or strong words as to what the intent of Congress is.

The CHAIRMAN. Any other questions?

Senator AIKEN. I notice Mr. Rice's reference to the heavy sales of corn recently by the Commodity Credit Corporation. It would be my guess that there will be a representation of an exceptionally heavy supply this year as soon as we have good weather, because my understanding is since we started talking about feeding the free world, corn land diversion has just about come to an end, not completely, but so near it, we might well have an extra billion bushels of corn on hand next fall, which would be rather costly.

Mr. RICE. Well, sir, there are many speculations out as to why there are some. Our concern is what this type of program does to the overall market, what it does to the farmers' income by devaluing his own corn, and it may very well end up in a situation where we have a close balance between production and consumption this year, ending up with the Government being forced into the expense of taking over additional corn.

My concern in bringing this out is to show the need to have a predetermined set of rules for the Government acquisition and disposition of inventories.

The CHAIRMAN. Well, it is my belief, Senator Aiken, that the reason why farmers are not trying to join the present program is because we have made it so that they are not paid on the first 20 percent of the acreage diverted. In other words, the terms are not as good as they were last year. And that is the reason, in my opinion.

Senator AIKEN. On March 1, the total base acreage on enrolled farms thus far for 1966 was 18,266,300 acres. The first 2 weeks of the 1965 program signup showed 435,356 farms having a total base acreage of 22 million acres. That is about 4 million acres off last year's signup.

The CHAIRMAN. Well, the terms are not as good this year.

Senator AIKEN. At 75 bushels per acre, that is 300 million bushels right there.

The CHAIRMAN. The terms are not as good for the 1966 crop as for the 1965, by any means.

Senator AIKEN. I understand they are not signing up as readily.

The CHAIRMAN. Of course not.

Senator AIKEN. I also understand that it is the idea of feeding the world that is prompting them to grow all the feed grains they can.

Senator YOUNG. There is another reason for this. One that I think is very important. Because of the shortage of boxcars, a lot of CCC grain, corn as well as wheat, is not getting to the market centers. If there were an ample supply of boxcars, the market would have a bigger supply and the cash price would be down.

Mr. RICE. Of course, this is one of the problems. This gets back to what I was mentioning there as far as permitting the Secretary to come into the open market to purchase. These sales are having a marked effect without actually making available the corn as far as usage is concerned. But it is pushing the prices lower and the farmer that is sitting on the corn on his farm will take less income for his corn than he would have otherwise.

The CHAIRMAN. What is the price now of corn, do you know? How much above the support price is it?

Mr. RICE. I looked this up, sir, just as a matter of interest yesterday. Chicago corn—I was looking at the heavy sales; the big sale, I think, was out of the Minneapolis market, the middle or end of last week. On March 3, Chicago corn closed at \$1.21 a bushel. This is interesting, because a year ago, it closed at a little bit above \$1.27 a bushel, so this is about 6 cents cheaper than a year ago.

Two years ago, it was—it is roughly 2.5 to 3 cents above where it was 2 years ago and about the same above where it was 3 years ago. So this is the effect that it has had on the market.

The CHAIRMAN. Well, last year, your support price was \$1.10. This year, it is \$1.05. That accounts for your 5-cent differential there between the two.

Mr. RICE. Yes.

The CHAIRMAN. So that the market today is about the same as it was last year if you consider the price-support factor.

Mr. RICE. It is running just about a nickel under where it was.

The CHAIRMAN. That is because of the fact that it was a nickel higher last year, the support price was a nickel higher last year.

Mr. RICE. Of course, the problem you face is that if the people who have to use corn, both in the United States and the world, the farmers and everyone else, of course, have to forecast ahead and they base their predictions on what is expected as far as weather, world demand and supply, and this is one of the problems when we do not have spelled out this protection factor. We feel that this 110 percent of the loan level would give enough protection to where it would still permit the Government to dispose of their stocks when a shortage developed, but it would prevent these inventories from being used when they are not really needed.

The CHAIRMAN. Well, we had a lot of testimony on the matter last year, and this committee went on record as making it \$1.05. Personally, I do not think—I think I am speaking for the committee—we do not want to go back into this phase of the farm bill any more. I thought this bill we passed was a cure-all, but if you enact this bill, it will simply mean—

Senator AIKEN. The bill we passed was our annual “permanent” farm legislation.

Senator YOUNG. There is something new that has crept into the administration of these farm price-support programs. In the latter part of 1965, when Secretary Freeman announced the sale of corn from CCC stocks, he said it was expressly for the purpose of lowering the market price of corn. The cash price had gotten too high. He said almost exactly the same thing when he announced the sale of high-protein wheat. The price of wheat was too high. This is

the first time I have ever heard of a price-support program being used for this purpose. Am I right about that?

Mr. RICE. Well, basically, this has been used before, but the thing that we have now is that in December they announced that our corn requirements in the crop year begun October 1 can be met largely out of the 1965 crop, with only limited amounts of corn expected to be made available from Government-owned stocks. I am not questioning this, sir. The point is I think this helps show why we feel that we need predetermined factors to be entered in. We support the reserve program, asked for it, but feel that we should have predetermined acquisition and disposition rules so that the free market can be permitted to operate except in those conditions where world conditions would warrant that it be done by other than by the free market.

The CHAIRMAN. Well, we have been working on a plan of that kind now for many, many years, and when the bill that was enacted last year, the Agricultural Act of 1965, that was going to be it, and at the end of 4 years, we would be out of the woods in corn, in wheat, and the only commodity in bad shape would be cotton. But as I recall, the proponents of the bill shouted loudly that this was going to cure all. But it seems that the administration has found a way to get us back into more production by making efforts now to feed the world. So I am not at all happy over it.

Mr. RICE. Well, we are here to help provide an efficient way of doing it.

The CHAIRMAN. Well, you made a good case for the grain dealers. Any other questions?

(No response.)

The CHAIRMAN. Thank you, Mr. Rice.

Mr. Carpenter?

STATEMENT OF L. C. CARPENTER, VICE PRESIDENT, MIDCONTINENT FARMERS ASSOCIATION, COLUMBIA, MO.

Mr. CARPENTER. Mr. Chairman and members of the committee, with your permission, I shall not bore you by reading this. I might paraphrase it and ask that it be put in the record.

The CHAIRMAN. We shall put the whole statement in the record and you may highlight it.

Mr. CARPENTER. Thank you, sir.

My name is L. C. Carpenter, vice president of the Midcontinent Farmers Association, with headquarters at Columbia, Mo. For clarification, may I state that the Midcontinent Farmers Association is composed of all of the present members of the Missouri Farmers Association, plus membership from States surrounding Missouri. The total membership today is in excess of 150,000 farmer members.

You have heard considerable debate this morning about the dire need and all of that, and I am sure those folks are better informed than I, and you, too, on the need, so I shall not go into that part, except to say that this population explosion is indeed real and somewhat frightening, and of course, obviously, happens to be happening in those areas where people themselves cannot seem to be able to be self-sufficient.

The United States has a record, of course, of humanitarian principles and helping those countries who are in need, and I am sure that we do not want to change that record and will want to continue. However, there are two or three points, Mr. Chairman, I would like to make in connection with that. I shall read just a little there.

The time-tested adage of "helping those who help themselves" should be one of the cardinal principles in new legislation, and should clearly guide us in our planning to feed and clothe destitute peoples lacking food and fiber. Merely doling out provisions to a nation without requirement of any payment or any cooperative effort toward self-help or any goals toward their own self-sufficiency will indeed lower self-respect, stifle self-reliance, and no doubt will prove a disservice to all concerned.

To say it real plainly, we think they ought to be able to help themselves, work toward self-sufficiency, and to pay what they can on it; else we think it could be a disservice to them and certainly to our own country.

They do need help, they need food and fiber, some of the backward and undeveloped countries need fertilizers, pesticides, hybrid seeds, credit, REA-type power, modern machinery, good roads, and the establishment of farmer cooperatives. We think ourselves, and probably other friendly countries, ought to be able to help them make these installations, but certainly other countries ought to appear in it, too.

The CHAIRMAN. How would you force them to do it? We have been trying now for 10 or 12 years, but so far, they all tell us it is Uncle Sam's baby, now you nurse it. That is what we have been doing.

Mr. CARPENTER. I realize that problem. I do not think we can force them. I hope we can be persuasive enough to encourage them to, and I guess that is the only way we shall be able to do it.

The CHAIRMAN. Maybe if we could curtail our generosity to some extent, that might be a way to do it.

Mr. CARPENTER. It could well have some influence.

The CHAIRMAN. But so long as we try to do it all, you will not get anybody else to join our brigade.

Mr. CARPENTER. I would like to concur with you on that, sir.

I would like to add one more that has not been mentioned. You just mentioned, Mr. Chairman, that one of the commodities in trouble is cotton. I understand that India is turning 10 or 15 million of their better acres into attempting to raise cotton, yet they seem to be in dire need of food. We do have an adequate supply of cotton.

The CHAIRMAN. I know, but they need clothing, too. I do not think India exports much cotton.

Mr. CARPENTER. We would like to advocate that that be one commodity, if this is enacted into law, that cotton or fiber and maybe some of the products of it be made available also, because that is one—that is being a little mercenary for farmers in the United States, obviously, but we do have an oversupply of cotton.

Now, the main thing I would like to express here, in all this Food for Freedom—it is wonderful, the philosophy is good, the theory is good. But I would like to point out a word or two of caution that I think you folks, and I heard Senator Aiken express here just a few moments ago. Right now, there are those who advocate that we have to do

away with all farm programs of every kind and put every acre we have into production and then we are going to run out of food. All across the country, we are hearing—in fact, I was out on a farm just last Saturday. They were talking about the need for food.

If I might digress just for a moment here, the headlines of the *Kansas City Star* of just a week ago yesterday said, "New View on Farm Surpluses." It said, "People are no longer worried about overproduction. Shortage is a concern. Worldwide demand for food is a new problem."

Senator AIKEN. Another headline, there does not ring too true, where it says, "Troop Supply Ample." That is not the way I heard it.

Mr. CARPENTER. I did not notice that headline, Senator.

But this is the one, Mr. Chairman and members of the committee, that is really jumping up some people. Now, frankly, farmers out in the Midwest, anyway, are filling up their gas tanks and they are taking this for granted and they want to go. There is not anything they would rather do than produce food and fiber. That is inherent. When they start talking about shortages, they start seeing a price. And that is the word of caution I want to bring up.

Senator YOUNG. Public opinion seems to go from one extreme to the other. For awhile you got the impression that we had enough surplus for the next hundred years. All of a sudden, we are going to be short of food.

The CHAIRMAN. At just about the time, as I said, we thought we had the problem licked, here is what is happening. And of course, it is being sponsored and urged by the President. That is why it got these headlines.

Senator AIKEN. And that is why they are not signing up.

Mr. CARPENTER. Yes; the way we see the problem, we could be back again with immense troubles, and I mean back again with immense troubles immediately, if we do not use some caution in this. That is the No. 1 flag, gentlemen, that I would like to send up for this committee to think about.

I am not arguing against the Food for Freedom program. It is ideal. It would be wonderful if we can finance it and make it work, but we cannot just wave a wand and have an operation. That is what those folks are thinking about right now.

The CHAIRMAN. Those who are overplanting will not get price supports. It is a voluntary program and that applies to both wheat and corn, and I hope that before they overplant, they will take another look at this, because we are providing here a limited amount.

Mr. CARPENTER. Right, and we are hoping that they will, too. There are those who predict that the price of corn could well be in the 90-cent category this fall, and it could well be.

The CHAIRMAN. That is what is going to happen if they overplant.

Mr. CARPENTER. No question about it.

Senator AIKEN. Part of the famine condition we hear so much about and deplore is due to manipulation of market in the countries where famine is taking place. Inflation goes with famine. Inflation causes famine. I hope we do not get it here.

The CHAIRMAN. Our administrators do not seem to see that.

Proceed, sir.

Mr. CARPENTER. Thank you, sir.

We feel this, gentlemen, that this theory of cutting loose all supports and everything else and everybody just produce with unlimited energy can lead to tremendous difficulties. Now, they may do it even though we have the supports on there yet, because they think, they see the words "shortage is now a concern." Well, any time they know that anything is in short supply, the price automatically goes up. I do not think when we have 55 million tons of feed grains, we have a shortage as of today. We have about 16 million bales of cotton, I believe, Senator, or something like that.

The CHAIRMAN. 16.2.

Mr. CARPENTER. And I do not really believe that is a shortage.

And, Senator Young, there are some 600 million bushels of wheat.

Senator YOUNG. There is more than that right now. There will be at least that much by next July 1.

The CHAIRMAN. About 610, and corn will be 55 million tons.

Mr. CARPENTER. That is right.

The CHAIRMAN. And if they plant what they plan, very quickly we would return to the huge surplus we had when the program was started to decrease the surplus of 86.4 million tons.

Mr. CARPENTER. If the midwestern farmers do not change their minds in the next 20 days, I am afraid they are going to plant what they are thinking about. I do not know if they will do it.

The CHAIRMAN. Some of them will be sorry for it.

Mr. CARPENTER. I am sure you are right.

One other word of caution on the Food for Freedom program is this: This thing is bound to have a price tag on it. I do not know where it is going to come from. I want to make one point in representing farmers, that farmers for a long time have gone a long way toward subsidizing the consumer and the world in effect at relatively low prices, so if this comes into being, certainly this needs to be a program, a program of good will and peace, which would be paid for by the entire public and not the farmer if they do not want to bear the brunt of it. I am sure you folks are in accord with that.

The CHAIRMAN. The entire public pays for it, but it is charged to the farmer.

Mr. CARPENTER. That is right, it is charged to the farmer.

I would just like to wind this up with four recommendations. One of them is, sure, we do need to give help but, Senator, as you have mentioned, let us try to get other nations that are capable of doing it to work with us in giving the help, too.

No. 2, we certainly urge in any way possible that we continue the export of all American food and fiber we can to those countries who are able to pay, and then, of course, we shall have to evaluate, in line with our balance of payments and the proper types of loans, how far ethically and economically we can go beyond that. But we would like to see that goal.

The CHAIRMAN. Do you not think with the passage of this bill and letting it be known throughout the world what we intend to do, that it will be misleading and it will lead a lot of nations not to buy for cash, as they did in the past, but expect to get commodities on the long term, as is provided for in this bill?

Mr. CARPENTER. I do not have any way of knowing exactly the answer to that, but I heard you ask that question a while ago, and I thought then it was quite likely possible, because I know the American public has pretty well adopted the credit policy when they are able to receive it, and I expect the foreign countries will probably do the same thing.

The CHAIRMAN. The American public will have to pay for it. These people will not pay for anything; they have a 10-year grace. We have to accept their soft currencies, and they will pay about three-quarters of 1 percent interest, not enough to pay the administration of these loans.

Mr. CARPENTER. That, I am sure, is a problem, and my main point is that I want to be sure, we want to be sure to see that the farmer is paid for what he does produce and let manipulation as to length—some of you folks who are more knowledgeable than I know how to deal with that.

The CHAIRMAN. If the farmer wants to be paid and be protected, he had better follow the laws we have on the statute books now, because if he does not and he overproduces, I would not have any sympathy with him, because we have labored a long time to enact the 1965 Agricultural Act. I hope that production will be in keeping with suggestions made by the Secretary of Agriculture in programing the production of these commodities.

Mr. CARPENTER. Mr. Chairman, we agree with you wholeheartedly.

The other item I would like to mention, we think the United States should immediately establish reserve levels of food and fiber which will be needed to assure us that we will have reserves for our own use. Frankly, we do not know what that level should be, and I think we are willing to leave that reserve to the determination of the Secretary of Agriculture.

Then I would just like to conclude by saying that Mr. Heinkel, the president of Midcontinent Farmers Association, who is also a member of the President's National Commission on Food and Fiber, has asked me to express to you his sincere interest in this legislation and to assure you of his cooperation as a member of this Commission in helping to activate and carry out this program of Food for Freedom.

(The complete statement of Mr. Carpenter follows:)

Mr. Chairman and members of the committee, my name is L. C. Carpenter, vice president of the Midcontinent Farmers Association with headquarters at Columbia, Mo. For clarification may I state that the Midcontinent Farmers Association is composed of all of the present members of the Missouri Farmers Association, plus membership from States surrounding Missouri. The total membership today is in excess of 150,000 farmer members.

It is a privilege to have this opportunity to appear before your committee and present our views on the world food crisis and the Food for Freedom program which we believe can be used to alleviate starvation and hunger.

The population explosion is indeed real and somewhat frightening, and the end is not in sight. There is today dire food emergencies in many countries, notably India, Pakistan, Vietnam, as well as serious approaching shortages in some African, South American, and Mediterranean areas. This world food shortage results in a great measure from two important factors—explosive population increases coupled with the lack of resources and ability for these countries to produce food and fiber. Many facts have been presented before this committee on this subject, and I will not elaborate further on this subject.

The record shows it has been an accepted, long-established policy of the United States of America to share its bountiful food and fiber production with

countries needing help, be they friendly or unfriendly. Food produced in the United States was a vital contribution to victory in both World Wars, and was a contributing factor to the rapid reconstruction of virtually all European and Mediterranean countries after peace was established. Certainly our Nation does not want to change this humanitarian principle. We believe it must not only be continued but expanded.

Many emerging and undeveloped countries in their struggle for freedom and advancement will be in dire need of the food and fiber we produce in abundance. They will need to be fed and clothed while they strive to develop their latent resources and upgrade their political, social, and economic life. We firmly believe that the alleviation of hunger and deprivation is the best safeguard against the spreading of totalitarianism and dictatorship and a strong bulwark against revolution and communism.

In recent years much of our liberal sharing of food with other nations has been done under the Public Law 480 program, with exports limited by the provision that surplus farm commodities were to be the only ones considered. The Food for Freedom program serves to update the Public Law 480 program and specifically eliminates "surplus" as a limiting factor. We do not today know what all the new proposals are for an updated Public Law 480. We recognize there will be some need for correcting some deficiencies and adding new provisions.

The time-tested adage of "helping those who help themselves" should be one of the cardinal principles in new legislation, and should clearly guide us in our planning to feed and clothe destitute peoples lacking food and fiber. Merely doling out provisions to a nation without requirement of any payment or any co-operative effort toward self-help or any goals toward their own self-sufficiency will indeed lower self-respect, stifle self-reliance, and no doubt will prove a disservice to all concerned.

Besides food and fiber, backward and underdeveloped countries need fertilizers, pesticides, hybrid seeds, credit, REA-type power, modern machinery, good roads, and the establishment of farmer cooperatives. The United States and other countries should encourage and help in the construction of fertilizer plants and other processing facilities needed by these countries to enable them to help themselves. Any program that we might have to offer such countries should be so devised to enable family farmers to own their farms and to have the incentive to produce for the benefit of all. Land ownership in the hands of government or corporations of a selfish few, breeds mass poverty, frustration, unrest, yes, and even leads to revolution and war. A number of nations, notably Taiwan, Japan, Korea, and the Philippines have succeeded in nearly attaining a full measure of self-sufficiency.

Generally, it would appear that most of the testimony has addressed itself to world war on hunger or Food for Freedom, and to that end we are in accord. However, we would like to make an additional suggestion for your consideration. A great and important part of the United States produces cotton, and its inclusion in a humanitarian program to alleviate suffering would not only help the recipients but would be of vital importance in reducing the surplus of cotton which is a problem facing our Nation today. This would provide outlets for U.S. cotton and serve to halt further restrictions on its production here, thereby preventing a collapse of the economy in the cotton-producing areas and at the same time relieve the taxpaying public of a terrific burden.

As an illustration, we are told that India is utilizing a considerable acreage of its more fertile land in the production of cotton instead of food. Logic indicates this land could be better used for food production with ourselves and other countries supplying India with low-cost surplus cotton.

As you all know, it is easy to develop ideologies, philosophies, and theories, but it is usually difficult to put these constructive practices into operation. To this end we wish to express a few words of caution. There are those who advocate putting our full farm production capacities to work immediately or else the entire world will soon run out of food. Mr. Chairman and members of the committee, our farm problem over the past many years has been the failure of our consumption and utilization and exports to keep abreast of production. You are fully aware of the fact that during the past 25 years scientific and technological advances in agriculture have increased productive capacities of the United States far beyond the point that anyone would have believed possible at the turn of the century.

The impression is rapidly being spread from coast to coast that all agricultural programs of supply management can and should be abolished and that produc-

tion should be speeded up to the highest level attainable. We submit to you that this is indeed a desirable goal, but we urge you with all sincerity to approach this process with due caution. Any voluminous expansion at this time would prove ruinous not only to our agricultural producers but to our whole U.S. economy. We could very well by a sudden change create staggering gluts, transportation problems and result in drastically depressed prices for farm products.

It is true that the supply of wheat, rice, cattle, and hogs is now more nearly at a level consistent with our domestic and foreign needs. Soybeans and dairy products are rapidly approaching that position. However, there still remain surplus supplies of feed grains, cotton, tobacco, and poultry and poultry products. We are today shipping our farm products to needy nations at a rapid rate, but due to the lack of port facilities, India, for example, is unable to handle our tremendous shipments as fast as we can bring them to their shores. South Vietnam is in perilous need of rice at this moment, but it is impossible to unload any appreciable amount of this commodity in the only port now available at Saigon.

We do believe that in due time this worthy program of world war on hunger can be successful, but the fact remains that surplus food does not satisfy hunger until it reaches the hungry, and we urge that until adequate appropriations are available and the physical facilities are provided, our present agricultural programs should be continued in full force and effect, or else we will again find ourselves with an unmanageable surplus situation which will not only tremendously increase the drain on the Federal Treasury but will serve to depress farm prices up to as much as a 40-percent reduction according to certain farm economists.

We wish to address ourselves to one other word of caution that we believe to be of utmost importance. The producers of farm products—actually only a small percentage of them—today, are receiving an income even remotely approximating the income of other segments of our economy. Farm legislation as recommended by this committee, approved by the Congress and supported by the Johnson administration has been an important factor in attaining this level of income as we know it today. For many long and discouraging years our family farmers have been required to subsidize not only U.S. consumers but recipients of food aid all over the world by having low prices for agricultural products.

The American farmer has the know-how, the ability and the desire to increase production, but he can afford to do so only if he is to be compensated for his capital and labor invested in this production. If the food he produces is to play an increasingly important role in U.S. foreign aid and foreign policy, and we believe it should, the farmer should not be asked to bear the cost alone. Peace and good will are important to all of us, and certainly the cost of the production that helps to create this favorable condition should be distributed equitably among all citizens of the United States.

In conclusion, we summarize as follows:

1. There are other prosperous nations besides the United States that have the ability to assist one way or another in keeping the world's hungry millions from starving and to help undeveloped countries become self-sufficient. We should seek their cooperation in helping these countries, providing such countries are honestly desirous of helping themselves.

2. We urge the continued increase wherever possible in the export sales of American food to those countries able to pay for such products. We urge the utilization of long-term loans for some of the nations who need such credit to acquire the food and fiber necessary for their well-being. This process enhances the self-respect of the nation receiving the food and conserves our gold reserve and engenders a favorable balance-of-trade position. We urge the continuation of exports to certain countries where payment is made in that particular country's own currency. These funds are being effectively used to help those countries to help themselves.

3. The United States should immediately establish the levels of food and fiber supply which will be needed to assure an adequate reserve for our own use. This is highly important if we are to stabilize our economy and to be assured that our own people will not be subjected to hunger and malnutrition and deprivation of the many blessings that we may enjoy.

4. Mr. Heinkel, president of Midcontinent Farmers Association, as a member of President Johnson's National Commission on Food and Fiber has asked me to express to you sincere interest in this legislation and to assure you of his cooperation as a member of this Commission in helping to activate and carry out this program of Food for Freedom.

We in Midcontinent offer our full cooperation in any reasonable worthwhile program to cope with this world food crisis and war on hunger.

The CHAIRMAN. Thank you.

Any further questions?

(No response.)

The CHAIRMAN. If not, we thank you, Mr. Carpenter.

Mr. CARPENTER. Thank you, sir.

The CHAIRMAN. The Reverend Vizzard.

STATEMENT OF REV. JAMES L. VIZZARD, S.J., DIRECTOR, WASHINGTON OFFICE, NATIONAL CATHOLIC RURAL LIFE CONFERENCE

Father VIZZARD. I know it pleases the committee when we skip some of the written testimony; therefore, I want to start at the top of page 4.

The CHAIRMAN. Your whole statement will be put in the record.

Father VIZZARD. Before this knowledgeable committee there is no need for us to sketch the details of the present and developing world food crisis. Others more competent than we have dealt with these facts in stark and scientific terms. Those facts seem to us to demonstrate beyond argument that in India today literally tens of millions of people are facing severe malnutrition of whom perhaps as many as 10 million might die this year of outright starvation. The facts seem further to demonstrate that with current and foreseeable rates of population growth and food production, not only in India but also in other major parts of the world, it may not be long before those suffering from malnutrition and dying of starvation may be 10 times or more as many as today. Thus the current food crisis in India becomes the opening scene in a dread and tragic real-life drama which may occupy much of the world's stage for at least the next decade or even generation. In this threatening disaster the one ray of justifiable hope is that we do seem still to have time to rewrite the script if we act now with vigor and determination.

Everyone here knows that no serious scientist doubts but that the knowledge and resources do exist to meet this challenge. What is in doubt is our understanding of the urgency, our full acceptance of the responsibility and our will to pay the full price. The price will indeed be high. As much as any war this war against hunger will test our people and our resources.

We must give it a priority second to no other cause. Victories in other contests, whether of arms or of science, whether on earth or in space, will turn into ashes if the urgent human needs of the food-deficit areas are not met. One need not be a prophet to foretell that unless we act quickly and effectively in these 1960's the scattered food riots of this decade will turn into full-scale, bloody revolt in the 1970's and 1980's. Individuals or small groups may die quietly of starvation; but when tens of millions face this common fate, when vast numbers of parents see their children weak and dying of hunger, only a spark will be required to start a conflagration which would be almost impossible to extinguish.

But for us to act out of fear would be demeaning. We have higher, more honorable motives. The hungry of the world are our brethren.

Justice and love and human compassion compel us to do more than fear might suggest and to do it with a more generous spirit.

About the specifics of this bill and its implications, we have the following to say:

(1) We approve the proposal that the Food for Freedom program be placed on a 5-year basis. Although appropriations will be a yearly affair and thus provide ample opportunity for congressional evaluation, it is most necessary both for our own agricultural planning and for the planning of the recipient nations to have a commitment to at least a 5-year program.

(2) We are much heartened by the elimination of the so-called surplus concept.

The CHAIRMAN. Why?

Father VIZZARD. The next sentence, Senator, refers to that.

The National Catholic Rural Life Conference has always held the position as stated before this committee in 1961:

* * * There is a considerable difference of opinion about what that term "surplus" means. To some it means anything beyond commercial market needs, i.e., what can be sold at home or abroad for dollars. The NORIC cannot accept that viewpoint. We are convinced that as long as there are great masses of hungry and malnourished, both in this country and abroad, there can be no such thing as a surplus.

The CHAIRMAN. What gave rise to the passage of Public Law 480 was the surplus. That is why we enacted the law. It was certainly a good avenue for us to dispose of the surplus. Now, the fact that we are reaching a point where we are ridding ourselves of the surplus, the President and others, including yourself want us to grow food not only for ourselves, not only to sell abroad, but to feed the world.

Father VIZZARD. As far as we can. There was an aspect of this surplus disposal program, Senator, which we found wholly unacceptable. In effect, we were using the hungry people of the world as a waste disposal. We had certain surpluses we did not know what to do with. They were embarrassing us. They were costing us a great deal of money. Our attitude was, well, where can we get rid of these surpluses? We thought of the hungry in a very demeaning way, as a waste disposal.

The CHAIRMAN. Do you think the hungry knew about that?

Father VIZZARD. No, of course not.

The CHAIRMAN. Of course, they did not.

Father VIZZARD. They were delighted to get the food and would be delighted to get more if we can provide it.

We are delighted, therefore, that this proposed legislation eliminates that untenable and objectionable concept and shifts to the very constructive concept of production and purchase for human need whether or not that need can be expressed through the usual commercial channels. As this committee knows, outside the sheer need for adequate calories, the greatest need of the hungry peoples is for protein, particularly animal protein, as well as for the minerals and vitamins necessary for a well-balanced and healthy diet. We support, therefore the provision for enrichment of the food we send overseas. We strongly hope for an early Food and Drug Administration approval of fish protein concentrate for domestic use, for without that approval it is hardly possible to incorporate this highly valuable and

reasonably priced food supplement in our overseas programs. In other words, we approve amendment No. 485, introduced, I believe, by Mr. Kennedy of Massachusetts, which would include domestic fishery products particularly though not exclusively in the form of fish protein concentrate among the commodities to be purchased by the Commodity Credit Corporation for use in the Food-for Freedom program.

The CHAIRMAN. That is the present law and was eliminated by the administration.

Father VIZZARD. Well, I hope it is put back in.

(3) In order to increase our capacity to meet the short-range needs of the food-deficit areas of the world, we urge carefully planned restoration of production on the millions of acres in the United States now lying idle. Such a restoration, of course, should not be precipitous or indiscriminate. Only those acres should now be restored which can produce needed products such as wheat, rice, and soybeans. It would be no help for American farmers, in fact it could be severely harmful, completely to remove the lid on production. Our farmers are suffering enough already from inadequate income. In decency and equity they should not be asked to make additional sacrifices to meet responsibilities which belong to us all. But with this caution it seems obvious to us that it is directly and inexcusably immoral for this Nation to hold idle resources which might produce the urgent necessities of life for people in desperate need.

(4) We judge it to be the part of wisdom for this Nation to determine and maintain a necessary level of reserves. We have been fortunate indeed in having more than 7 fat years. But does not wisdom and experience teach us to anticipate and prepare for lean years? We have no reason to believe that our advances in knowledge and technology can entirely eliminate the possibility of natural or man-made disaster. We and those who may depend on us need the insurance of adequate reserves.

(5) We applaud the increased emphasis on self-help and increased productivity in the food-deficit areas. It must be evident by now to everybody that over the long run the United States and other nations with a high rate of agricultural productivity cannot count indefinitely on supplying the food deficits of the rest of the world. What we can do and must do is take up the slack while an all-out effort is being made to increase productivity in the food-deficit areas.

No one should imagine that this effort will be easy or cheap or will produce results overnight. It will be a long, hard, and costly struggle. In fact, we have serious doubts that the level of appropriations suggested for the Food for Freedom program is anywhere near adequate. We would like to see our commitments increased. We would also like to see other developed and prosperous nations greatly increase their contributions to this effort.

The CHAIRMAN. How could that be done? Give us a formula.

Father VIZZARD. Largely by persuasion. I see the difficulties, Senator Ellender.

The CHAIRMAN. But we have been trying, I know I have been trying for the past 10 years on the Appropriations Committee, to force our brethren who are rich now from our generosity, particularly in West-

ern Europe, to assist us in this struggle. But when you knock at their door, there is nobody home.

Father VIZZARD. It might be some help that at this time, this very month, as a matter of fact, the World Council of Churches and the Vatican are undertaking a common cause and crusade to encourage all nations which are able to help to give help generously. The moral weight there may be some help in this matter.

The CHAIRMAN. Well, the fact that we are going to probably enact a law to further assist, in my opinion, will be a deterrent to the other nations to do anything, because we have been overgenerous, in my opinion, and we have been carrying the load almost alone. You know that, Father.

Father VIZZARD. That is true, and I respect your judgment about what the impact of this might be. But I hope it does not turn out to be true. I hope you are a better Senator than you are a prophet.

Senator AIKEN. One thing that bothers me is the large amounts of food imported by the Philippines and the large areas of agricultural land lying idle.

Father VIZZARD. One of the potentially richest agricultural areas in the world.

Senator AIKEN. Particularly rice, which they ought to be exporting and they are importing.

The CHAIRMAN. That great archipelago could be the factory to produce food for almost as many people as we can, when you consider that population and consider ours.

Senator AIKEN. They could feed the shortage of southern Asia for a long time if they were developed agriculturally.

The CHAIRMAN. But they can not afford to give it away as we have been giving it away. If you create a market for them, they will produce it.

Senator AIKEN. They do not like to give anything away down there.

Father VIZZARD. Senator, I could not agree with you more that other nations ought to be contributing much more significantly than they are. Nonetheless, whether they are contributing or not does not relieve us, as I see it, from our obligation.

The CHAIRMAN. Well, I think we have been doing a great deal, Father, for the past 16 or 17 years.

Father VIZZARD. We have.

The CHAIRMAN. We have given in excess of \$110 billion by way of loans that will not be repaid; a few may.

Father VIZZARD. Well, Senator, as you know better than I——

The CHAIRMAN. Then, in addition to that, here we are putting some more icing on the cake, in addition to all we have done. We are going to continue to do as much as we have in the past and then furnish them more food. I just cannot see how we can stand under a thing like that. Our economy is bound to crack some time.

Senator AIKEN. This is getting to be a world of spectaculars, when you see 20-story buildings rising in the middle of a desert. Most countries want to put their own resources into something more spectacular. If we could make food production a fad, for instance, a status symbol, maybe, then there might be more interest in it. But some of the things they put their money into seems questionable in view of other needs.

Father VIZZARD. Well, in another sense entirely, there is another spectacular going on in the world today and that is poverty and hunger, even starvation. I do not think we can turn our eyes away from that spectacular.

Senator AIKEN. Nobody wants to do that.

The CHAIRMAN. Father, that has been going on ever since I have known how to read and write. I remember big families in China and in India; that is nothing new. I think it is just being played up while Washington is in a mood further to assist.

Father VIZZARD. Senator, you yourself have seen and reported on poverty you have seen, for instance in Africa and India.

The CHAIRMAN. I certainly have. But you know, I do not have too much sympathy for people who have the ability to produce more and who do not. They should not be dependent on us. We started that out. In my opinion, we more or less demoralized a good deal of the world in this way, that you let us do the job, and that is what happened. By spreading our largess all over the world, over 120 countries, and then adding all this to it, they will still be dependent on us.

Father VIZZARD. That is why it is so important that the self-help aspects of this program be emphasized.

The CHAIRMAN. Well, if I have anything to do with it, and I hope to, I would want to let us lag back a little bit and see what will happen.

Father VIZZARD. What will happen, Senator, I am afraid, is that millions of people will die.

The CHAIRMAN. No, I do not think so. I think they will get busy and scratch for themselves. So long as they are entirely dependent on us and so long as we are willing to supply them, they will simply sit back and let Uncle Sam do the production and furnish the funds as we have in the past.

Why, you take our foreign aid program. Today it is greater than it was when it first started. It is much greater.

Father VIZZARD. But it is a good deal smaller a part of our national wealth than it was when we started.

The CHAIRMAN. Well, Father, this GNP is just a phony as far as I am concerned.

Father VIZZARD. Well, you are speaking to an economist, Senator, and it does not seem like a phony to me.

The CHAIRMAN. That is why I am addressing it to you. I am not going to try to argue with you now, for lack of time, but the fact that we are spending less of our GNP than we did 2 years ago shows progress. But you look at the expenditures, we are in debt today a little over—I think the last time I looked at it, it was \$321 billion, and our carrying charge on that is only \$1,100 million a month.

Now, payday is coming, Father, some time. That is where the economists are going to blow up over their theories. I would just like to know how it is possible, for us to keep on piling up debt over debt and then come out because our GNP is increasing. It does not add up to me. I am no economist, but I think I have a little commonsense.

Father VIZZARD. That indeed you have, Senator. But obviously, we disagree to some degree in this matter.

Shall I proceed with my statement?

The CHAIRMAN. Surely. I did not expect to get into an argument with you.

Father VIZZARD. It seems to us if not to you, Senator, that the measure of our giving must be the capacity of the poor and hungry to receive. If even one person, let alone millions, should die of preventable disease or starvation because we have done less than we could, then we would deserve to belong in the hell of eternal fires with Dives—(whose name, you know, translates simply as “the Rich Man”)—who refused to share his abundance with his needy neighbor.

(6) The capacity of the agriculturally productive nations to supply the interim needs of the hungry nations is presently sharply limited by the inadequate and inefficient physical facilities for handling, storing, and distributing food.

We believe, however, that if this Nation and the importing nations are determined to do so these facilities can be quickly and greatly expanded. Witness what we have been able to do in such short order in expanding and improving the docking, storing, and transporting facilities in Vietnam. Soon, hopefully, that job will be completed, at least the part of expanding the facilities. Why could we not immediately transfer that corps of experts who have wrought that miracle from Vietnam to India and to other—not war—but hunger-stricken areas whose handling facilities may need a Vietnam-type miracle? Or do we put a higher premium on the means of death than on the necessities of life?

(7) This proposed legislation continues the emphasis on the maximum feasible participation of the voluntary agencies. This committee knows well that the record of these agencies is one of which this Nation can be proud. With compassion and efficiency they have, over the years, distributed millions of tons of relief necessities to the poor and hungry in scores of nations without any regard to race, religion, or color. In recent years their activities have shifted significantly from the handout to the hand up. Self-help programs such as food for work have increasingly become their preferred mode of operation. The religious and humanitarian motives which characterize these voluntary agencies have been the best expression of our Nation’s practical concern for the poor and hungry. We would like to urge an even larger role for voluntary agencies in the Food for Freedom program. We would hope, for instance, that a much larger proportion of counterpart funds would be released for use by these agencies.

In conclusion, one final point should be made. We fully realize that there is the other side of the food-population equation. At this time, however, the NCRLC has no official policy statement on proposals relating to population control. Neither, as you know, is there any clear-cut Catholic consensus on this issue. We would hope that at some later date it might be possible to come up here to present some views and recommendations on this overriding issue which might be helpful.

Thank you, sir.

The CHAIRMAN. How late a date is that, now, because we have it before us today? We have an amendment. Would you suggest that we bypass that and wait until we hear from you or others interested in it?

Father VIZZARD. Well, I am going to choose my words very carefully at this point, Mr. Chairman.

The CHAIRMAN. You do not have to answer, Father, if you do not want to.

Senator AIKEN. I would like to have him answer. He says his organization has no policy on this matter. I would like to know if he has any personal views on the matter.

Father VIZZARD. I do, and if I can take off my official hat at this moment and speak in my personal capacity, I do not claim in these comments to represent my organization or the Catholic Church, but simply myself.

I think I ought to lay a groundwork of competence to comment in this kind of issue. I have earned a master's degree in philosophy and hold a degree in sacred theology. I spent 4 years as a graduate student in economics. I have taught economics and political science at the University of Santa Clara in California.

All during the past 20 years, the focal point of my studies and activities has been the problem of population. As long ago as 16 or 17 years ago, I was a regular reviewer of books on population for a number of Catholic journals. I have continued my interest constantly over these years. So I think I can claim to have some small personal competence in this matter and can speak from that competence rather than from any official capacity.

It seems to me to make very little sense indeed to pretend that there is not a population side to this food and population crisis. Whereas, as my statement indicates, both officially and personally, I would like to see as great as possible emphasis placed on increasing the food and other necessities of life for the hungry of the world, I cannot see that effort, no matter of what size, dealing adequately with the current and developing crisis unless something is done on the population side.

I have indicated there is no Catholic consensus at this time, and I know that the lack of that consensus and the negative attitude on the part of official Catholic spokesmen and bodies is a difficulty that Congress has to deal with, a practical political problem. I think there is a development in Catholic thought in recent years, and accelerated in recent months and weeks, that would make it possible soon for there to be a modification, if not a change in Catholic, official Catholic, attitude toward the public policy involved. I am not talking about the private morality, but the public policy.

We had proclaimed in Rome 3 months ago a decree on religious liberty, in which, in the most solemn and authoritative fashion possible, the church insists, the Catholic Church insists, that every man has a right to follow his convictions of his own conscience and nobody, whether an individual or society, has the right to impede that person from following the convictions of his own conscience. We demand that right for ourselves; we are obliged to grant it in the same degree to everybody else.

You know and I know that there are very many conscientious people, just as conscientious as we claim to be, who believe that birth control through the use of contraceptives is not only morally licit, but at times morally obliged, whether it is because of an individual family situation or because of social, cultural, and other considerations in the

society. They hold this position as a matter of conscience. They have a right to hold it as a matter of conscience, and I do not believe they should be impeded in the following of their conscience.

Now, a person is not really free to follow his conscience if the means to follow it are not available. There are vast numbers of people in the world today who neither have the knowledge nor the financial means to follow their conscience in the matter of birth control. I think this is of sufficient social importance that it becomes legitimately a matter of government concern, whether of the Government of India or the Government of the United States.

Maybe I had better finish my comments at that point, and perhaps you would like to pursue some avenue of interrogation.

The CHAIRMAN. Let me ask you this: We have two amendments before us. One makes it more or less voluntary and the other makes it contingent on the country, the receiving country, taking action in that direction before they get food. Now, have you any comments?

Father VIZZARD. If in my personal capacity and on the basis of my own convictions, I would say I approve the first but not the second. I do not like any element of compulsion. This is one of the most delicate matters of marital life. It is based on decisions that must be made freely, with knowledge, by the individual couple involved. Anything even remotely approaching pressure should be eliminated.

That does not mean that encouragement should be prohibited. It does not mean that the means for following their judgment, if it involves birth control, should not easily be available to them, but there should in no sense be an element of compulsion in it.

I do not know the specifics of the two bills you refer to, although I think one of them was introduced by Senator Tydings, and the other by Senator Young—is that it?

The CHAIRMAN. No, Senator Yarborough, of Texas. He was joined by Senator Tydings, who has the one that is not compulsory.

Father VIZZARD. I have read Senator Tydings' bill, and if I were given a choice, I would choose Senator Tydings' bill.

The CHAIRMAN. Now, since we have been mentioning the situation in India, I have made many trips to India. The waste that goes on there is tremendous by permitting sacred cattle, monkeys, parrots, peacocks, to eat up grain—they are not molested. In my opinion, a lot of people in India are going hungry because of the fact that these sacred animals and birds are permitted to go freely. As a matter of fact, I have seen them go in markets in Calcutta and eat up food that was there for sale, and the owner made no attempt to drive the cattle away. They simply permitted them to eat the food.

Now, have you any ideas as to what ought to be done in that direction? If you do not, or if you do not care to express yourself—

Father VIZZARD. I can protect myself by reading from something official. This is the declaration on religious freedom from the Second Vatican Council. This paragraph, I think, is pertinent to that situation. It says:

Men cannot discharge these obligations in a manner in keeping with their own nature unless they enjoy immunity from external coercion as well as psychological freedom. Therefore, the right to religious freedom has its foundation not in a subjective disposition of the person but in his very nature. In consequence, the right to this immunity continues to exist even in those who do not

live up to their obligations of seeking the truth and adhering to it, and the exercise of his right is not to be impeded—

And this is the phrase I particularly want to emphasize—
provided that just public order be observed.

One would have to say, would one not, that this situation as you describe it in India is a disruption of public order?

The CHAIRMAN. Right.

Senator AIKEN. Yes.

Father VIZZARD. It is a major burden on society. Although it might be politically impossible for the Government in India to do anything about it, it would seem to me that it would be within the realm of Government to exercise some control over this situation.

Senator AIKEN. Now, does not the Hindu religion leave it optional with the individual? That is, I have seen prominent Indians eating roast beef. But it is something that cannot be overcome overnight, to tell the Indians that they have to eat their surplus livestock. It is like telling a Catholic to throw away his beads.

Father VIZZARD. Well, you have seen Catholics eating fish on Friday, but you are not likely to see them eating fish so often nowadays on Friday.

The CHAIRMAN. You changed around, didn't you?

Father VIZZARD. Significant changes. Not total, but significant.

If there were this authority in India that could do the same thing about the sacred cow, there might be a significant advancement.

The CHAIRMAN. I have seen them block traffic in Calcutta and no effort made to stop it. They will pull the tour maybe two or three blocks out of the way to go around them.

Senator AIKEN. I think there is a slight improvement now, Mr. Chairman. They are using some fences now.

Father VIZZARD. Senator Aiken made a significant point. I have read the history of the origin of that practice in the Hindu faith. It had a very practical origin, that when everything was in drought and being lost and destroyed, they kept their breeding cattle. They had to. That was the only way they could hope to come back next year. Over countless centuries, that became a basic part of the religious attitude. But it is, it had its origins in something very practical indeed.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Father VIZZARD. In this population matter, I want to read, if I may, a paragraph from a book review I wrote 15 years ago. It was a book review, as a matter of fact, of three books published in the magazine, Social Order.

The CHAIRMAN. Well, Father, it would be a lot of help to us if you could summarize your ideas or views over the last 15 years. We would like to have that for the record if you desire to put that in.

Father VIZZARD. I cannot do that in my official capacity. I might be able to do it in my private capacity. As a matter of fact, you must know I am skating on pretty thin ice as it is.

The CHAIRMAN. Well, we shall protect you.

Father VIZZARD. You cannot protect me in the areas where I am vulnerable. That is why I keep insisting over and over again that in these matters, I speak simply as an individual, and such weight

should be given to my comments as you judge my personal competence deserves.

It seems worth mentioning here that in the urgent and dramatic struggle to solve the food-population program—

This was written 15 years ago—

the church is in danger of being cast in the role of the villain. Many men of good will feel the dilemma must be attacked on both sides. While striving to increase the available supply of foods and other necessities, they believe it essential also to restrict undesirable population increases. What good would it be, they ask, to increase the available supply of foods and then have it swallowed up by a similar population increase, leaving just that many more people to starve? So they look with hope to the one effective weapon which they are convinced is both humane and moral, contraceptives. But that weapon would be struck from their hands, if it could, by the Catholic Church. Such action might be tolerated if the church were making every effort to supply other effective aid, if she were putting the full weight of her worldwide organization into the campaign against poverty and hunger. But with a few outstanding but isolated exceptions, as far as they can see, the Catholic contribution has been mostly words and mostly negative, forbidding the use of immoral means.

I have written a good deal more than that, but that gives you the flavor of my viewpoints.

The CHAIRMAN. If you desire to assist us—

Father VIZZARD. Maybe I will wait a few days and see what happens, Senator.

The CHAIRMAN. Very well.

Any further questions?

Senator AIKEN. No, I think not.

The CHAIRMAN. Thank you, Father.

(Father Vizzard's complete statement is as follows:)

Mr. Chairman, and members of the committee, my name is Father James L. Vizzard, S.J. I am director of the Washington office of the National Catholic Rural Life Conference with offices at 1312 Massachusetts Avenue, NW., Washington, D.C., 20005.

This committee knows well that for many years the National Catholic Rural Life Conference has been among the religious agencies speaking strongly and constantly of the moral obligation to use our abundance to meet the necessities of the poor. For more than a decade I have myself been appearing before Senate and House committees when they were considering, as is this committee today, how, as a nation, we might best fulfill this obligation. I'd like briefly to quote here from "A Program for Shared Abundance," an NCRLC policy statement of exactly 10 years ago which I had the honor to draft and later to present in part to this committee:

"Never before in history has a nation found itself so blessed with plenty * * *.

"We are convinced that at this time in history Almighty God in His providence has given us the opportunity to enjoy prosperity so that we can share it. We believe that our very abundance confronts us with a moral challenge and a responsibility we cannot ignore.

"The basic problem is not simply that of sharing the results of our wealth. That, certainly, must be done. But more important is the unique opportunity of sharing the causes of our wealth.

"If we dedicate ourselves to a program for shared abundance we may never again be called upon to dedicate our lives and our wealth to a program of shared disaster. For, surely, unless we use our abundance in accord with the demands of our own enlightened self-interest as well as the dictates of our conscience, we must rightly expect judgment to descend upon us from God and from the disappointed and angry peoples of the world."

Though that policy statement was adopted 10 years ago, one would hardly have to change a word in the passages quoted or even in the whole document to make it entirely applicable today.

I have no intension to inundate this committee with a flood of quotations from Catholic sources which might bear on the issue at hand. Still, I think it would

be valuable for you and for our fellow citizens to be aware of the principles and teachings which help form the conscience of the citizen and taxpayer who is a well-informed and responsible Catholic.

The first source of all Christian thinking, of course, is the Gospels. There are too many well-informed Christians here—and it isn't Sunday—for me to preach a Gospel sermon on what our common faith demands of us as followers of Jesus Christ. Was anything more emphatic in His life and words than the works of love and mercy? Indeed, in one of the most striking passages in all of the Scriptures He gave us a vivid portrayal of the final judgment in which the eternal fate of each man is determined. And what is the norm which the Judge will use? Did you feed the hungry? Did you clothe the naked? At the risk of his own salvation no Christian can take those questions lightly.

Throughout the centuries this central theme of Christianity has been re-emphasized again and again. One perennial sources of Catholic thought, for instance, is Thomas Aquinas. In his well-reasoned and authoritative "Summa Theologica" he had this to say about the wealthy and the poor:

"Man's laws cannot stand in the way of the natural law or the divine law. Now according to the natural law set down by God's providence, material things are meant for this purpose: that from them man's necessities might be provided for. Therefore, the division and the actual appropriation of material things which results from human law must not prevent them from fulfilling their purpose of providing for man's necessities. And therefore, *those things which some possess beyond reasonable needs are owed by natural law to the sustenance of the poor* * * *. If * * * a particular necessity is so evident and urgent and immediate that it must be met with whatever is at hand (when, for instance, there is imminent danger to one's life and no other help is available), then one can lawfully satisfy that need from the goods of another either openly or secretly; and *this is not theft or robbery.*" [Italic added.]

Of course, one does not need to reach back 700 years to find Catholic teaching on such matters. Only 3 months ago today, at the end of the Second Vatican Council, the "Constitution on the Church in the Modern World" was promulgated and thus became the newest and most solemnly authoritative Catholic statement. In that document we find the following:

"* * * The fathers and doctors of the church held this opinion * * * that men are obliged to come to the relief of the poor and to do so not merely out of their superfluous goods. If one is in extreme necessity, he has the *right* to procure for himself what he needs out of the riches of others. *Since there are so many people prostrate with hunger in the world, this sacred council urges all, both individuals and governments, to remember the aphorism of the fathers, 'Feed the man dying of hunger, because if you have not fed him, you have killed him,' and really to share* * * * their earthly goods, according to the ability of each, especially by supporting individuals or peoples with the aid by which they may be able to help and develop themselves." [Italic added.]

In the light of these statements it is not difficult to conclude what is our position on the legislation now before you. We are for it. We strongly urge its passage. We respectfully suggest that the programs and expenditures envisioned in this legislation be even strengthened and enlarged.

But we do not think it satisfactory for us to come up here and simply state basic Catholic teachings and let it go at that. We feel we should make some more specific comments on our understanding of the current food crisis and of the means proposed in this legislation to meet it.

Before this knowledgeable committee there is no need for us to sketch the details of the present and developing world food crisis. Others more competent than we have dealt with these facts in stark and scientific terms. Those facts seem to us to demonstrate beyond argument that in India today literally tens of millions of people are facing severe malnutrition, of whom perhaps as many as 10 million might die this year of outright starvation. The facts seem further to demonstrate that with current and foreseeable rates of population growth and food production, not only in India but also in other major parts of the world, it may not be long before those suffering from malnutrition and dying of starvation may be 10 times or more as many as today. Thus the current food crisis in India becomes the opening scene in a dread and tragic real-life drama which may occupy much of the world's stage for at least the next decade or even generation. In this threatening disaster the one way of justifiable hope is that we do seem still to have time to rewrite the script if we act now with vigor and determination.

Everyone here knows that no serious scientist doubts but that the knowledge and resources do exist to meet this challenge. What is in doubt is our understanding of the urgency, our full acceptance of the responsibility and our will to pay the full price. The price will indeed be high. As much as any war this war against hunger will test our people and our resources.

We must give it a priority second to no other cause. Victories in other contests, whether of arms or of science, whether on earth or in space, will turn into ashes if the urgent human needs of the food-deficit areas are not met. One need not be a prophet to foretell that unless we act quickly and effectively in these sixties, the scattered food riots of this decade will turn into full-scale, bloody revolt in the seventies and eighties. Individuals or small groups may die quietly of starvation; but when tens of millions face this common fate, when vast numbers of parents see their children weak and dying of hunger, only a spark will be required to start a conflagration which would be almost impossible to extinguish.

But for us to act out of fear would be demeaning. We have higher, more honorable motives. The hungry of the world are our brethren. Justice and love and human compassion compel us to do more than fear might suggest and to do it with a more generous spirit.

About the specifics of this bill and its implications we have the following to say:

(1) We approve the proposal that the Food for Freedom program be placed on a 5-year basis. Although appropriations will be a yearly affair and thus provide ample opportunity for congressional evaluation, it is most necessary both for our own agricultural planning and for the planning of the recipient nations to have a commitment to at least a 5-year program.

(2) We are much heartened by the elimination of the so-called surplus concept. The National Catholic Rural Life Conference has always held the position as stated before this committee in 1961:

"* * * There is a considerable difference of opinion about what that term ('surplus') means. To some it means anything beyond commercial market needs, i.e., what can be sold at home or abroad for dollars. The NCRLC cannot accept that viewpoint. We are convinced that as long as there are great masses of hungry and malnourished, both in this country and abroad, there can be no such thing as a surplus."

We are delighted, therefore, that this proposed legislation eliminates that untenable and objectionable concept and shifts to the very constructive concept of production and purchase for human need whether or not that need can be expressed through the usual commercial channels. As this committee knows, outside the sheer need for adequate calories, the greatest need of the hungry peoples is for protein, particularly animal protein, as well as for the minerals and vitamins necessary for a well-balanced and healthy diet. We support, therefore the provision for enrichment of the food we send overseas. We strongly hope for an early Food and Drug Administration approval of fish protein concentrate for domestic use, for without that approval it is hardly possible to incorporate this highly valuable and reasonably priced food supplement in our oversea programs. In other words, we approve amendment No. 485 which would include domestic fishery products particularly though not exclusively in the form of fish protein concentrate among the commodities to be purchased by the Commodity Credit Corporation for use in the Food for Freedom program.

(3) In order to increase our capacity to meet the short-range needs of the food-deficit areas of the world, we urge carefully planned restoration of production on the millions of acres in the United States now lying idle. Such a restoration, of course, should not be precipitous or indiscriminate. Only those acres should now be restored which can produce needed products such as wheat, rice, and soybeans. It would be no help for American farmers, in fact it could be severely harmful completely to remove the lid on production. Our farmers are suffering enough already from inadequate income. In decency and equity they should not be asked to make additional sacrifices to meet responsibilities which belong to us all. But with this caution it seems obvious to us that it is directly and inexcusably immoral for this Nation to hold idle resources which might produce the urgent necessities of life for people in desperate need.

(4) We judge it to be the part of wisdom for this Nation to determine and maintain a necessary level of reserves. We have been fortunate indeed in having more than 7 fat years. But does not wisdom and experience teach us to anticipate and prepare for lean years? We have no reason to believe that our ad-

vances in knowledge and technology can entirely eliminate the possibility of natural or man-made disaster. We and those who may depend on us need the insurance of adequate reserves.

(5) We applaud the increased emphasis on self-help and increased productivity in the food-deficit areas. It must be evident by now to everybody that over the long run the United States and other nations with a high rate of agricultural productivity cannot count indefinitely on supplying the food deficits of the rest of the world. What we can do and must do is take up the slack while an all-out effort is being made to increase productivity in the food-deficit areas.

No one should imagine that this effort will be easy or cheap or will produce results overnight. It will be a long, hard, and costly struggle. In fact, we have serious doubts that the level of appropriations suggested for the Food for Freedom program is anywhere near adequate. We would like to see our commitments increased. We would also like to see other developed and prosperous nations greatly increase their contributions to this effort. It seems to us, if not to you, Senator, that the measure of our giving must be the capacity of the poor and hungry to receive. If even one person, let alone millions, should die of preventable disease or starvation because we have done less than we could, then we would deserve to belong in the hell of eternal fires with Dives (whose name, you know, translates simply as "the Rich Man") who refused to share his abundance with his needy neighbor.

(6) The capacity of the agriculturally productive nations to supply the interim needs of the hungry nations is presently sharply limited by the inadequate and inefficient physical facilities for handling, storing, and distributing food. We believe, however, that if this Nation and the importing nations are determined to do so these facilities can be quickly and greatly expanded. Witness what we have been able to do in such short order in expanding and improving the docking, storing, and transporting facilities in Vietnam. Soon, hopefully, that job will be completed. Why could we not immediately transfer that corps of experts who have wrought that miracle from Vietnam to India and to other not war-but-hunger-stricken areas whose handling facilities may need a Vietnam-type miracle? Or do we put a higher premium on the means of death than on the necessities of life?

(7) This proposed legislation continues the emphasis on the maximum feasible participation of the voluntary agencies. This committee knows well that the record of these agencies is one of which this Nation can be proud. With compassion and efficiency they have, over the years, distributed millions of tons of relief necessities to the poor and hungry in scores of nations without any regard to race, religion, or color. In recent years their activities have shifted significantly from the handout to the handup. Self-help programs such as food for work have increasingly become their preferred mode of operation. The religious and humanitarian motives which characterize these voluntary agencies have been the best expression of our Nation's practical concern for the poor and hungry. We would like to urge an even larger role for voluntary agencies in the Food for Freedom program. We would hope, for instance, that a much larger proportion of counterpart funds would be released for use by these agencies.

In conclusion, one final point should be made. We fully realize that there is the other side of the food-production equation. At this time, however, the NCRLC has no official policy statement on proposals relating to population control. Neither, as you know, is there any clear-cut Catholic consensus on this issue. We would hope that at some later date it might be possible to come up here to present some views and recommendations on this overriding issue which might be helpful.

The CHAIRMAN. All right, Mr. Devine.

**STATEMENT OF FRED W. DEVINE, DEPUTY EXECUTIVE DIRECTOR,
COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (CARE),
NEW YORK, N.Y.**

Mr. DEVINE. The time is late, Mr. Chairman and members of the committee. I would like to read the preamble to this statement and a summary of what is in it, and then answer any questions you would like to ask.

Mr. Chairman and members of the committee, I would like to express my personal appreciation for the honor of being asked once again to appear before your committee, to contribute, from the sum total of CARE's experience, to the discussion of the legislation now before you.

I am Fred Devine, deputy executive director of CARE, and I am representing on this occasion Frank L. Goffio, our executive director, and the CARE board of directors, composed of representatives of the 26 member agencies of CARE.

I would like to submit at this time, Mr. Chairman, this statement, with one correction, if I may, which is on page 10 in recommendation 4. I would like to strike out all the words after "waste." Unfortunately, that could be open to misinterpretation.

The CHAIRMAN. You amend it any way you desire and your full statement will appear in the record as you submit it.

Mr. DEVINE. Mr. Chairman, members of the committee, as you know, CARE as an organization is presently celebrating its 20th year as a representative organization of the donating peoples of the United States and Canada. We have, for as long as the Public Law 480 Act has been available to us, been using title III and, to some extent, recently, title II in the broad concept of food-work programs. Our title III programs, however, have been primarily in what we consider to be a broad-based self-help activity. Of these thirty-five-some-odd-million people being fed per day by CARE in about, now, some 40 countries around the world, more than two-thirds of these people are children in schools or institutions. That is where the self-help factor comes into play. We insist before we enter into any one of these programs that the recipient government provide as much as they possibly can in the way of warehousing, internal transportation, personnel that we may train, so that when we do leave the country, and we have left many, as you know, there will be a trained cadre of responsible people to carry on, as well as the recipient government providing for our program as much commodity from their own resources as they possibly can.

The CHAIRMAN. Is that a condition precedent to —

Mr. DEVINE. That is a condition precedent to the actual program. We have in many countries—I can name at the moment, since you were discussing India, in the state of Madras, 2 days out of 5, the complete meal is provided by the state government of Madras. This is true in 12 States of India that we have school lunch feeding program in. This is true in about half of them.

In many other countries, I could go on to relate what other kinds of commodities are provided by the recipient government; primarily for one reason, we feel, and I think, Mr. Chairman, you feel the same way, that ultimately these recipient governments are going to have to take on these school lunch feeding programs as their own responsibility. Our feeling is that when a country has wherewithal, when they have both the economic wherewithal and the production, that we should withdraw. Now, a case in point was a year ago, we left Libya. We did not leave Libya because we ever anticipated they would grow enough food, but as you know, they struck oil, sizable amounts of oil, and they came to us and said, "We now can afford our own program."

We trained for them Palestinian refugees that are now Libyan citizens. This is the cadre that is today continuing on the school lunch program without CARE and using their dollar reserves from their 800,000 barrels of oil per day to actually provide food.

This we have done in the case of Italy as well. We are now out of all the European countries, of course, except Greece.

The CHAIRMAN. Well, tell me, where do they buy their food, do you know? Let us say Libya, for instance.

Mr. DEVINE. As of the time we left, Libya was negotiating with the agricultural attaché of the U.S. Embassy. Whether they are buying all of their commodities from that source, I do not know.

The CHAIRMAN. What is the value on a per-year basis in food handled by CARE?

Mr. DEVINE. We are talking about Public Law 480?

The CHAIRMAN. No, no, all you are handling.

Mr. DEVINE. I do not have that figure, but I certainly could get it for you.

The CHAIRMAN. What percentage of the entire amount is from Public Law 480 or from surplus foods?

Mr. DEVINE. From surplus foods, I would suspect probably in the vicinity of about 80 to 85 percent.

The CHAIRMAN. Eighty or eighty-five percent of your food distribution comes from surplus foods of this country?

Mr. DEVINE. That is a guess. As I say, I would like to supply a better figure than that.

The CHAIRMAN. You may do that.

(The information is as follows:)

Foreign food donations by CARE, 1965

	<i>Million pounds</i>
Received under Public Law 480:	
Shipped as received-----	853
Repackaged by CARE-----	24
Contributed by U.S. citizens and foreign governments-----	4
Total -----	881

Mr. DEVINE. We also, and I should mention other sources, since this came up today, too, we have been receiving donations of food from other governments. The Canadian Government has given us 10 million pounds of canned luncheon meat, pork. They have given us milk powder, they have given us flour, they have given us butter.

The CHAIRMAN. Do you solicit from other countries?

Mr. DEVINE. We certainly do.

The CHAIRMAN. How many have been as generous as we are?

Mr. DEVINE. I would say Canada offered to be as generous, but since we have such a large stock of grains in the United States, we felt that we should use those rather than accept the Canadian offer.

The CHAIRMAN. Why?

Mr. DEVINE. Because we quite frankly felt that this was a program for using U.S. agricultural products.

The CHAIRMAN. Well, now, we will not have any surplus; are you going to go to Canada.

Mr. DEVINE. We certainly are. We have already started talking with them.

The CHAIRMAN. And in addition to your 85 percent, in round figures, of the food you distribute, we also pay the freight on that, do we not?

Mr. DEVINE. That is correct, the ocean freight.

The CHAIRMAN. How about the packaging?

Mr. DEVINE. The packing is done partially by the USDA and partially by CARE.

The CHAIRMAN. In what proportion?

Mr. DEVINE. I would say again it is probably about 80-percent USDA and about 20-percent CARE.

We also, in our self-help programing concept, 2 years ago introduced in connection with our school lunch program a school garden program very similar to the victory gardens we had in the United States during the last World War, the idea here being that we had to change nutrition. We could grow fresh vegetables in school gardens and in cooperation with the 4-H, 4-S, 4-C clubs, and whatever future farmers organizations were available to us, grow fresh vegetables that the children would eat. I am happy to report to this committee that last year, we distributed 600,000 seed packages from Burpee Seed Co. in the United States, and the children abroad grew over 20,000 tons of fresh vegetables. We are experimenting, and it looks very successful in southeast Asia, and we hope to convince the rice paddy farmers that after their rice is cultivated, they should use their paddies for vegetable cultivation. So far, we have met with some very good success in the Philippines. We hope to introduce this into Vietnam and other southeast Asia countries, as well as India.

We found out that you not only have to make seed available, but also agricultural handtools, insecticides, sprays. That is in the school lunch programs now for the growing of vegetables. The children eat the vegetables, and whatever surplus there is, depending on the size of the school, that surplus is readily marketed and the moneys received from the marketing of the vegetables are used to buy extra commodities for that school lunch.

So there is a potential for ultimate phasing out of these kinds of programs. We are convinced of that.

The CHAIRMAN. You say you phased out in Italy and Libya and what others?

Mr. DEVINE. Mexico. The Japanese program, you remember, was a school lunch program to start.

The CHAIRMAN. That is right. We furnished milk for quite some time, and after they got into a position where they desired the program, they bought their milk from Australia and New Zealand instead of us.

Mr. DEVINE. They also bought quite a bit from us.

The CHAIRMAN. Very little. But anyhow.

Of any countries in which you have phased out, is there some place where you are still furnishing food?

Mr. DEVINE. You mean still furnishing under Public Law 480?

The CHAIRMAN. Yes.

Mr. DEVINE. Not that I know of. I think we are furnishing them on title IV sales.

The CHAIRMAN. And you mentioned Greece. We have dropped a lot of money on Greece, in the billions, and with all the prosperity

that I saw around Athens, Corinth, and Salonika, my Lord, it would seem to me that there is prosperity there in which the people themselves could take care of things.

Mr. DEVINE. That program, Mr. Chairman, is now in the second year of a planned 5-year phaseout takeover, and the Greek Government will live up to that commitment.

The CHAIRMAN. They did that about 10 years ago.

Mr. DEVINE. Not in the school lunch.

The CHAIRMAN. I am talking about the AID program, but they came back after us and we permitted more to be spent, which we should not have done. Because there is enough prosperity there; if they imposed the proper taxes, they could doubtless do for themselves instead of still depending on us.

All right. Any further questions?

(No response.)

The CHAIRMAN. We thank you very much.

(The complete statement of Mr. Devine follows:)

Mr. Chairman and members of the committee, I would like to express my personal appreciation for the honor of being asked once again to appear before your committee, to contribute, from the sum total of CARE's experience, to the discussion of the legislation now before you.

I am Fred Devine, deputy executive director of CARE, and I am representing on this occasion Frank L. Goffio, our executive director, and the CARE board of directors, composed of representatives of the 26 member agencies of CARE.

This occasion has a twofold significance for CARE. In a few weeks it will be exactly 20 years that CARE began its operations with the dispatch of its first shipload of aid to the port of Le Havre, France. Significantly enough, the ship's cargo consisted entirely of food packages.

Since then, CARE has distributed nearly \$800 million worth of American aid—not only food, but also self-help and medical services and supplies—to 60 countries in all parts of the world. Over \$500 million—nearly two-thirds of that total—represents the value of the 5½ billion pounds—more than 2,800,000 tons—of commodities allocated by the U.S. Government to CARE under Public Law 480 for distribution among the world's hungry.

From its very beginnings, CARE's primary concern was with hunger. Yet very early in its history CARE became aware that a food package, however much needed and appreciated, could bring only temporary relief to its recipient. It was soon consumed, but the hunger remained. It occurred to us then that the most effective way to fight hunger was to put into the hands of hungry men the implements with which they could grow their own food, or other tools to secure their livelihood. That understanding gave rise to the CARE self-help concept.

The two concepts of immediate food assistance and of self-help aid are not by means mutually exclusive. CARE, in fact, has been able to merge them into an even larger concept, wherein food assistance becomes a spur for the recipients to raise, with the use of CARE self-help tools and equipment, not only their food production, but their general standard of living to a point of self-sufficiency.

This "food and tools" concept found its first dramatic application almost a decade ago, when CARE took a leading part in the revival of the Korean fishing industry, which had been almost entirely destroyed by storms and natural disasters, Japanese occupation forces and the Communist invaders. It was obvious that the families of these fishermen had to be sustained by food until the men, with CARE tools, lumber, marine hardware, nets and other fishing gear, had built and equipped a new fleet and could bring in their first catch for the tables of a hungry nation.

More recently, an even more creative use of food as a spur to economic progress was made by CARE in Iran. There, under the provisions of title II, section 202 of Public Law 480, U.S. agricultural commodities were used as "wages" to several local labor forces, one of them engaged in the construction of a 1,200-kilometer road link between the major industrial and educational centers of the

north and the southern ports and isles area, the poorest and most neglected section of the entire Middle East. Elsewhere in Iran, CARE's "food for work" program is devoted to the rehabilitation of drought and quake-stricken areas through the building of new roads, canals, water supply lines, schools, community centers, etc.

CARE has also undertaken, or is currently engaged in, similar title II programs in Ecuador, Costa Rica, Hong Kong, Korea, and the Philippines.

During the current fiscal year (1965-66), CARE commodity distributions under title II will amount to 25 million pounds. But 36 times as much; namely, 900 million pounds, distributed under title III of Public Law 480 are helping to feed more than 37 million people in 33 different countries. Nearly 75 percent of the recipients of this massive American food gift are school and preschool children. For most of them the glass of milk and the freshly baked bun provided by CARE constitute the most substantial meal of the day. For many it is the only meal. It cannot be denied that the rise in school attendance in many of these countries is entirely due to the attraction of the school lunch. Yet neither can the food fail in its effect on the individual child's learning ability, his general state of health, or his education.

Programs of such dimensions could not be carried out by a single agency like CARE until Public Law 480 in 1954 amended the earlier statute of 1949 and permitted the U.S. Government to reimburse the ocean freight charges on commodities shipped overseas by voluntary agencies. But neither could these programs be efficiently implemented without the full consent and participation of the host governments. Under special "partnership agreements" (which are true self-help programs) host governments capable of doing so are assuming to an increasing degree the internal cost and administrative responsibility for CARE school lunch and other large-scale institutional feeding programs.

These bulk distributions have their corollary in the CARE food crusade. During the current fiscal year, nearly 4½ million food crusade packages are being distributed in 22 countries, either in addition to other programs, or in place of bulk distributions in countries which, although willing, are still unable to enter into partnership agreements with CARE, such as Afghanistan, Cyprus, Jordan, Sierra Leone, and battle-torn South Vietnam.

Ever since its inception in 1949, the American people have themselves closely identified with the CARE food crusade. Literally millions of voluntary donors from all parts of the United States and Canada have contributed to the cost of packaging, processing, distribution and administration, and the occasional purchase of meat and other high-protein foods by CARE on the open market, to fit local and dietary needs and habits.

CARE's methods of distributing American abundance to the hungry of the world have created a tremendous reservoir of good will and understanding for us as a nation. In languages as divergent as Spanish and Swahili, Arabic and Urdu, posters in schools and hospitals proclaim that the food being served is contributed by the American people and their Government.

These CARE programs have been widely publicized in the press, radio, and other communication media of the recipient countries. CARE mission personnel, all of them American citizens, in visiting schools and other distribution centers, uniformly stress the origin of the food and the fact that it is a gift from the American people without any strings attached.

On occasion, CARE itself has become the benefactor of that good will it helped to create. During the recent civil war in the Dominican Republic, when opposing forces sniped at each other across the squares and plazas of Santo Domingo, CARE trucks moved freely from sector to sector, delivering milk and other commodities for the daily school lunch, to which the children were called without discrimination by the Government and rebel radio stations.

And again, in the India-Pakistan conflict over Kashmir, the CARE delivery service continued to function uninterruptedly in the war-torn border provinces. The four initials C-A-R-E on the side of the vehicles acted as a magic password for the CARE mission personnel.

But our Nation's humanitarian concern for the hungry of the world could not—and should not—exhaust itself in a "giveaway" which, in the face of increasing population pressure everywhere, would be a nearly endless and hopeless task.

CARE takes the larger view, which happily we find echoed in some of the pending legislation, that together with stilling the immediate hunger must go a general economic upgrading of the recipient countries, until they eventually become independent of continued food assistance.

CARE finds itself in full accord with Secretary of Agriculture Orville Freeman, who recently pointed out to this committee that the battle against world hunger can be won only "by greatly accelerating the expansion of food production within the hungry nations themselves."

Our unqualified answer to that challenge is self-help—a major part of CARE's program since 1951. Again with the support of American donors, CARE has brought substantial assistance under its self-help and medico services to needy countries. Quite naturally, much of this special aid has gone to countries, communities and institutions which already benefited from American farm productivity. CARE self-help funds, with the voluntary labor of villagers themselves swinging CARE machetes, axes, and other tools, have built schools, school kitchens, and storage sheds, and in some cases even roads, viaducts, and bridges, so that food could reach isolated communities, be safely stored and properly prepared. Cooking utensils and preserving equipment had to be provided.

In turn such installations led to the construction of wells and pipelines to bring the boon of potable water to communities whose only water source was a contaminated stream. Sanitary facilities, irrigation ditches and other improvements followed as the people began to understand that jointly they could achieve what none of them was able to do by himself.

CARE plows and garden implements led to increased food production, frequently spurred by the example set by rural youth groups organized on the pattern of our own 4-H Clubs.

As an illustration let me quote here a paragraph from a recent report by the CARE mission chief in Jordan:

"(In our seed distribution) we have concentrated lately on schools in the desert area, attended by Bedouin children who, because of their former nomadic ways, knew nothing or little about vegetable growing. Yet we continue to be awed by the variety and size of the vegetables they are raising from CARE seeds. Numerous schools and other institutions now have vegetable gardens for the first time. Distribution of agricultural hand tool packages is giving an added spur to the progress."

More than 600,000 individual seed packets, enough to grow over 20,000 tons of vegetables, have resulted in valuable additions to school lunch and other programs.

In some countries—Colombia, Guatemala, Turkey, Sierra Leone, Pakistan—CARE has been able to tap the collective technical know-how of Peace Corps contingents for the spreading of knowledge of more efficient production methods and for rural and urban development projects. Everywhere CARE has striven to foster the manual and managerial skills, from the local to the national level, that are necessary for the task of raising food production.

The pattern for such development was set by CARE with the establishment, more than a decade ago, of the first eight community centers in the Philippine Islands. These pilot projects were designed to provide the farmers of their immediate neighborhoods with adult education in all its facets by the introduction of new and more efficient methods, a knowledge of crop rotation, irrigation, husbandry and related subjects. Today these first eight centers have grown into a net of several hundred that are spanning the islands. Their impact on Philippine food production and economy generally has been found important enough to lead to their administration by a special officer of cabinet rank.

As one of the byproducts of the Philippine Community Center development, CARE was able to convince farmers of ricegrowing sections that they need no longer depend solely on one crop. Distribution of seed packages demonstrated to them irrefutably that their paddies could bear an additional vegetable crop after the rice has been harvested. In other rice economy countries, CARE Mission personnel are engaged in similar demonstration projects.

Also in the Philippines, as well as in Panama and other countries, CARE has helped farmers and fishermen in creating their own cooperative marketing associations. In some of these countries, CARE likewise interested itself in the development of practical farm credit systems by establishing revolving loan funds into which producers turned over part of their profits to repay the original capital and to help initiate other cooperative ventures.

Even emergency aid now given by CARE to India is not extended without the ultimate benefit of increased food production in mind. Because of the prevailing famine, CARE has added another 2½ million preschool children and expectant and nursing mothers to the 10 million youngsters who have received

school lunches for the past several years. In addition, under title II of Public Law 480, CARE is planning to supply feed grains to Indian dairy farmers over a 5-year period, to secure increased milk production throughout the country.

In a similar program, appropriately called "Operation Feedbag," CARE is already distributing feed grains at a fraction of their actual cost to marginal pig raisers in refugee-crowded Hong Kong.

In short, within the limitations of its budget, CARE has already experimented with some of the methods now proposed to increase the food production in hungry countries.

It occurs to me, and the pending legislation seems to bear me out, that we now have come to realize that the "emergency approach" toward world hunger no longer works, either for the hungry nations themselves, or for our own farmers, who for the past two decades have been persuaded not to grow more food. A substantial increase in our own agricultural production appears necessary even in view of our own domestic food needs, which are bound to double with a corresponding population increase over the next 30 or 40 years.

May I be permitted then to draw upon the 20 years of CARE's practical experience for a few suggestions concerning the now pending legislation:

1. A substantial portion of the approximately 60 million acres of cropland now retired in the soil bank, should be brought back into active production, to permit outright Government purchase of produce at competitive prices.

2. Since milk constitutes the main and irreplaceable ingredient of all overseas school lunch and other feeding programs, the worldwide war on hunger appears seriously endangered by repeated shortages of American milk, such as occurred in 1959 and again 2 years ago. It may be deemed wise to continue and even to broaden governmental purchases of milk solids and their donation by the Government to voluntary agencies such as CARE.

3. If the milk shortage continues, it may become necessary to substitute vegetable proteins, such as soybean-base beverage, for the milk.

4. I also would like to suggest a strengthening of the packaging material for our commodities, to avoid spoilage and waste.

5. I also suggest a wider use and greater flexibility of 203 funds in providing materials to strengthen on-going programs or to help in the newly developing countries of Africa.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. All right, Dr. Rogers.

STATEMENT OF DR. CLYDE N. ROGERS, DIRECTOR, TOWN AND COUNTRY DEPARTMENT, OHIO COUNCIL OF CHURCHES, COLUMBUS, OHIO

Dr. ROGERS. I am going to read my statement, Senator, because I believe I shall do it more quickly than I would if I talked from it. I have made it short and, I think, to the point.

Mr. Chairman and members of the committee, I am Clyde N. Rogers. For more than 17 years I have been a member of the staff of the Town and Country Department of the Ohio Council of Churches. Our board of more than 50 persons is composed of town and country church leaders and representatives of some 25 rural agencies in our State. When Public Law 480 was first enacted into law it was my privilege to be the contact person between the Department of Agriculture and Church World Service-CROP in the spring of 1954 when the first wheat and powdered milk were released to that agency.

I would like to repeat one of the major emphases that was in our proposal at that time. This is what I stated to the committee in 1954. It was that we should produce agricultural products in such quantities that there would be at least \$3 billion worth of food set aside as a re-

serve in the Commodity Credit Corporation for domestic emergency needs and overseas food and self-help programs. In the program which I propose at this time such a reserve could not be put on the market to depress regular prices but would be used only for emergency needs of our own people and to help meet the needs of the people of the world. This would be a strategic reserve which would be replenished with new stocks as the older reserves were used. This could include many foods which have never been in surplus. Especially needed would be high protein foods. This set aside of food for overseas self-help would be used by our Government in its programs with other governments, through the Food and Agriculture Organization of the United Nations and by the voluntary agencies like Church World Service with which I have worked on a volunteer basis since 1953.

We believe the new legislation should not be a surplus food disposal program but that the Secretary of Agriculture should go into the market and buy the necessary products for both domestic and overseas programs. These products should be stored to be used as fast as programs can be developed. It would be our hope that the 50 million diverted acres could be utilized in this new program within 5 years. It is our belief that in the face of the mounting world hunger much larger amounts than were suggested in 1954 must be set aside for programs which would be developed out of our 12 years' experience under Public Law 480.

The CHAIRMAN. You say you would want the Government to go out put this on the market at market prices?

Dr. ROGERS. That is right. The Secretary of Agriculture should buy those products and then they should be put in storage under the Commodity Credit Corporation for use in overseas programs by our Government, by volunteer agencies, and by the various groups including the FAO.

I think I will explain it a little further as I go further along. And then if you have questions, I shall answer them.

We have the technical know-how. The question is are we willing to face and meet the Number One challenge of our time which is hunger and starvation in many countries of the world?

We are grateful for the proposal on the Food for Freedom program by President Johnson. We would suggest the use of the many guidelines found in the report of the National Seminar on U.S. Food Policy in Relationship to World Food Needs. You are well acquainted with the fact that agricultural abundance is our greatest economic resource. At the same time our farmers must be protected in such ways that this resource cannot be used to depress prices but should be used to help improve farm income.

To me, this is the key to our program. I do not think they can be put on the market as dumping, to depress food prices.

The CHAIRMAN. How about abroad?

Dr. ROGERS. The same thing for abroad. I think we must maintain markets as a part of the broad program. It is needless to call your attention to the fact that food has been used in many ways during these years to create new markets for our own country. Japan is perhaps our best example. I have seen the results in many countries during these 12 years. Too often we hear the stories of the great

problems rather than telling the American people of the many great successes in this program. Our Government should lead in telling this story.

I believe this very strongly. I have seen all over the developing world except Latin America—I have not been in Latin America—I have seen many successes, but I hear too many things about failures of our programs rather than their successes.

India is the best example at the present time of what we can and must do in meeting world needs. We are all acquainted with hunger and tragedy there. We would propose that food be used in greatly enlarged quantities in “food for wages” projects which would attack the root causes of hunger. Our economic development programs can begin with the building of docks for the reception of the food, the development of roads and other transportation systems, irrigation systems, fertilizer plants, electrical systems as well as buildings for public schools, hospitals, and personnel to run these institutions until the economy of the country can be developed so that it can support them. This pattern should be repeated in country after country. It has been proved again and again that this type help will open the doors for future customers for U.S. products.

The CHAIRMAN. Do you have any idea what that will cost, Doctor?

Dr. ROGERS. It will not cost nearly as much as what we are doing on the defensive side in military aid, I am quite sure.

The CHAIRMAN. We are doing both, though.

Dr. ROGERS. I have some more to say on this, and I would like you to question me on this afterward, because I have convictions on this point.

With mechanization, automation and cybernation upon us, all-out production will be needed to help solve American economic problems. I think this is true, also, that part of our own development in development in other countries.

We are all shocked with the problems which we are facing in South Vietnam at the present time. This is only one illustration of what happens when the economic needs of people are not met. There will be many other explosions like this. I think the big question is will we get in and do the job before the explosions happen. Are we willing to pay the price for doing it as the road to peace rather than waiting until the explosions happen and then have to move in with military means?

I am not saying we do not have to do what we are doing in Vietnam, now. But you fellows are going to go \$12 billion one of these days to carry on the war in Vietnam. We have already voted \$4 billion.

The CHAIRMAN. I wish that were all.

Dr. ROGERS. As far as I am concerned, I think if we were doing problem solving on this other side, it would take less military aid and I think it would cost America less in the long run.

The CHAIRMAN. Well, Doctor, I was in Vietnam in 1956, 1957.

Dr. ROGERS. I know you have been all over the world, and I have followed many of the things you have said, and I agree with many of them.

The CHAIRMAN. All right. And I pointed out what should be done in South Vietnam in respect of food production. But somehow, some

of the administrators there preferred to construct large buildings and do things, even had some kind of movie colony there, and here we are being asked—I think the Foreign Relations Committee will report a bill out today asking for over \$400 million more than was provided in this last fiscal year, and that in spite of the fact that from 1954 up through 1965, we have spent in excess of \$2 billion to lift the economy of that area. Now, if we were not able to do that during peacetime, how in the name of commonsense can you do it when the war is raging out there?

Dr. ROGER. Let me make it clear, I was trained in economics at Cornell University in addition to being trained as a minister. I try to be both a hardheaded businessman and an idealist, and that is pretty hard. So far as I am personally concerned, economic development is not easy. I think, for instance, in India, the first thing that has to be done is to help require basic education for everybody. I do not think you can climb the economic ladder until you have basic education.

I am no great devotee of the Reader's Digest, but this last month's article in the Reader's Digest on the Japanese situation in regard to birth control, where she is the first country in the world who has really solved her birth control situation—it is because Japan has a fully educated populace. This is the main reason. I think, if by, and I would use the term advisedly, a crash educational program—78 percent of the people in India cannot read and write—a crash educational program, and I think food can be used for this kind of thing—I have seen it happen place after place. I believe it can be used, and my feeling is let us get on with that kind of job and let us get the best technicians we and the United Nations, and I am talking about the FAO at this point, and all the agencies of the world can do in reaching out.

I have jumped away from my official text, but this is what I believe with all my heart. But we need to find technicians.

As a churchman, it is my belief that if properly handled, these ideas which I have suggested are in harmony with the highest purposes of God. In fact, I believe that God knows economics better than any of us and if we follow His rules and His purposes we are going to find answers for helping people to meet their own problems. In fact, the Gospels state again and again that we are not a part of the kingdom of God if we do not meet human need. America will be judged on how she meets human need. These programs which I have suggested have proved to be good programs for us as well as the rest of the world. It is now fully documented that we will be solving our own economic problems as we share our American know-how with the many developing nations of the world.

Again, they have to do the basic developing themselves, of this I am very sure. We cannot lift them by their bootstraps. We have to give them motivations that you and I grew up with in the South. I come from the South, in terms of knowing what property is in our own country, and only as we have developed motivations does it happen. This has to be a part of it.

The CHAIRMAN. And also what we teach them must be in keeping with their capability of doing the job.

Dr. ROGERS. That is right. We must start where they are and help them start from there. I can tell you some thrilling stories on that.

The CHAIRMAN. I have been preaching that for 15 years now.

Dr. ROGERS. I believe that 1966 is the crisis year of this century when we should begin to meet this challenge in a much larger way. We must face the twin issues of economic development and population control. It is useless to do one unless we do the other. Population control is as important as economic development.

Off the record.

(Discussion off the record.)

Dr. ROGERS. As far as I am concerned, I would rather go with the stronger bill. So far as I am personally concerned, we have to face this issue of population explosion. It is upon us, it is now. It is not 3 years from now, it not 5 years from now, it is yesterday. We will either face it now or we all go down together. We cannot build walls high enough to protect ourselves in the kind of world we are in. I think we have to lay down the rules and lay them down tight.

I believe this in economic aid. Now, certainly, if there is a catastrophe, we go in and feed. But in a longtime thing, you have to help people to assume responsibility themselves.

I believe that if properly carried out, the ideas which I am proposing are far more important than any other form of aid in which America can participate. Yes, even more important than military aid—as important as that is in many parts of the world. In fact, I believe that if we help people achieve a better way of life, there will be far less use for our military aid. This is what I was saying earlier. It is my honest conviction that we could cut back on military aid and instead really help people to develop for themselves and find a better world in which all may live.

Food to help people meet their own needs is our first line of offense and defense of the American way of life. Past experience has shown that the one limiting factor has been the lack of adequate budgets to implement worthwhile programs like I have described. I would suggest therefore that your committee work with other appropriate committees in both Houses of Congress to see that ample funds are guaranteed for this work which is of highest importance. It is our belief that these funds should not be charged against the agriculture budget but should be charged as a part of foreign aid in the new program.

I think they should be developed and controlled by Agriculture, but should be charged as a part of foreign aid. This I have argued for years, and you will find it in my testimony from the beginning years, because I believe it.

The CHAIRMAN. Well, now, instead of having a program similar to that you have been having in the past 12 years, might it not be a good idea to provide the cash and buy the food instead of sending food as we have been doing in the past?

Dr. ROGERS. I think we could buy food in other places and use cash for it as part of it. But I believe our own—I think we would be solving problems in our own Nation by a greater production.

The CHAIRMAN. I do not mean to buy from foreign nations, I mean to buy the food in our own country.

Dr. ROGERS. Yes, this is what I would say, that this could be a part of the foreign aid budget. But I think it would need to be under con-

trols like we have under the Commodity Credit Corporation and have had for years. I do think——

The CHAIRMAN. Of course, you would have to put a limitation on the authorization as provided for in the bill.

Dr. ROGERS. You would have to have limitations, and this is why I said we would start with a medium-sized program this year. I would hope that by training of the right kind of technicians, we would move into a larger program next year and a third year.

I know that—I think Bob Dole of Kansas is proposing in the House that we establish a “Farmers’ Corps.” Let me tell of one illustration at this point.

Through our organization—we have worked closely with Church World Service, and my colleagues will be testifying here tomorrow, representing Church World Service officially—we sent a man from southern Ohio who had spent his life in the hybrid seed corn business. He went into India and set up the first nongovernmental agricultural cooperative in history under the Cooperative League, and under our leadership. His name is Walter Williams, 71 years of age.

We sent him to India twice. He did not charge us any salary; we paid his expenses for going over there. They now have 500 acres of hybrid seed corn growing in an area not far from New Delhi, which over 50 farmers are involved in, starting with nothing 3 years ago. They are producing 100 bushels of corn to the acre and doing it for sale to other farmers.

The CHAIRMAN. That is for resale to the farmers of India?

Dr. ROGERS. And that is what Rockefeller had done to establish the hybrid seed company in that country. Walter Williams was a hardheaded businessman from Clinton County, Ohio, who was unafraid to cut down through the redtape all across the line. He is the kind of guy we need by the hundreds.

I would like to see in this new bill a sizable amount of money underwritten to where some of us representing volunteer groups—my own organization—could send some of these fellows over as a joint proposition. I am not afraid of this term, “separation of church and state.” So far as I am concerned, in America, we believe in cooperation between church and state. If you folks here belong to a church, you are as much of the church as I am. You are just approaching it from a different angle. I am no different from you, although I am an ordained minister. If we get going in this kind of thing, I think the voluntary groups have something to offer.

We are out to raise a half million dollars in our State this year to help with self-help programs in India, in Brazil, and in one or two countries in Africa. But I think it ought to be a partnership. In fact, one of the closest friends I have is Dr. Russell Olson, who heads the agricultural section of U.S. AID in India at the present time. He was with FAO for 4 or 5 years. I have seen him again and again in Rome.

To me, these are the kinds of people that we need to go over and tie this together. We do not actually know what is going on in a country like India. Thank goodness, all the groups are getting together over there next week for the first time to do an assessment of what we can do.

To me, if we get going, I think we can break through on these things, and we will keep India from going the way of Vietnam, and if we do not, I think it will.

The CHAIRMAN. How many such groups are there working in India, aside from your own?

Dr. ROGERS. Our State university has a team up in the Punjab and has a team in another state.

The CHAIRMAN. They do not get funds from us?

Dr. ROGERS. They get some of them from AID and part of them, the Ohio State University furnishes its own personnel, but it is part of AID funds as they are helping establish a university over there.

But I think we need more practical people, tied in with the academic people. I am of the opinion that our biggest shortage has been in most of these countries, enough down-to-earth practical people to help solve problems.

Let me say at this point why I think you have to find the retired guys to do it. I am 62 years of age. I grew up on a hill farm in the hills of Tennessee, and I laugh about population control; I am the youngest of 11 children. It took eight boys to run a farm. I now have a cousin running our home farm and two other farms. I have seen it all happen in my lifetime.

Older men who have gone through this process can help them start with where they are and move on.

Now, I think the Peace Corps has done a good job, but I do not think it is equivalent to what we ought to have, a farmers' corps of old guys and help them get over there and help solve agricultural problems in various parts of the world.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Dr. ROGERS. This is one of the reasons I come back and say with cybernation, with automation and the rest, we are going to be in trouble in our country. The way we can solve many of our own problems is by helping these nations become good customers of ours.

Let me tell you a specific story at this time. It will take just a minute. I made 10 trips to the country of Lebanon between 1960 and 1965, helped set up an economic development program in a village where a Presbyterian mission had folded up some years earlier, folded up at the time the troops were in there in 1958. We took over the old mission. With \$3,000 that the Ohio FEA boys gave us we started a program, added a little more money to it. I went in there in 1960 and saw the few chickens and eggs coming out of those hills, coming out on donkey's backs. With the wheat that had been sold to Lebanon for pounds, I saw roads built into the last villages. I saw electric lines go into the last villages in 1963 and 1964. I saw electricity turned on in all of those villages in the summer of 1964. When we started the poultry program in 1960, it took 6 months to produce a broiler of a pound and a half, they were producing as good chickens as in America in 7 weeks by 1964. I saw people who had gone from \$300 a year income to \$4,000 and \$5,000 a year income in that same territory through the poultry program. Today Lebanon is shipping poultry all over the Middle East.

I saw Westinghouse refrigerators going into those homes within 2 weeks after electricity went in, homes that had been cheap one-room home in 1960.

These revolutions can happen all over the world if you help them get the motivation.

The CHAIRMAN. We started out a poultry program in Lebanon, as I remember it, where the chickenhouses were better equipped than where the farmer lived.

Dr. ROGERS. Yes.

The CHAIRMAN. And there was a lot of resentment about it.

Dr. ROGERS. There was, until they got——

The CHAIRMAN. And I told them, our people, that it was almost shameful for them to have a program of this kind. They could have done it much more cheaply and it would have invited many more Lebanese to participate in it if only they had worked at the program's cost within reason.

Dr. ROGERS. We started in an economical way and developed it to meet local needs. I saw them move from this smaller approach to buy their chickens from these big hatcheries. It now has become a very tight business like it is in this part of the world.

The CHAIRMAN. But this program I speak of is one that we started out there. It did not pay in the beginning, by any means. You could not get people interested in it because of the enormous cost of constructing these chickenhouses.

Dr. ROGERS. Well, I simply share with you—I think we have a tremendous opportunity, but I think we have to get a new approach to it.

The CHAIRMAN. I tell you one thing, it is a fine thing to think about, talk about, and all of that. But I am looking at our own economy, what is going to happen with us.

Dr. ROGERS. I agree with you. It has to be kept sound here.

The CHAIRMAN. Well, doubtless. If we keep on getting deeper and deeper, as we now are, there is no telling what is going to happen to our own economy. We may bring some isms to our own shores if we do not look out.

Dr. ROGERS. We counteract the isms with development.

The CHAIRMAN. The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 4 p.m., the committee recessed to reconvene Tuesday, March 8, 1966, at 10 a.m.)

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

TUESDAY, MARCH 8, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender (presiding), Talmadge, Mondale, Russell of South Carolina, Cooper, and Miller.

The CHAIRMAN. The committee will come to order.

We are in the process of having hearings on S. 2933, the Food for Freedom bill; S. 2932 in regard to reserves, and other bills on those subjects. We have today as our first witness David Bell from the AID program.

I understand that Senator Bartlett wants to put in the record a statement. You may proceed, Senator.

STATEMENT OF HON. E. L. BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

Senator BARTLETT. Thank you, Mr. Chairman.

I think my verbal statement may be somewhat more brief than that of Mr. Bell.

The CHAIRMAN. I hope it is.

Senator BARTLETT. Your hope is going to be realized very shortly.

I am here in support of S. 2933, and particularly in support of my amendment, No. 485, to add domestic fishery products to the proposed Food for Freedom program. I know, Mr. Chairman, that you have an intimate knowledge of this because we have discussed it on the floor in 1963, when an amendment was added to the bill then before the Senate incorporating fish in the program. You expressed support for that proposal. I think it is all the more worthy now. My amendment is cosponsored by Senators Magnuson, Gruening, Hart, Inouye, Jackson, Kennedy of Massachusetts, Kuchel, McGee, Metcalf, Moss, Muskie, and Saltonstall. I ask your serious consideration and approval of this amendment and request permission to place my prepared statement in the record.

The CHAIRMAN. Without objection, that will be done.

(The prepared statement of Senator Bartlett follows:)

STATEMENT OF SENATOR E. L. BARTLETT

Mr. Chairman, members of the committee, this statement is in support of S. 2933 and in support of my amendment No. 485 to add domestic fishery products to the proposed Food for Freedom program.

The amendment would change section 302 of the bill to add the phrase "or any domestic fishery product" to the definition of an agricultural commodity. Senators Magnuson, Gruennig, Hart, Inouye, Jackson, Kennedy of Massachusetts, Kuchel, McGee, Metcalf, Moss, Muskie, and Saltonstall have joined me as cosponsors.

The amendment simply assures the continuation of the present law under which domestic fishery products are included in the Food for Peace program. The reason advanced 2 years ago when fishery products were first added to the Food for Peace program is as persuasive today and is perhaps even more compelling under the new proposed food program which is focused primarily on meeting the nutritional needs of friendly foreign countries rather than the need to dispose of our commodity surpluses. Briefly stated, the reason fishery products should be included in the Food for Freedom program is that protein malnutrition is the major health problem in the world, a discouraging barrier to economic development, and fishery products are one of the most abundant, least expensive and most richly endowed with protein of any food.

PROTEIN, MALNUTRITION, AND FISH

Scientists recognize that quantitative sufficiency of food is not an adequate remedy for malnutrition. In fact, an overabundance of carbohydrates can aggravate malnutrition. The human body has serious limitations as to what it can synthesize so that diet must have an adequate balance of those ingredients which the body needs. While all factors must be included, it is recognized that a major element of the world malnutrition problem is the lack of a well-balanced protein diet. This problem was emphasized last summer in a Department of State dispatch to all USAID missions as follows:

"AID health personnel are now of the view that correcting serious protein deficiencies of preschool children would make a greater contribution to development than any other health measures—malaria eradication, sanitation, and water supply not excluded. It is clear that Food for Peace donations alone cannot solve this problem; and that coordinated efforts by our agricultural, health, industry, and community development programs will be required if progress is to be made * * *.

"Infants, particularly in the weaning period, and children under 6 years of age, represent the most vulnerable group with high mortality and morbidity. The problem is important not only because malnutrition is basically responsible for the illness and death of millions of children, but because preschool malnutrition may irreversibly retard the mental and physical development of the survivors. Thus, investment in education for children who have suffered serious malnutrition before reaching school will produce less than optimum results even if the children receive adequate nourishment while attending school. Finally, the maimed survivors become adults lacking in the vigor and enterprise essential for productive advancement.

"The shortened life, decreased resistance to infectious disease, impaired physical and mental growth, and decreased productive capacity may gravely impede social and economic development. Not only will nutritional deficiencies prevent a child from growing into a useful and productive citizen but they will frequently result in making him a liability for whom the social group will have to provide."

Fish range in protein content from about 15 to 25 percent and fish protein concentrate is over 80 percent protein. Fish protein contains all the amino acids required by the human body in proportions well balanced to maintain it efficiently in health and energy.

FISH PROTEIN CONCENTRATE

During the Senate floor debate on my amendment adding fishery products to the Food for Peace program in the late fall of 1963, a number of questions were raised about fish protein concentrate. I, therefore, would like to make a few

observations on this matter and ask the committee to consider the point possibly in the bill or the committee report.

Under the 1963 amendment to Public Law 480, fish protein concentrate (identified as fish flours in the amendment) is prohibited from sale under the Food for Peace program until approved by the Food and Drug Administration. Last week the Department of the Interior filed a petition with the Food and Drug Administration requesting approval of a fish protein concentrate product. The Federal Government has spent over \$2 million in the past 2 years developing this product, which last fall received the approval and enthusiastic support of the National Academy of Sciences. I sincerely hope the FDA also takes fast and favorable action.

This exciting and significant development is what President Johnson referred to in his message on Food for Freedom when the President stated:

"I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world."

Section 203 of the bill authorizes the Commodity Credit Corporation to pay, with respect to commodities made available under the bill, costs for enrichment and fortification. I interpret this to mean that fish protein concentrate could be purchased under section 203 as a high-quality protein supplement for enrichment and fortification of other commodities. I would hope that the committee would affirm this possibility during consideration of the legislation.

I would like to give special emphasis to the use of fish protein concentrate in the Food for Freedom program. This product is over 80 percent protein, odorless, and tasteless. It mixes well as a supplement with other products such as soups, rice, beans, and in breads so its quick acceptance in foreign countries is assured. It is easily packaged and can be stored without refrigeration for prolonged periods. It can be marketed for 20 to 25 cents a pound, substantially less than any comparable product.

The use of the product in the program will also have a significant effect on the utilization of our underdeveloped coastal fishery resources. One of the dominant characteristics of the U.S. fisheries has been the emphasis placed on high-quality, more expensive fishery stocks such as shrimp, salmon, shellfish, and tuna with scarce attention paid to many other excellent and abundant but less readily marketable coastal fishery stocks.

Fish protein concentrate provides a marketable product in which these vast untapped coastal fishery resources may contribute for the first time in our history to our expanding economy and international trade. Continuing not to find a use for these resources invites Russian and other aggressive fishing nations to our shores. In a recent study of our unused coastal fishery resources made by the Bureau of Commercial Fisheries it was reported that we have rich underutilized resources of hake in the Atlantic; herring, anchovy, and sardines in the Gulf of Mexico; and anchovy, hake, and Alaska pollack in the North Pacific. The use of fish protein concentrate in the Food for Freedom program will increase interest in using these valuable resources.

FINANCING

I seriously doubt that anyone would want to contest the reasonableness of including high-protein fishery products in any program directed toward meeting the malnutrition problems of the world. However, I do recognize that there could be a problem in determining how the inclusion of domestic fishery products should be financed. Under the present Food for Peace program, the cost of financing the sale of surplus fishery products would be paid out of Commodity Credit Corporation funds. I stress "would be paid out." The fact is that no domestic fishery product has been sold under the program because the Secretary of the Interior has never determined that a domestic fishery product was in surplus. Nevertheless, under the present law, the sale of fishery products under the Food for Peace program would be financed in the same manner as the sale of surplus chickens or beef; namely, out of Commodity Credit Corporation funds.

This financing problem arose on the floor of the Senate when the fishery amendment was first adopted over 2 years ago. At that time Senator Pastore pointed out that the cost of the Public Law 480 program was paid by all the taxpayers of the United States and although the tax money was used to re-

plenish the Commodity Credit Corporation, no discrimination should be made against fishery products. I recall the chairman of the committee, Senator Ellender, supported the amendment and stated on the floor of the Senate that he had no objection whatever to the inclusion of fish as a commodity for sale under Public Law 480.

I believe therefore that the present method of financing the inclusion of fishery products is perfectly adequate and should be employed in financing the sale of fishery products under the Food for Freedom program. However, I would think that the committee might wish to consider some means by which the amount of the funds allocated to the financing of fishery products could be identified in any subsequent appropriation measure.

(The amendment introduced by Senator Bartlett is as follows:)

[S. 2933, 89th Cong., 2d sess.]

[Amendment No. 485]

AMENDMENT Intended to be proposed by Mr. BARTLETT (for himself, Mr. MAGNUSON, Mr. GRUENING, Mr. HART, Mr. INOUE, Mr. JACKSON, Mr. KENNEDY of Massachusetts, Mr. KUCHEL, Mr. MCGEE, Mr. METCALF, Mr. MOSS, Mr. MUSKIE, and Mr. SALTONSTALL) to S. 2933, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, viz:

At the appropriate place, amend section 302 and add after the word "commodity" and before the period, the phrase "or domestic fishery product".

The CHAIRMAN. All right, Mr. Bell. The stage is yours. I notice you have a statement.

STATEMENT OF HON. DAVID E. BELL, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, U.S. DEPARTMENT OF STATE

Mr. BELL. I have, sir.

The CHAIRMAN. Would you mind interruptions as you go along?

Mr. BELL. Not in the slightest, which ever way you want me to proceed.

Mr. Chairman and members of the committee, thank you for the opportunity to appear before this committee in support of the President's recommendations for using our agricultural resources more effectively to alleviate the world's hunger and to help establish strong and growing economies in the developing nations.

The resources that need to be mobilized include not only our food and fiber—but also our knowledge and experience about developing and maintaining an efficient and abundant agriculture.

Our goal is to help establish economies that are capable of either producing the food these nations need or of earning enough foreign exchange to purchase it commercially.

The CHAIRMAN. Now, Mr. Bell, that has been our policy, as I understood, from the beginning, or should have been.

Mr. BELL. Yes, sir.

The CHAIRMAN. Why was it not put into effect?

Mr. BELL. We have been following such a policy, Mr. Chairman, with some considerable effect. In some instances there has been, as you know, sir—you have traveled a great deal—some good results. Taiwan, for example.

The CHAIRMAN. Do not cite Taiwan, because we have given Taiwan enough money to cover the whole island with greenbacks. You have

two or three classic examples wherein we gave a lot of assistance. We had a large military establishment there that helped the country very much. But how many other countries can you cite as you do Taiwan?

Mr. BELL. Well, you will recall, sir, a Department of Agriculture study of a few months ago which studied the records, the experience of some 26 developing countries from 1948 to 1963. Over that period, those 26 countries averaged a 4-percent increase per year in agricultural output. Now, there were differences among the countries, but the point is that these 26 included all the major countries in the developing world. So the record of increase in agricultural output in the developing countries is substantial. In some respects, it has been remarkable. I quite agree with you; there are few cases as good as Taiwan.

The CHAIRMAN. Name them for me.

Mr. BELL. Pakistan has been very good, starting from where they were.

The CHAIRMAN. How much food do we have to furnish Pakistan under this?

Mr. BELL. Substantial amounts.

The CHAIRMAN. Exactly.

Mr. BELL. But the point is their increase in agricultural output is doing fine, and we will not have to furnish—we should not have to furnish food under this program to Pakistan for too many years longer, which is the point of the sentence in my prepared statement.

The CHAIRMAN. I heard that about Greece 10 or 12 years ago. You remember, we stopped giving Greece assistance. But we had to start over again, just because we did not make the people of Athens pay their just proportion of taxation—in my own mind. I have been saying that all along. As I understand, you still hope to get more food for Greece, notwithstanding the fact that we have dumped into that country in excess of \$4.5 billion, as I remember the figure.

Mr. BELL. The Greek situation in economic terms has been improved very substantially in recent years. We have made a title IV agreement recently. But generally speaking, the economic development of Greece has come along well and we count Greece as, broadly speaking, one of the success stories for the AID program. We do not expect to have to provide significant amounts of food under this program to the Greeks in the future.

The CHAIRMAN. I could not think you ought to furnish them an ounce of it, because they are in a position now to do it themselves. They should be. But we have been too soft with Greece and many other countries in a similar category.

Mr. BELL. The major point I was making, Mr. Chairman, in response to your question is that there has been an increase in many developing countries in agricultural output, but it has not been a sufficient increase. We do need stronger emphasis, we do need additional work, primarily on their part and to some extent additional assistance from us. But this is the objective that I cited here, and you are quite right, it is not a new or different objective. It is what we have been working for in the past.

The CHAIRMAN. It has been the same objective throughout.

Mr. BELL. Right.

The CHAIRMAN. I thought that if we had stressed elementary education rather than creating colleges and things like that—if we had helped people learn to read and write, and then let them learn by doing and seeing instead of establishing colleges as in Ethiopia—we would have had more success. You remember the story of Ethiopia. Let me refresh you about it.

The first time I went to Ethiopia was in 1946 and a few years later I was astounded at the program that was envisioned for Ethiopia, where we spent or were to spend millions of dollars to establish a college to teach Ethiopians how to farm so that they could train county agents like those we have in this country. I thought that the program was not in keeping with the capability of the people there to absorb it, but I was not listened to. The AID people went on with that program for 11 years and finally decided to stop it because it was not productive enough.

Now, if my advice had been listened to from the beginning, we would not have spent so much money and Ethiopia could have been in a better position to produce food than it now is.

I would like you to comment, particularly on Ethiopia, if you will.

Mr. BELL. Well, I think, Mr. Chairman, as you know, I am in thorough accord with you on the importance of education at the primary level and on the importance of simply demonstrations as a means of spreading information about better techniques. I am also impressed, however, by the need in developing countries, as we have seen in our own country, for centers of applied research which will take improved seed stock from other places in the world and adapt it, or from the country itself and improve the seed stock that is native there, in order to build, to develop better strains which will be able to use more fertilizer and would be able to stand up against the local plant diseases and so on.

So it does not seem to me, sir—I take it you are not proposing that it is a case of all one thing or all the other. I think agricultural development requires heavy emphasis on very early stages of education. But it also requires means by which modern technology can be brought into the country and spread out through it.

The CHAIRMAN. How?

Mr. BELL. Well, you need a center where people are competent to do that.

The CHAIRMAN. Why did we not try, as I suggested, 11 years ago for that area, a system of learning by seeing and doing, the same as we did in our own country, back in 1914. I am familiar with that, because I led the fight or the parade in my own parish, where I was born and raised.

Mr. BELL. Yes, sir, I agree with you, the method of extension or spreading knowledge by seeing and doing is correct. But you have to have increased and improved knowledge to spread. What is it the people are supposed to see and do likewise?

The CHAIRMAN. But, Mr. Bell, we have that knowledge here.

Mr. BELL. No, sir; I beg your pardon. The strains and the systems that we have in the United States may or may not fit in a developing country. Typically, they do not. They have to be adapted. The

wheat that grows in Kansas is not the right wheat to grow in Ethiopia.

The CHAIRMAN. But you did not have to have a college to do that.

Mr. BELL. You have to have something. You have to have a research station, a center or an institution which has people in it that are competent to understand how to do this sort of thing and to do it steadily over the years. It is not just a one-time job as you know.

The CHAIRMAN. I understand.

Mr. BELL. Here as everywhere else, you keep improving and adapting your agricultural techniques all the time.

The CHAIRMAN. I understand that.

Mr. BELL. I know you do.

The CHAIRMAN. As I said, a research laboratory, I certainly would not object to that, particularly in countries like Ethiopia, where even though you would educate a sufficient number of local people there to be able to teach extension services, they have nobody to work with because of their lack of education. Do you get the idea?

Mr. BELL. Yes, sir.

The CHAIRMAN. That is why our hardheaded administrators spent millions of dollars here over a period of about 11 years before they saw the light and then gave up and started where I said they should have started 11 years before.

Now, I am just wondering what changes you propose under this bill that is now before us, or in the expenditure of all the funds that you may obtain during this Congress.

Mr. BELL. Well, the key funds that are involved in education and in research and the improvement of varieties and bringing in fertilizers and pesticides and so on are not the funds in this bill but are the funds in the foreign aid bill. I have several points to make about that in this statement, Mr. Chairman. Perhaps the best way would be for me to proceed on that. You may well want to ask—

The CHAIRMAN. I want to find out how you hope to bring about more food production, not only under this bill here, but with the moneys you are going to obtain from the Congress, and I want to get that in the record.

Mr. BELL. Right.

The CHAIRMAN. As soon as you can.

Mr. BELL. Fine.

The CHAIRMAN. Because I think that ought to be a subject of discussion.

Mr. BELL. I agree. Let me proceed, sir, and I may cover the subject to your satisfaction, and then I will be glad to respond further.

As I was saying, our goal is helping establish economies that are capable of either producing the food these nations need or of earning enough foreign exchange to purchase it commercially. This is the only way. Only such a course can lessen the heavy requirements for concessional food aid, in the long run, and eventually build greater commercial markets.

There is no doubt about the seriousness of the world's food problem: the strongly rising trend of demand for food in the developing countries, resulting both from rising populations and from increasing incomes, and the inadequate rate of growth of food supplies in those countries.

Let me make it clear that we view this as a world problem, not just our problem. It is primarily a problem for the food-deficit nations themselves. They are the ones that must do the most to solve it.

We know we alone cannot feed the nearly two-thirds of the world's population now existing on less than adequate diets. But we know we can help developing nations do a better job of feeding their own people, and we are willing to share some of our abundance with those who show an awareness and willingness to help themselves.

Even the task of helping them to help themselves, and temporarily meeting the most urgent food requirements until they can improve their own production, is not a responsibility we accept alone. Rather, it is a responsibility of all developed nations—a responsibility we are willing to share, but one which we will insist others share as well.

The CHAIRMAN. How will you go about doing that, Mr. Bell?

Mr. BELL. Well, we have been working for a number of years, as you know, Mr. Chairman, to improve and increase the cooperation among the stronger economies, wealthier countries of the world; the world food program under the FAO is, of course, one conspicuous illustration of this.

The CHAIRMAN. Let us take that method. Since the U.N. was created in 1948, you have had FAO actively doing the work that you are now describing. As I understand it, they are spending \$300 million, of which we put up 40 percent and all the nations of the world together put up the rest—60 percent. But only limited to \$300 million. Now, how do you expect to improve that?

Mr. BELL. The world food program as such is, of course, only one activity of the FAO. That is to go up from—I think it is \$100 million over the past 3-year period to \$275 million over the next 3-year period. The actions that I think you were describing, Mr. Chairman, are the technical assistance activities of the Food and Agricultural Organization which are rising each year. Actually, 40 percent is not a bad cost distribution from the standpoint of the United States. The U.S. gross national product is about 60 percent of the gross national product of all the advanced countries. So when we put up 40 percent of the share of the FAO, that is not an inequitable relationship.

The CHAIRMAN. It is not. But why should we supplement it as proposed here, with more than is provided by all the nations put together?

Mr. BELL. Just as we do more than we do through FAO, we provide assistance directly, bilaterally, so do other countries provide very substantial assistance. The British, the Germans, the French.

The CHAIRMAN. Only where they are directly interested.

Mr. BELL. No.

The CHAIRMAN. I have been all over Africa lately. The French, I presume, are contributing a lot to Africa?

Mr. BELL. Yes, sir; they are.

The CHAIRMAN. But what are they getting out of Africa? They still have their colonies there—that is, they subsidize the production of food there—and, of course, if you consider that a contribution to Africa, well, good and well. But it is not a direct contribution as we are doing here. There is no comparison between the two.

Mr. BELL. No; I believe in many cases the French are providing straight out budgetary support grants to enable some of their ex-

colonies, which are now independent countries, to maintain services such as education, construction activities such as highway building in those very poor and developing countries. Now, as you know, in Africa, the European countries—primarily the French and the British—provide two-thirds to three-quarters of the total assistance to Africa and the United States only provides about one-quarter.

The CHAIRMAN. Well, we should not provide a dime there, and I will tell you why. You take in the case of France—France is deeply involved in French Equatorial Africa and French West Africa. The reason is that the commercial aspects of that area and the resources are controlled lock, stock, and barrel by the French.

You take the same thing in Nigeria, the same thing in Ghana, why, you speak of Ghana and Nigeria being independent. The British still are there. They own and control lock, stock, and barrel all the natural resources of that area. That is why they are there.

I was there 2 years ago and I saw some mahogany timber measuring 7 to 8 feet in diameter being brought from the forests to the ships and loaded there, sent to France. Now, what do the natives get for that? Barely enough food, barely enough money to buy food for themselves.

Wherever you see in Africa assistance being given by the British or the French or the Belgians or any other European countries, it is because they are vitally interested there and they get much more out of the people there than they contribute.

Mr. BELL. There is also a substantial and growing U.S. business interest in Africa for that matter. I do not defend our foreign aid program principally because it supports American economic interests. Primarily it is to support, as you know, our foreign policy, our broad national security interests. There are, however, increasing and substantial American business investments in Africa, if we were to look only at the economic aspects of it.

I am not sure I have answered the question you started with, Mr. Chairman, which is how do we make arrangements by which we try to insure that other countries will put up some share of the assistance that is needed by the developing countries. In addition to the FAO and other international organizations which have an agreed pattern of financing, of which we have a certain share—

The CHAIRMAN. You mean international banks?

Mr. BELL. Yes; and IDA and World Bank.

The CHAIRMAN. We put up much more than all of them put together.

Mr. BELL. No, sir, in the World Bank, our share is something like 30 percent.

The CHAIRMAN. That is hard loans.

Mr. BELL. In IDA—

The CHAIRMAN. That is giveaway, almost.

Mr. BELL. They are soft loans and I think we put up 42 percent. In the Asian Bank, which the Senate has just passed, we put up 20 percent.

The CHAIRMAN. We put up 20 percent out of a total of 35 percent put up by countries other than Asiatic countries.

Mr. BELL. Among the Asian countries which are involved are Japan, Australia, and New Zealand.

The CHAIRMAN. Japan ought to put up half of it because they are the biggest industrial nation in Asia.

Mr. BELL. They are putting up \$200 million.

The CHAIRMAN. The same as we are, but they are going to get the benefits of it.

Mr. BELL. In a commercial sense?

The CHAIRMAN. Sure.

Mr. BELL. We will, obviously, get some commercial benefits. Our contractors, our bankers, our businessmen are very busy in Asia, doing very well.

The CHAIRMAN. In Thailand?

Mr. BELL. In Thailand. In the Philippines.

The CHAIRMAN. Well, there is a war going on there.

Mr. BELL. No, sir; in places where there is no war as well as where there is war.

In addition to these international organizations, sir, there are very important arrangements such as the consortiums and consultative groups which the World Bank has organized or in a couple of cases, the OECD has organized for India, Pakistan, and other countries. These are arrangements under which donor countries jointly consider the problems of a particular developing nation and try to come to some understanding as to what is needed in that country, both in terms of what the country needs to do for itself and what the donor countries can and should do.

Now, in the case of the India consortium, we have used it, we and the World Bank, in the last couple of years, in order to bring much more clearly and strongly to the fore the seriousness of the Indian agricultural problem and the need for the Indian Government to do much more in terms of stronger agricultural policies.

I think it is in part as a result of this work in the consortium that other countries today—the British, the German, the Japanese, the Australians, and the Canadians—are much more alert to and understand much better the problem of countries like India, and, in particular, the significance of the agricultural part of the development problem.

The CHAIRMAN. Well, in this consortium you speak of in India, as I recall the figure, if you consider the contributions made by us, indirectly permitting Pakistan and India to use counterpart funds and what we put up, I think it amounts to about 66 $\frac{2}{3}$ percent of the entire cost of this facility that is going up. That is correct, it is not?

Mr. BELL. I am not sure of the calculation you are describing, sir. If you take the dollar pledges under the consortium, in the India case, we are somewhat less than half; in the Pakistan case, we are about half.

The CHAIRMAN. But, in addition to that, the amount of money that is being put up by India and by Pakistan results from the fact that we sold them goods for currencies which we permitted them to reinvest.

Mr. BELL. But that is true of other countries as well.

The CHAIRMAN. I understand that, but I am just pointing up the fact that we are the ones who are putting up directly and indirectly over two-thirds.

Mr. BELL. I meant, sir, the other donor countries—I think you are referring to program loans in which we financed the flow of commodities to India and Pakistan which are sold——

The CHAIRMAN. I am talking about the consortium to construct this big development you are speaking of now.

Mr. BELL. You are referring to the Indus Basin program?

Mr. CHAIRMAN. Yes, Indus Basin.

Mr. BELL. I am sorry.

The CHAIRMAN. That is what I was talking about. As I recall, the argument for that was to provide a—

Mr. BELL. On the project itself, I do not have in my head the sharing of the costs. I will be glad to put it in the record.

(The information is as follows:)

Total foreign exchange commitments to Indus Basin Development Fund¹

(In U.S. dollar equivalent. Grants unless otherwise specified)

Contributor	Original commitments, September 1960 ²	Additional commitments, 1964 ³	Total amount
Australia.....	\$15,601,600	\$10,460,000	\$26,061,600
Canada.....	22,544,119	15,550,000	38,094,119
Germany.....	31,500,000	20,100,000	51,600,000
World Bank (loan).....	80,000,000	58,540,000	138,540,000
New Zealand.....	2,800,000	1,400,000	4,200,000
Pakistan.....	1,232,000		1,232,000
India.....	173,768,000		173,768,000
United Kingdom.....	58,408,000	39,140,000	97,548,000
United States:			
Grant.....	177,000,000	118,590,000	295,590,000
Loan.....	70,000,000	51,220,000	121,220,000
Total United States.....	(247,000,000)	(169,810,000)	⁴ (416,810,000)
Total.....	632,853,719	315,000,000	947,853,719

¹ This table relates only to works in Pakistan. Financing for Indus Basin works in India will take place outside the IBDF agreement.

² In addition, local currency commitments totaled \$262,580,000 equivalent, including \$235,000,000 by the United States and \$27,580,000 by Pakistan.

³ Pakistan agreed, under the supplemental Indus agreement, to finance all local currency costs not being met through United States and Pakistan local currency contributions under the September 1960 agreement. These costs are estimated at more than \$260,000,000, including approximately \$130,000,000 which was originally scheduled to be met with rupees purchased by the Indus Fund for foreign exchange. The other \$130,000,000 represents increased costs of the Indus program.

⁴ U.S. foreign exchange commitments amount to 44 percent of total foreign exchange commitments. If India's commitment (which was made under the Indus Waters Treaty between India and Pakistan) is excluded, total U.S. foreign exchange commitments amount to 53.8 percent of total commitments.

The CHAIRMAN. I remember it very distinctly. I raised it on the Senate floor, but it did not have any effect. What concerns me, Mr. Bell—and we are going to test that as you go along here—is that we are members of all of these international organizations you are speaking of. We are heavily involved in it. But in addition to that, we have to go in unilaterally.

Mr. BELL. Right.

The CHAIRMAN. And the amount we will put in, in my opinion, just as a guess, is much more than the rest of the world puts up together—that is, what we put up in addition to what we put up in these international banks and all of these other organizations you speak of in order to assist the world. We contribute heavily to these multi-lateral efforts, more than everybody else, but in addition to that, we do extra work on our own.

Mr. BELL. The last figures I have seen on this, Mr. Chairman, which attempted to combine the outlays under bilateral programs and the contributions that we and other countries make to the multilateral

programs, the overall figures showed that 55 to 60 percent of the total was from the United States and the balance, 40 to 45 percent, was from the other advanced countries.

To repeat, that is approximately the ratio of our gross national product to the gross national product of the other advanced countries. The overall totals, sir, are not inequitable, even taking bilateral and multilateral together. That is giving full credit, incidentally, to the dollar value of the Food-for-Peace commodities.

The CHAIRMAN. Of course, you put into that pot all of the money which the British put up, but for which they get value received, as well as France, in Africa.

Mr. BELL. What do you mean, value received, sir?

The CHAIRMAN. They assist the countries of French West Africa because of the great interest that French nationals have there.

Mr. BELL. I am also giving the United States full credit for every dollar we put into Latin America, where we have the primary commercial benefits, and they put in money for assistance to Latin America.

The CHAIRMAN. We will get to Latin America after a while.

Senator MILLER. Mr. Chairman, will you yield at this point?

The CHAIRMAN. Proceed.

Senator MILLER. I think what the chairman is getting at, Mr. Bell, is the same thing we brought out yesterday, that we have a ratio of our contributions in the FAO of about 40 percent. Now, we come along with this program which envisions \$800 million a year on a bilateral basis. I do think some of us are troubled about what portion of the overall total of financing and assistance to some of these countries is going to be given by other countries.

For example, suppose you decide that some of this \$800 million is going to go to—well, let us say to Afghanistan.

Mr. BELL. I would not decide it, sir. It would be the executive branch.

Senator MILLER. Coordinated with you people.

Mr. BELL. Right.

Senator MILLER. Suppose \$20 million was decided for Afghanistan. What assurance would we have that this would be 40 percent of a package deal going to Afghanistan? I offhand cannot see how we would have any assurance at all unless you have some program in mind. But if we did this through FAO, we would know that it would be 40 percent of whatever goes to Afghanistan. So this raises the question of why, when FAO is all set up through its world food program and its technical assistance program, why should we not go to FAO and say, "Look, instead of putting up \$50 million to FAO's activities next year, we are going to put up \$800 million, provided you get the other members to do the same thing," so we will end up with a \$2 billion package for FAO's activities. Then we will have that assurance and already the machinery is established. That may be what the chairman is getting at.

The CHAIRMAN. I was simply bringing out the amount of funds and food we have provided in the past, and that now we are being asked to augment that.

Senator MILLER. That is right. But if we did it through FAO, then we would know that the 40 percent figure would stay.

Now, is there some reason why we cannot do this through FAO?

I might say, the chairman wonders why there is not much more in the budget for FAO. I think I can assure the chairman that the reason was that our budget people went to FAO and told them about how much the United States would go for and that pretty well pegged the FAO budget.

But if we had come in, or if we come in now, and say we have changed our mind, we will go for \$800 million as the U.S. share, then they might be able to expand their program.

Mr. BELL. I think there are a couple of points, Senator, that are relevant there. First of all, I want to be sure—I do not know whether you were present when I was answering the chairman earlier. I want to be sure the record is plain. Perhaps you heard me say that taking bilateral and multilateral assistance together, counting the value of what we do under the regular foreign assistance program and under the Food for Peace program, adding it all up and comparing it to what other countries are doing, the totals are not inequitable. Our totals, according to the last figures put together, run about 55 or 60 percent. That is approximately the share that our GNP bears to the GNP of other advanced countries.

That, however, does not answer the question why should we not use as a method going through the Food and Agriculture Organization. I would have only two concerns with that. First let me say that I do agree, all of us agree, that we should do more through the Food and Agriculture Organization, and we have supported the expansion of their activities. It would not be wise or proper to expand the FAO activities more rapidly than their managerial system and efficiency would permit. And you, having been there and a delegate, are familiar with all of this. I do not mean this in any way to sound critical of the FAO. They have a big job to do, and it is an increasingly large job, and, obviously, one can expect them to take on more work only gradually and as they build the management strength.

Secondly, we would not want—and I take it you are not suggesting—to provide very large amounts of resources to the FAO simply as a U.S. contribution. You are talking about a situation in which we would put up a share of a total and there are not very large amounts, so far as I am aware, of food and fiber resources which we could call for by such an offer from other donor countries.

Senator MILLER. I am talking about the program they have now of putting up food and fiber or services or money or transportation.

Mr. BELL. Right. That is going up from \$100 million over the last 3 years to \$275 million over the next 3. My impression was that this was about as large an increase as (a) all of us thought could be managed effectively, and (b) we thought we could obtain the matching contributions from other countries.

Senator MILLER. And (c)—and, Mr. Bell, this is vital—it was about as much as our delegation thought the Congress would appropriate for these activities in this coming period of time. But if they had understood that the Congress might be amenable to increasing that because we would prefer perhaps to do that instead of going to an \$800 million per year bilateral program, then that would not have tied their hands.

Senator COOPER. What is the total budget of the FAO, do you know?

Mr. BELL. The world food program element is what we were just talking about, Senator, which is supposed to go from \$100 million for the last 3 years to \$275 million for the next 3 years.

Perhaps you know, Senator, you were there—their next budget—

Senator MILLER. Well, the world food program is the one that this is particularly appropriate to comment on, because I think this ties in with the world food program developments and techniques.

Senator RUSSELL. Is that the one described in page 15 of your statement of the 94 amendment?

Mr. BELL. That is right. We supplied \$40 million in commodities. Yes, sir; that is for the past 3-year period. The next paragraph on the top of page 16 describes the next 3 years, which was agreed to at the meeting attended by Senator Miller.

Senator RUSSELL. We contribute more than about 55 percent now.

Mr. BELL. Of this amount, yes sir; that is right. Earlier Senator Ellender was referring to our normal share of the costs of United Nations agencies, which usually runs in the order of 40 percent, in some cases a little more, in some cases a little less. This particular period we put in a bit more than half.

Of the \$275 million, was there a fixed proportion? I suppose there was, that the United States was prepared to put up?

Senator MILLER. Oh, yes.

Mr. HERBERT J. WATERS (Assistant Administrator for Material Resources). That was 50 percent of the commodities and 40 percent of the cash costs. That total has not been matched yet, so our part will come down if the others do not match that.

Senator MONDALE. Would the Senator yield on that point? That is the point I was troubled about. You brought up the question of procuring matching commitments from other countries. Even though we propose and the FAO proposes to go up to this nearly \$300 million level, we still have yet to procure the total matching from other countries, even at that level?

Mr. BELL. Yes, sir; that is correct.

The CHAIRMAN. Why cannot we reach some kind of understanding with other nations of the world that we put up so much if they put up so much. We should not put up much more than our share while others able to contribute do not put up their shares. I could cite no better case than India at the moment. Of all the contributions made to assist India in the present situation caused by this drought, I would hazard a guess that we would put up 75 percent, either by way of food or money. Cannot we either require those able to contribute to contribute their full shares, or reduce our share proportionately?

Mr. BELL. Well, Mr. Chairman, you are caught here in a situation, a factual situation, that so far, the world consists of independent countries. We do not have the means to force another country to put up a certain amount of money except as they agree to do so, and we are therefore steadily and continuously working to try to improve the basis of agreement in accomplishing exactly the objective you desire. We have managed to do so in a number of multilateral organizations in which the contributions are on a fixed proportion basis. This is very fine and takes us a long way toward where we are going. We

have managed to do so in cases like the world food program, where there is an agreement by the others represented at the meeting. They will put up so much, but this leaves—and you are entirely right—this leaves substantial areas in which we have not yet developed the firm pattern of agreement which would permit us to call as a matter of right or claim on other peoples' resources. We are working in that direction, but we have to do the best we can with the world as it is, sir.

The CHAIRMAN. Well, the fact remains, however, that since we have been so liberal with our food and with our funds, they expect us to do it if they do not. I would like to see us stiffen up a little bit, not be too soft, harden our nose a little bit. That is one thing that I expect you to do if this bill goes through.

Mr. BELL. I am quite prepared to accept that charge. I agree with you wholly on that.

The CHAIRMAN. Well, we are going to arrange it so that you are going to have to do it if it is left to me, and we are not going to leave it to you.

Mr. BELL. I have no problems about that.

Senator COOPER. Mr. Chairman, may I ask a question to illustrate this issue?

The CHAIRMAN. Proceed.

Senator COOPER. In your Alliance for Progress for Latin America, does it have a food program to assist countries in the Alliance?

Mr. BELL. There is no separate food program under the Alliance, Senator. There are very major activities in the agriculture field under the Alliance. The American food-for-peace program is regarded, so far as it affects Latin America, as part of the overall broad effort under the Alliance.

Senator COOPER. I want to come to that point. How successful has the Alliance been in inducing countries that have food shortages to improve their agricultural production?

Mr. BELL. It varies by country, Senator Cooper. There has been good and encouraging and strong action in Brazil, in Chile, in Colombia, and in a couple of the Central American countries. There are agricultural activities in nearly every one of the Latin American countries under the Alliance. But in a number of the countries, we do not feel that the actions by the country are strong enough to meet the need, and therefore, in such circumstances, our efforts are necessarily limited. We cannot do it for them. We can only do it in partnership with them.

Senator COOPER. That is what I am getting at. In this program you are now proposing, we have the same situation. You cannot do it for them, but you say you are going to try to induce them to produce more food. Now, if you had a similar situation in Latin America, how has it worked there? Why have you not been able to induce them to do more in food production? And if you have not been able to do it in Latin America, what leads you to believe you can do it all over the world?

Mr. BELL. As I say, Senator in several of the most important countries, we have been able to do it. What has happened is that the people who are managing the economic program, the development program, in a country such as Brazil have examined their own situation and

they have concluded in discussing with us—they have reached the same conclusion that we have; namely, to achieve a strong and growing economy requires major emphasis on agriculture, much more than has been given in the past, and major changes in the rural institutions; much better rural schooling, a lot of emphasis on transportation, farm-to-market roads, this sort of thing, better agricultural credit availability, much more fertilizer.

Now, these are their conclusions. Our conclusions are the same. You might say in some sense, we have reached these conclusions jointly. That is a major element, a high-priority element of the Brazilian development program at the present time.

We agree with it, we have helped them to reach these conclusions, and we are prepared to back their broad development program, including the agricultural parts of it, very strongly, with dollar loans where that is appropriate, with Food for Peace commodities so far as they are appropriate.

We are on a solid, jointly agreed program of improvement and change which we are confident will meet the problem. That is the ideal situation—I do not mean all elements of the Brazilian situation are ideal, but so far as this point is concerned, they are good.

Senator COOPER. Have there been any emergency food situations in Latin America, similar in character if not so large in magnitude, to those we have talked about in India?

Mr. BELL. No, sir, the largest I guess, was the big earthquake situation in Chile some years ago. That is not a comparable situation to the present situation in India.

Senator COOPER. The reason I raise the question is this: I think now we begin to realize that Latin American is pretty important. We talk about southeast Asia; in Latin American, we might have a similar situation—although I would hope not. Now, you have the Alliance for Progress. Do you believe that, with our position in the operation of the Alliance for Progress, the United States has been able to do anything substantial toward improving food production? If you do not have food to feed the people, you know you are going to have trouble down there.

Mr. BELL. That is right. We know we have been able to do it in some other cases; in other cases, we have not. I do not want to make headlines; therefore, I shall not use the country's name. There is a country in Latin America with very substantial agricultural resources which has been following very weak policies. We have not put major aid in that country because their policies are relatively weak. We are ready any time they want to undertake the strong, firm, positive program that the Alliance calls for. We have been urging these people to do so in a every way we can think of. Not only we, but the Inter-American organization, the CIAP—the Inter-American Committee for the Alliance for Progress—has given great stress to the rural part of the Latin American economies. But if the country simply sits there and is not prepared to take the actions that it alone can take, that we cannot take for them, obviously, all we can do is keep talking to them, keep urging them, but not putting our money into it.

Now, the India situation, fortunately, is entirely different from that. The Indian Government is deeply concerned about its problems. It has made a number of major changes in policies in the last couple of

years and is on an entirely different basis than it was, as you know, just a few years ago. So we are in a position there to work very strongly with them because they are undertaking what they can do.

But we are limited, there is no way to escape it, by the fact that we are not playing God in these countries. We cannot operate them; they are independent, sovereign nations. If they are prepared to face their own problems and do what they can about them, we can, along with other nations, give them strong support. We can stand ready. We can tell them this. We can argue with them, we can urge them. But we cannot do it for them.

Senator COOPER. I know that.

The CHAIRMAN. Proceed with your statement, Mr. Bell.

Mr. BELL. The President's war on hunger recommendations to the Congress including both the Food for Freedom proposal before this committee and the changing emphasis proposed in our foreign economic assistance program, are specifically aimed in this new direction.

Mr. Chairman, I know that Secretary Freeman has discussed with the committee at more length the changing conditions that have resulted in these new recommendations to the Congress. You are familiar with the reasoning which led the President to reject the costly and impractical alternative of trying to meet the entire world's food gap over the coming years by more and more massive shipments of food aid.

Instead, as Secretary Freeman made clear, the President has proposed the more sensible course of helping other countries to develop their own food production, and through temporarily increased food-aid shipments to fill the immediate gap until their production can be expanded.

The CHAIRMAN. In connection with that, Mr. Bell, why is it that you have asked for more authority by way of sending more food? As I understand it, under the present law, when we amended it 2 years ago, we provided a total of \$2.7 billion, and now we are providing \$2.5 billion per year, plus \$800 million under title III. It strikes me that if you want to be consistent here in this statement, you would lessen it rather than increase it.

Mr. BELL. I have said here, sir, through temporarily increased food-aid shipments to fill the immediate gap until their production can be expanded. My own guess, which is not an educated one—as you know, the Secretary of Agriculture has the staff in these matters—my own guess is that the principal reason we need increased food-aid shipments in the short run is almost entirely owing to the situation in India. If the Indian situation is markedly improved, say 3 years from now, I am not at all sure that we would need an overall increase.

The CHAIRMAN. The bill covers 5 years.

Mr. BELL. That is right.

The CHAIRMAN. With authority to spend \$3.3 billion per year.

Mr. BELL. That is right.

The CHAIRMAN. Plus amounts carried forward from previous years.

Mr. BELL. Right.

The CHAIRMAN. If, as you say, you have a situation to meet the drought conditions in India the first year, could you not for a certain amount the first year with lesser amounts for following years?

Mr. BELL. I think, Mr. Chairman, the only problem here is that no one knows enough about the future to develop any kind of precise figures looking very far ahead.

The CHAIRMAN. If the amount requested is provided, it will be spent. So far as I am concerned, we are going to taper it off instead of leaving it at a high figure for the entire period to be covered.

Mr. BELL. Of course, that is a judgment for the committee. On the other hand, I think we have demonstrated that we have not in fact used the authority which has been made available, either on the dollar side or on the Food for Peace side in recent years when we have not needed it. I have carried over hundreds of millions of dollars on the economic aid program which was not needed and which was applied against the next year's program. I have carried over just this last June 30 very important sums of money.

So I would not want to accept, sir, the proposition that if it is available, we will automatically use it. Quite the contrary. We are trying to build our uses around what is needed. We are also, obviously, trying to get our authorization and appropriations as closely related to those as we can.

But looking at this far ahead, it is very difficult to be very precise about it.

Senator RUSSELL. May I ask one question at this point?

The CHAIRMAN. Proceed.

Senator RUSSELL. Do you not think it would have a psychological advantage if we would include in the authorization a diminishing amount? Do you think that would have the effect of impressing upon these foreign countries that this was a temporary measure to aid them for self-help, and that they had to get at the business of doing something for themselves in this period?

Mr. BELL. It might work that way, sir. On the other hand, as the members of this committee recognize very well, it is not an overnight job to change a country's agriculture, to improve a country's agricultural outlook situation. I would not at all want to give you the impression that I think the Indian problem, for example, is going to be all solved in 18 months. I think that strong changes can be made over such period. But I do not think any one of us should kid himself that we can be very confident that the Indian food requirements are going to be less 5 years from now than they are today. I hope they will be. I think if the actions that are now being taken and that we are supporting are taken, they will be less. But that is a guess. That is a belief.

I think it would be very risky for us to make a firm judgment that 3 years from now, we think the amount can come down to this and 4 years to that, and so on. I agree with you that we do not want to give any implication whatever that these countries, if they do not do what they are supposed to do, what they can do, can automatically rely on our largesse. That is not our idea at all. So we wanted, and my statement and the other statements the committee has heard, the President's own message, have pounded very hard on the concept that we are prepared to help if they are prepared to do what they can for themselves. I think that is the best psychological framework that we can provide.

Senator RUSSELL. Do you not think if you used a moderate amount of reduction every year, that would have a very fine effect upon these

countries to impress upon them that when you told them that they had to get at the business of self-help, here you had something to show that you had to make that demand of them? Do you not think it would be helpful psychologically and helpful to you and helpful even to these countries themselves?

Mr. BELL. The only reason I hesitate, as I say, it is so extremely difficult to put together reliable estimates of what the requirements are going to be.

Senator RUSSELL. You do not have to make these large cuts.

Mr. BELL. I understand.

Senator RUSSELL. They should be tokens as evidence of what we are expecting of them and as evidence to the American people that we are not engaging on a permanent program when, for years and years, we have been telling them this is a temporary program, it is going to taper off. And it never has tapered off; it has always gone up. Here we would be giving congressional expression to the effect that here was one time we were going to start downward.

Mr. BELL. Let me, if I may, consult Secretary Freeman on this point. I would just like to ponder that question a little further, sir.

Senator MONDALE. Would the Senator yield on that point?

Senator RUSSELL. I am through.

The CHAIRMAN. Senator Russell, I have been looking into this foreign aid program ever since its inception, and the basis of the program, the Marshall plan, was self-help. Read the speech; you will see it is self-help. But somehow administrators have never enforced that part of it. We have simply gone in blindly and simply given it away, without expecting or hoping for the self-help that was our origin objective.

I agree with you thoroughly that if we start here with much more than is now available by way of food and provide for it for a period of 5 years, they are just going to lie back, lie back, lie back and wait, and Uncle Sam is going to do the job for them. It is my idea to do the very thing you are proposing there, irrespective of what the witness or Secretary Freeman may propose.

Senator MONDALE. I just want to take just a minute on this. I notice it is now 11 and the Administrator has not completed his statement.

Senator MONDALE. Something I do not think is coming across here, if I may suggest it, Mr. Bell, is the fact that, at least from what I have been able to determine, we have been getting tougher and tougher with these receiving nations, and that indeed, in India today, one of the big issues is whether we have been holding the gun at the Indian Government's head so hard that we now are running the Government.

Mr. BELL. Yes, sir, that is right.

The CHAIRMAN. That is because of the war, Senator.

Senator MONDALE. As a result of these efforts in the last few years, particularly since Subramanian took over as Food Minister, and particularly since his speech, the Indian Government has become far more determined to take steps to solve India's food problem, including hard commitments of cash and an impressive allocation of resources for fertilizer imports. They have discarded many of their ancient antagonisms to foreign businesses in order to try to clear the way for new fertilizer plants.

They have—it was at least my impression—some very sophisticated talent at the operational level in this intensive agricultural development program. Our AID program there is staffed by some of the finest men I have ever seen in American government, who are not theoretical altruists trying to sprinkle money indiscriminately around the country, but are hard-headed, responsible, imaginative administrators who are working in a country that happens to be a democratic country, but one with an exploding population, most of which is illiterate. We are trying in the midst of this frightfully complicated situation to help this country get on its feet in the most responsible manner.

I think that the Indian Government ought to be receiving a few compliments here and the AID mission ought to be recognized for what it is—a very excellent, crack organization doing the best it can. I think we ought to be giving it the muscle to improve this effort, and to recognize that if we sit back and let India face a 14-million-ton shortfall in grain this year, there will be a raging inflation and rampant hunger, we will be giving the Communists the biggest advantage that they have ever had as they are now exploiting the situation in Kerala—and Vietnam will look like a tea party.

The CHAIRMAN. Senator Mondale, as I said a few minutes ago, we hardened our stand in India because of the fact that they engaged in this war with Pakistan. We cut all aid out.

Mr. BELL. No, indeed.

The CHAIRMAN. Just a minute.

Mr. BELL. We did cut all aid out.

The CHAIRMAN. Yes, and then you put it back again.

Mr. BELL. I wanted to say in the agricultural field, the change began well over 2 years ago, and it was in October of 1964 that, following very thorough discussions between our mission that Senator Mondale refers to and the Indian Government, we sent out, at the Indian Government's request, a team of pricing experts from the CCC in the Department of Agriculture to help the Indian Government devise a policy of incentive pricing for farmers. Up until then, as you probably know, sir, the Indian Government's agricultural price policy had been primarily designed in the light of the consumers in the cities. Obviously, those are interests that need to be considered, but they had not paid adequate attention to the problem of the farmer, and beginning then, beginning in October of 1964, the Indian Government has put into effect much better price policies in order to encourage and induce and attract more output from farmers.

So that the change in agricultural policy, so far as the American AID officials are concerned, and the Indian Government is concerned, is not something that happened since the India-Pakistan war.

We have, indeed, increased the firmness with which we have looked for and expected, insisted on self-help measures over a longer period of time than just the last few months.

The CHAIRMAN. However, we did cut out AID altogether. In order to receive it again, they had to make certain promises and they did make those promises, and this has aided the program of which we are now talking.

You may proceed with your statement.

Mr. BELL. Thank you, sir.

In this overall task, the principal contribution of the Agency for International Development is to organize technical and capital assistance to help the developing countries raise their rates of increase in agricultural output, as part of the general task of economic development.

As you know, there has been considerable improvement in agricultural output in these countries over the past 15 years, so the problem is not that of overcoming the total inertia of a motionless machine, but of sharply accelerating growth processes already underway. To this end, we must mobilize the best talent available in the United States, in the Department of Agriculture, in the land-grant universities, and in the farming and business communities of our country.

Mr. Chairman, this committee has a sizable stake in AID's efforts to improve agricultural production in developing nations. To the extent we succeed, as we have in such cases as Taiwan and Israel, for example, we lessen the need for concessional food aid and increase the opportunity for commercial agricultural exports. For that reason I welcome this opportunity to explain how our programs, funded out of foreign assistance appropriations, are developed and carried out, as well as to comment on the important contribution food aid provided through the Department of Agriculture is making to our overall objectives.

AID, in planning and executing its programs to assist nations grow economically, has learned that it must look at development objectives on a countrywide/economywide basis. This country planning begins, of course, with the host country. The U.S. AID mission in the country is responsible for working with and advising host country officials on planning and carrying out development programs that make the best overall contribution to economic growth. It is clear that agricultural development is an important element—often the most important element—in this picture. Our AID mission is also responsible for planning and executing, following approval here in Washington, the U.S. assistance to complement host country development efforts.

I should like to stress the essential relationship between self-help measures by the aid-receiving countries, and our assistance. Only if we are convinced that countries are doing what they can for themselves are we prepared to give them full-scale assistance.

It is a complex task to analyze the various measures—some directly in the agricultural field, some outside—which are needed to achieve food output increases. They range from price, credit, and supply measures affecting farm output directly, to foreign exchange affecting, say, the importation of raw materials for fertilizer production, and policies encouraging (or discouraging) private ownership and initiative. The AID missions in each country, with help from experts from the Department of Agriculture, the universities, and other sources, must study all these matters, and lay out the combined pattern of self-help and outside assistance which will achieve the results that are necessary.

As we look ahead, we expect that our AID capital and technical assistance directly to enlarge agricultural output, in the next fiscal year, will rise by about 50 percent, to around \$450 million. This will cover such items as the following: Fertilizer plants and imports. AID financed about \$65 million of U.S. fertilizer exports in fiscal year 1965 and that amount is expected to rise next year. We are also helping to

build fertilizer plants abroad. We are encouraging these efforts directly through surveys, through the possibility of joint financing, and through investment guarantees. AID currently has before it applications for guarantees covering \$250 million in planned American private investment in fertilizer production overseas. In 1965, AID guaranteed about \$12 million in fertilizer plant investments in Korea, India, and Nicaragua, and lent \$48.8 million to two new plants in Korea, in which the principal American private investors were Swift, Gulf, and Skelly.

Senator RUSSELL. May I ask a question here?

Mr. BELL. Yes, sir.

Senator RUSSELL. When you guarantee these investments, is that chargeable against any appropriation, or is that just a contingent liability that hangs out there?

Mr. BELL. No, sir, the Congress gives us in the Foreign Assistance Act a limit against which we can guarantee. The limit is substantial where the guarantees are against political risks. In addition, the Congress have given us a relatively much smaller amount to use in special cases for all risk guarantees, including commercial risks.

Senator RUSSELL. Are those guarantees included in the \$450 million figure that you used on the preceding page?

Mr. BELL. No, sir, they are not. The guarantees would be in addition to that figure. Those are appropriation figures.

Senator RUSSELL. You have, of course, no estimate of those.

Mr. BELL. That is right. These depend on the activities of private businesses and their applications to us. I might be able to give you an estimate, sir. I would be glad to try to put in the record what I can on that.

Senator MILLER. Could I ask a question?

The CHAIRMAN. Proceed.

Senator MILLER. In 1965, you guaranteed \$12 million in fertilizer plant investment. Do you know how large a number of applications or what the total of applications was for 1965?

Mr. BELL. We did not turn anybody away, Senator. The increase in the interest of American businesses, in developing fertilizer plants overseas in developing countries has been rising very rapidly. They have been investing in fertilizer plants in Europe and other advanced areas for the last several years, but their interest in the developing countries has just shot up over the last year or so. In consequence, the small figure for 1965 simply reflects the early processing of applications, of which we have a much larger number of applications now on hand, and I would expect the figure to be much larger than presently.

Senator MILLER. Do you have any idea how much larger it will be this year?

Mr. BELL. I do not have offhand, but as I said a minute ago, let me try to put something in the record on that, see how far along these things are and see what is going to happen.

Frequently, these are large investors, as you know, Senator, \$50 to \$100 million, sometimes, for a single plant, and the American businesses involved take their time, are very careful in making all the market surveys, the inventory surveys, and all the rest. I will try to find out all I can at the pace this is moving.

(The information is as follows:)

AID INVESTMENT GUARANTEE PROGRAMS—FERTILIZER PLANT INVESTMENT

Under AID's specific risk investment guarantee program, over \$12 million of U.S. private investment in fertilizer plants abroad was covered in calendar 1965. This investment was in Korea, India, Nicaragua, Ecuador, and China (Taiwan). Protection of \$5 million of U.S. private investment in a \$44 million fertilizer project in Korea has also been authorized under the extended risk investment guarantee program.

Applications for specific risk guarantees for \$257 million in additional U.S. private investment in fertilizer production in less developed countries are under review. It is expected that \$115 million of these investments may be covered by guarantees in calendar 1966. Construction is already in process on eight of these projects, in Greece, Turkey, India, Korea, Brazil, Nicaragua, Morocco, and Senegal. Two applications are under consideration for extended risk coverage of fertilizer plant investment sponsored by U.S. firms: \$17 million of a \$60 million project in India, and 12 million of a \$60 million project in Brazil. Both coverages are expected to be authorized during calendar 1966. Not yet a formal application, but under discussion, is extended risk protection of U.S. private investment in a \$55 million fertilizer plant in India. The amount of possible guarantee coverage is not yet determined.

Senator RUSSELL. Why did you have to lend \$48 million to Swift, Gulf, and Skelly? I thought they had pretty good credit standing of their own.

Mr. BELL. They do. As you know, Korea is just getting over a very severe war situation and has been gradually building toward governmental stability from a period in which there was considerable instability. Under our law and under our practice, we never lend money in a situation like this unless everyone else in the world has been canvassed and we are the lender of last resort. That happened in this case. The Export-Import Bank was not prepared to put up the money. No private sources of credit were found.

Senator RUSSELL. What is the interest rate?

Mr. BELL. I shall have to give it to you for the record. It is the standard, approximately—well, I am sorry, sir, I shall have to check it. (The information is as follows:)

INTEREST ON KOREAN FERTILIZER LOANS

Two AID loans were made for the construction of two fertilizer plants in Korea. In each case the initial borrower was the Government of the Republic of Korea, who will repay the loans in dollars over a total of 40 years, including a 10-year grace period. Interest during the grace period is 1 percent per annum, rising to 2½ percent during the 30-year period of principal repayments. In one case the Korean Government relends a maximum of \$24.2 million to the Yong-Nam Chemical Co., Ltd., a Korean corporation, the debt to be paid to the Korean Government in Korean won over an 18-year period including 3 years of grace, with interest at 5¼ percent. Yong-Nam will maintain the value of the won to be paid to the Korean Government, that is, it will pay in won an amount equal to the interest and principal payment in dollars, converted to won at the then-current exchange rate. Swift and Skelly each have a \$5 million equity investment in Yong-Nam which is matched by a won investment equivalent to \$10 million by the Chungju Fertilizer Corp., a Korean Government concern.

The terms are identical under the \$24.6 million loan for the Chinhae Chemical Co., Ltd. Gulf is investing \$10.5 million for 50 percent of the equity of this corporation, the other 50 percent being purchased by Chungju Fertilizer Corp. with the won equivalent of \$10.5 million.

Mr. BELL. We are making loans to the Korean Government on our standard AID terms, minimum terms, because it is a poor economy.

Senator RUSSELL. Are these loans made on that same basis?

Mr. BELL. I think they were made to the company which is involved, but since the products will be sold inside of Korea, I suspect that what

we did, what we often do in situations like that, we make the loan to the company on a sort of commercial interest rate, which they repay in local currency. Then we receive repayment in dollars over the longer term, and at the lower interest rates, which are authorized under the Foreign Assistance Act, because the low terms which the Foreign Assistance Act provides are intended to ease the burden on a country's balance of payments. They are not intended to provide a windfall for an individual company.

Senator RUSSELL. That is the reason why these companies wanted a direct loan rather than a guarantee, then.

Mr. BELL. I cannot recall, offhand. What I had better do is give you a full account in the record of this hearing of this arrangement. It is a very interesting one. We worked on it a long time and it involved putting a lot of elements together.

As I recall it, we have given to these American companies an all risk guarantee against part of their equity investment and not against other parts. But I repeat, this was about a year ago that we completed this, and I have forgotten the details of it.

Senator RUSSELL. And why they used a direct loan rather than a guarantee.

Mr. BELL. Exactly; right.

(The information is as follows:)

USE OF AID LOAN FUNDS IN KOREAN FERTILIZER PROJECTS

At all times during the negotiations of the financing for the two Korean fertilizer plants, there was no question that very substantial AID loans would be required to cover a major portion of the foreign exchange costs. Since we were unable to find alternative sources on reasonable terms for all of the AID loan funds, there was nothing available for AID to guarantee. Thus, the guarantee program was not pertinent.

AID is satisfied with the financial package and the size of the U.S. private participation in these projects. During the course of the negotiations, the total U.S. equity participation in the two projects was raised from the originally proposed \$14 to \$20.5 million. The investing companies (Gulf, Skelly, and Swift) were not willing to raise further their participation in these Korean projects. The ventures are only the second and third major private American investments in Korea.

The AID loans are not made to the American investors, but rather through the Korean Government to the Korean corporations. The American corporations were not prepared to sign notes for the AID funds borrowed or to invest similar additional amounts.

AID did eventually provide extended risk guarantees against up to 50 percent of the equity investments by Swift and Skelly. Gulf did not desire such coverage.

Senator COOPER. May I ask for some material for the record, please? I am very much interested in seeing what the Indians are doing about their fertilizer production. Will you supply for the record a list of the fertilizer plants in India, stating whether or not they are publicly financed by government, or by private investors in India or foreign investors, the total amount of cash investment, and their estimated production?

Mr. BELL. Right. I take it you would want me to include in that list, sir, those which—

The CHAIRMAN. Existing.

Mr. BELL. Well, the existing ones and the ones that are under construction, and the ones for which agreements have been reached but construction has not yet been completed.

The CHAIRMAN. And you might state the terms under which they were constructed.

Senator MONDALE. Could you also add to that the changes in Indian Government policy that are encouraging?

Mr. BELL. I should be glad to. The principal policy change in recent months affecting fertilizer, as I think Senator Cooper knows, is that the Indian Government has now agreed that a private fertilizer plant will be able to sell its fertilizer anywhere in India where it finds a market, and at any price that the market will bring. This is normal, standard, American-type marketing arrangement, but one which has not been the case in India in the past.

Senator COOPER. I am interested in two things. One, what India is doing, and also what AID has done in this field, because it has known for years of the lack of fertilizer production.

Now, I want to ask you to do the same thing for other countries—not their total capacity, but what AID has done in, say, the last 5 years in the way of encouraging, supporting, loaning, or guaranteeing investments in fertilizer plants.

Mr. BELL. Fine.

(The information is as follows:)

ENCOURAGING POLICY CHANGES BY INDIA RELATING TO FERTILIZER

The Indian Government has decided as a matter of policy to attach the highest priority to the improvement of agricultural production, particular of food grains. Consequently a substantially higher proportion of Government revenue than before is now being allocated to the support of agriculture and related economic activities. A new program was promulgated in November 1965 with the objective of increasing agricultural production by about 30 percent by 1971. This plan relies heavily on increased availabilities of fertilizer and other industrial inputs, to come from both imports and increased domestic production.

The Indian Government has taken the following measures to increase the availabilities of fertilizer to Indian farmers and to attract foreign private investors interested in financing and operating fertilizer plants in India:

1. The Indian Government has publicly announced that fertilizer projects affiliated or controlled by foreign parties will be exempt from price control and from restrictions on marketing area for a period of 7 years from the beginning of commercial production, subject to the Indian Government having an option to take up to 30 percent of the production at negotiated prices. This concession applies to projects licensed through March 31, 1967.

2. The Indian Government has indicated that it would be prepared to permit foreign companies to be responsible for distribution in India of fertilizer produced by them.

3. The Indian Government has undertaken to allocate foreign exchange to foreign-owned fertilizer companies to permit them to import fertilizer into India for the preparation of markets during the period of construction of their plants.

4. The Indian Government has established a committee of three senior secretaries to the Government to handle all negotiations involving the collaboration of foreign parties in setting up fertilizer projects, to expedite the necessary clearances and to help remove bottlenecks which may develop during the construction and production stages.

5. The Indian Government has given assurance that it will allocate the foreign exchange required by all fertilizer plants to permit operation at capacity levels, including raw materials, spares, and other maintenance items.

6. The Indian Government has accepted the principle of the need for improvement of credit facilities available to the cultivator and has initiated the studies required to bring about the necessary improvements.

7. Despite strong domestic political opposition, the Indian Government is actively pursuing potential foreign investors and has eased some of the administrative and operating difficulties of the major foreign investor that is now constructing a fertilizer plant in India.

INDIA

Fertilizer plants

Name	Location	Rated capacity (metric tons in thousands of nutrients)		Estimated completion date	Cost in millions	Remarks
		Nitrogenous	Phosphatic			
I. EXISTING PLANTS						
A. Public sector:						
1. Fertilizer Corp. of India.....	Sindri.....	120		Completed.....	\$94.5	Basic plant completed 1951; expansion completed 1959. Commissioned 1961. Byproduct recovery from steel mill operation.
2. Hindustan Steel, Ltd.....	Nagel Rourkela.....	80 61		do..... do.....	65.1 (1)	
3. Fertilizers & Chemicals, Travancore, Ltd.....	Durgapur Bhilai..... Alwaye.....	1 4 28	7	do..... do..... do.....	(1) (1) 35.7	
B. Private sector:						
1. Mysore Chemicals & Fertilizers, Ltd.....	Belagula.....	1	5	do.....	(1)	These 23 plants are grouped here for convenience only.
2. E.I.D.-Parry, Ltd.....	Ennore.....	9	11	do.....	(1)	
3. New Central Jute Mills Co., Ltd.....	Varanasi.....	10		do.....	(1)	
4. Tata Iron & Steel Co.....	Janshedpur.....	5		do.....	(1)	
5. Indian Iron & Steel Co.....	Burnpur-Kulti.....	4		do.....	(1)	
6. 23 various private companies.....	Various.....		157	do.....	(1)	
Total of existing capacity.....		323	180			
II. PLANTS UNDER CONSTRUCTION						
A. Public sector:						
1. Fertilizer Corp. of India.....	Namrup Trombay.....	45 90		Late 1967..... Early 1966.....	37.8 83.0	AID development loan of \$37,800,000 plus Public Law 480 local currency loans totaling \$45,000,000. Partially financed with Japanese credits.
2. Hindustan Steel, Ltd.....	Gorakhpur.....	80		1968.....	55.8	
3. Fertilizers & Chemicals, Travancore, Ltd.....	Durgapur Rourkela..... Alwaye.....	171 61 42	112 21	1968..... Early 1966.....	75.6 (1) (1)	

	Baroda.....	97	57	Late 1967	68.7	Partially financed with Japanese credits.
4. Gujarat State Fertilizer Co., Ltd.....						
5. Neyvelli Fertilizers.....	Neyvelli.....	71		Mid-1966	(1)	
B. Private sector:						
1. E.I.D.-Parry Ltd.....	Ennore.....	9	11	1968-69	(1)	Expansion.
2. New Central Jute Mills Co., Ltd.....	Varansai.....	10		(1)	(1)	Do.
3. Coromandel Fertilizers, Ltd.....	Visakhapatnam.....	80	73	Mid-1967	77.1	Eximbank dollar loan of \$22,000,000 plus Cooley loan of \$22,600,000 equivalent. U.S. private equity participation.
4. Atul Products.....	Bulsar.....		3	(1)	(1)	
5. Dharamsi Morarji Chemical Co.....	Bombay.....		12	(1)	(1)	
6. 5 Various private firms.....	Various.....		32	(1)	(1)	
						These 5 plants are grouped here for convenience only.
Total additional capacity under construction.		756	366			
III. PROJECTS IN PLANNING STAGE						
A. Public sector:						
1. Cochin fertilizer project.....	Cochin.....	130	104	1968-69	(1)	New, to utilize refinery byproducts.
2. Talcher complex.....	Talcher.....	61		(1)	(1)	New.
3. Fertilizer Corp. of India, Ltd.....	Trombay.....	113		(1)	(1)	Expansion.
4. Haldia fertilizer project.....	Haldia.....	200		(1)	(1)	New.
B. Private sector:						
1. Madras fertilizer project.....	Madras.....	200	110	(1)	(1)	To utilize refinery byproducts. Government of India equity participation.
2. Rajasthan Fertilizers & Chemicals, Ltd.....	Kotah.....	100		1968-69	(1)	New.
3. E.I.D.-Parry, Ltd.....	Ennore.....	8		1968-69	(1)	2d expansion.
4. Andhra Sugars, Ltd.....	Kathagudem.....	60		1968-69	(1)	New.
5. Delhi Cloth Mills Chemical Works.....	Kotah.....	130		1968-69	(1)	Do.
6. Imperial Chemical Industries, Ltd.....	Kanpur.....	198		1968-69	(1)	Do.
7. Birla-Gwallior, Ltd.....	Goa.....	153	80	1968-69	(1)	U.S. private equity participation planned.
Total additional capacity in planning stage.		1,353	294			

1 Not available.

Summary

	Metric tons
Total existing nutrient capacity.....	508,000
Total nutrient capacity under construction.....	1,122,000
Total additional nutrient capacity in planning stage.....	1,647,000

332 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

Production¹ and imports of fertilizer, 1960-65

[Thousand metric tons of nutrient]

	Nitrogenous		Others		Total	
	Production	Imports	Production	Imports	Production	Imports
1960.....	112	172	54	25	166	197
1961.....	154	143	65	31	219	174
1962.....	194	229	88	51	282	280
1963.....	219	198	108	76	327	274
1964.....	243	257	130	69	373	326
1965.....	² 265	289	² 150	² 75	² 415	364

¹ Current production figures by plant not available.

² Estimated.

AID projects—fertilizer plants, fiscal years 1961-65

[Dollar amounts in millions]

Country	Project title	Fiscal year authorized	Amount authorized
Total fiscal year 1961-65.....			\$86.6
India.....	Trombay fertilizer plant.....	1961	30.0
Do.....	Trombay fertilizer and methanol plant.....	1964	7.8
Korea.....	Yong Nam Chemical Co., Ltd., fertilizer plant.....	1965	24.2
Do.....	Chinhae Chemical Co., Ltd., fertilizer plant.....	1965	24.6

AID Cooley Loans (sec. 104(e), Public Law 480) fiscal years 1961-65

[Millions of dollar equivalents]

Country	Borrower	Authorization date	Amount
India.....	Coromandel Fertilizer, Ltd.....	Oct. 10, 1963	\$22.6
Do.....	Hindustan Allied Chemicals, Ltd.....	Feb. 4, 1965	10.0

Obligations of U.S.-owned local currencies for fertilizer plants, fiscal years 1961-65

[Dollar amounts in millions]

Country	Project title	Fiscal year obligated	Amount obligated
Total fiscal year 1961-65.....			\$38.8
India.....	Trombay fertilizer plant.....	1961	28.2
Yugoslavia.....	Pancevo nitrate fertilizer plant.....	1961	10.4
Brazil.....	Fertilizer production (FERTICAP).....	1964	0.2

NOTE.—Currencies generated from sales under Public Law 480, section 104(g).

Investment survey participation grants—status report as of Dec. 31, 1965

Country	Project	Agreement date	Current status
Dominican Republic	Nitrogen fertilizer plant	Oct. 18, 1965	Survey in process.
Guatemala	Fertilizer plant	June 21, 1965	Do.
Central America	Nitrogen fertilizer	Oct. 29, 1965	Do.
Peru	Fertilizer plant	Mar. 5, 1965	Do.

The above programs constitute our direct quantifiable assistance in support of fertilizer investment overseas. Much of AID interest and involvement in this field, however, is not quantifiable, such as the informal support and advice we give to host country planners and private investors, both United States and local, interested in providing facilities to meet fertilizer demand requirements. This kind of encouragement is done on an ad hoc basis around the world; efforts in India, Pakistan, Turkey, and the Philippines can be cited, however, as specific examples of such policy.

Fertilizer utilization has for many years been a primary interest of our assistance program particularly in the technical cooperation area. Much of our focus to date in this regard, however, has been on the institution building elements which form a prerequisite to effective fertilizer utilization. Strong emphasis has been placed in many aid programs on—

(a) The problems of fertilizer research on particular crops and varieties in country situations;

(b) Agricultural extension programs which by example, demonstration, and later followthrough teach farmers how to use fertilizer most effectively;

(c) Investigations in the area of soil testing designed to identify what fertilizer combinations are most effective in given situations; and

(d) Setting up administrative procedures to get fertilizer to farmers at the right time.

Related to these efforts has been the strong use which AID has made of the expertise and facilities of the Tennessee Valley Authority. TVA, for example, has just completed and submitted to AID at our request, a report on estimated world fertilizer production capacity in the coming years as related to world fertilizer needs, particularly in less developed areas. This report will serve as an important guide to our thinking and plans with reference to support of fertilizer production, development of expanded markets for fertilizer, and other related matters. TVA has also assisted AID by making available specialists in various fields of fertilizer technology and uses for temporary assignment to the field on special problems. Since the summer of 1962, seven TVA teams of two or three specialists each have gone to six nations (Morocco, Korea, Iraq, Nigeria, Thailand, and Turkey) for periods ranging from 1 week to 3 months. One staff member was part of a four-man U.S. team that went to India recently. A third area of TVA support has been the provision of training facilities in fertilizer technology. Last year, for example, TVA organized an 8-week short course for a 19-member Indian fertilizer team; this program is being more than doubled in the current year.

Recapitulation of fertilizer projects guaranteed since July 1, 1960

Fiscal year 1961	None
Fiscal year 1962 projects	3
Fiscal year 1963 projects	2
Fiscal year 1964	None
Fiscal year 1965 projects	2
Through Mar. 15, fiscal year 1966 projects	6
Total projects for the 6 fiscal years	13
Total guarantees issued	\$326, 300, 000
Total actual investment covered	\$75, 200, 000
Total number of countries involved	9

W. R. Grace & Co.-----	Togo-----	Sept. 14, 1964	21, 930	20, 162	20, 074	62, 166	6, 544	6, 500	Loan and equity to expand and develop phosphate mining operation.
Do-----	Trinidad-----	Aug. 27, 1964	38, 749	34, 972	33, 000	106, 721	10, 000	12, 000	Production of chemical fertilizer (loan and equity).
Total, fiscal year 1965 (2 projects).			60, 679	55, 134	53, 074	168, 887	16, 544	18, 500	
Continental Bank International.	India-----	Aug. 9, 1965	1, 006			1, 006	650		Loan for expansion of manufacturing fertilizer and other agricultural chemicals.
International Ore & Fertilizer Corp.	Nicaragua-----	Aug. 30, 1965	810	734	600	2, 144	500	100	Manufacture and sell fertilizer (loan and equity).
Chemoleum International, Ltd.	Ecuador-----	July 7, 1965	200	304	250	754		152	Plant to manufacture and sell.
Mobil Investment, S.A.	China-----	Dec. 30, 1965	700	700	700	2, 100		875	Plant for manufacture of fertilizers.
Gulf Oil (Great Britain), Ltd.	Korea-----	Sept. 3, 1965	21, 000	21, 000	10, 500	52, 500		10, 500	Construct and operate a fertilizer plant at Seoul.
Swift & Co.-----	do-----	Jan. 10, 1966	5, 000	7, 250	6, 750	19, 000		5, 000	Complete fertilizer plant and ancillary facilities at Ulsan.
Skelly Oil Co-----	do-----	do-----	5, 000	7, 000	7, 000	19, 000		5, 000	
Total, fiscal year 1966 (6 projects).			33, 716	36, 988	25, 800	96, 504	1, 150	21, 627	
Cumulative total for fertilizer projects since July 1, 1960 (13 projects).			118, 684	113, 822	93, 874	326, 380	32, 944	42, 252	
Total Investment-----							75, 196		

The CHAIRMAN. Proceed.

Mr. BELL. Educational activities related to agriculture, including schools, extension services, research and training. In India, for example, we have been working with the Universities of Illinois, Missouri, Tennessee, Ohio State, and Kansas State, to develop agricultural universities in seven Indian States. We shall increase our support in these projects for adaptive research in plant breeding, soil and water management, and in pest and disease control.

The CHAIRMAN. How long has that work been going on?

Mr. BELL. I believe, sir, 4 or 5 years in most of these cases.

Senator COOPER. They were there when I was in India in 1956.

Mr. BELL. These same?

Senator COOPER. Yes.

The CHAIRMAN. You had them there, to my knowledge for at least 10 years.

Senator COOPER. They were there when I was there in 1956.

Mr. BELL. I apologize. They have been there longer than I thought.

The CHAIRMAN. That is something I want to go into, Senator Cooper—not now. There has been a lot of laxity in the administration of activities by these colleges, and we shall go into that—not at this meeting, but at some later time.

Proceed, sir.

Mr. BELL. Technical advisory services to governments, farmers, and agricultural institutions. For example, in Uganda under a contract with the National Farmers Union, since 1962, over 8,000 cooperative leaders and managerial personnel have been trained. For another example, we have just signed a contract with the University of Minnesota to review with ourselves and the Government of Tunisia what steps are needed in order to establish a better base for planning agricultural policies and programs in that country.

Wells, irrigation, and other activities related to water in support of agriculture, including specific attention to making the most effective utilization of water which is available. For example, we have helped Pakistan with the installation of tubewells (many of which are public and some 40,000 private), with engineering consultation to the West Pakistan Water Power Authority, and in a 1.2 million acre irrigated area assisting a demonstration program in modern farming techniques. We are helping irrigation projects in Korea, in Laos, in India, in Tunisia, in Morocco, in Afghanistan.

Transportation facilities. Greater improvement must be made in the capabilities of agricultural producers to transport commodities to markets on a timely and efficient basis. Road programs in southeast Asia, in Latin America, and in other areas will contribute to this effort.

Under these efforts, we are financing well over 1,000 agricultural techniques overseas, most on a contract or participating agency basis. We also finance the training of almost 2,000 participants in the United States each year. We anticipate increases in these numbers.

In all these ways, we shall be encouraging and supporting the expansion of agricultural output in the developing countries as part of their general economic growth. This work will go forward, under the President's recommendations in close cooperation with the food aid program.

As the President made clear, food aid is expected to be more closely tied together with our other economic assistance, and to be conditioned upon self-help cooperation by the recipient country. Thus, both may be better used to encourage increased agricultural production in recipient nations.

The CHAIRMAN. Have you set aside the specific amount under the regular foreign aid program for the purposes indicated in this paragraph?

Mr. BELL. Most of the things that I have been describing for the last two or three pages of this statement represents specific activities against which there are specific dollar estimates, yes, sir, in our appropriation.

The CHAIRMAN. I know you have set aside something around \$500 million for that purpose. Is that correct?

Mr. BELL. The figure I used here is \$450 million, but you are right, that omits about \$50 million which is in our bill, but which is transferred or made available to the international agencies like Paul Hoffman's special fund in New York. It is about \$500 million in all.

The CHAIRMAN. Now, the funds to be obtained under the pending measure will be in addition to that?

Mr. BELL. Oh, yes, the funds I referred to, the \$500 million, are all in the Foreign Assistance Act and in the foreign aid appropriations bill.

We strongly support the Food for Freedom program submitted to you by the President because we believe it will enable a far more effective job to be done in the future.

Elimination of the "surplus disposal" concept will end once and for all any idea that food aid is not a resource of real value, and will strengthen our bargaining position in obtaining self-help commitments. We also believe this change will assist us substantially in urging other developed countries to contribute to the solution to the food problem.

We are also convinced that the proposed transition from local currency sales for dollar credits, putting the valuable resources of food and fiber on the same basis of loan terms as we follow in making non-agricultural commodities available to aid-receiving countries, will help compel developing nations to face up to the fact that eventually they must be able to produce for themselves or to buy their food requirements.

Although it is our intention to move to sales for dollars within the 5-year period, there will be instances in selected countries where U.S. interests may be better served by our continuing to accept some local currency in lieu of dollars. The proposed bill envisages three kinds of situations where this might arise. The first is where foreign currency receipts can be used to meet our Government's financial obligations abroad. The second situation occurs when foreign currencies can be used for the common defense, as in Korea and Vietnam where currency generations from existing Public Law 480 programs make an important contribution to joint security related interests. The third situation we envisage is when foreign currencies can be usefully employed to support, through loans, American private investment abroad.

If I may interject at this point, Senator Cooper, as you may recall, the largest single loan to American private business of local currency that has been made to date was for about \$22.6 million worth of local currency to an American investor in a fertilizer company in India, the plant that is now under construction on the east coast. International Minerals & Chemicals is the American company that is involved.

When foreign currencies are needed for any of these uses, we are requesting authorization to permit the U.S. Government, at the time sales agreements are negotiated, to provide for payment in foreign currency rather than dollars.

In other words, while our objective is to move to dollar credit sales, we want to reserve the option to receive payment in local currency where it is in the U.S. interest to do so. We do not want to accumulate local currencies for which we have no requirement.

Senator MONDALE. Would you yield at that point?

Mr. BELL. Yes, sir.

Senator MONDALE. As I understand it, some few months ago, we had about \$575 million worth of Indian rupees accumulated in a so-called U.S. uses fund. That amount is rising rapidly, of course, with these stepped-up shipments, together with the repayment of the interest and principal on loans. If you add to this the rupees we have which are available for country uses, we now have about 15 percent of the money supply in India. After thorough examination by our AID mission, the most we can spend for U.S. uses is about \$28 million a year.

Now, to be sure, we could not introduce all the rupees we own into the Indian economy without busting it, but it seems to me that this rupee supply could be introduced by stages to handle some more of our expenses, and maybe to improve the opportunities for grants where they are necessary, or low-interest loans.

In the bill that I introduced, S. 2826, I have several proposals for the use of those funds contained in section 3. Could you comment for the record—I will not ask for it now—about the desirability of those proposals?

Mr. BELL. I would be delighted to, Senator. It is a serious problem, and we have been worrying about it.

(The information is as follows:)

Before commenting on the particulars of section 3, I would like to speak about the objectives of your bill. It would amend Public Law 480 "in order to encourage and stimulate increases in the food and agricultural production of developing nations receiving assistance under such act, to facilitate increased U.S. efforts to meet the threat of growing human hunger and malnutrition, and for other purposes."

I support these objectives without reservation. Indeed they are, in substance, what we hope to achieve through S. 2933. The difference between the bills is essentially the means through which the job should be done.

In S. 2933, we have undertaken to change the basic approach to food aid from foreign currency sales to dollar credit terms on the same basis and of equal importance as other forms of loan assistance. The bill is drafted in this manner. This was one of the reasons for a new bill rather than a further amendment of Public Law 480. This is to be accomplished over a 5-year period. The problem of continued accumulations of foreign currencies in excess of needs will, hopefully, be thus ameliorated. In this respect S. 2933 directs its efforts toward solving the same problems as S. 2826, but uses a somewhat different approach.

Section 3 of S. 2826 reads as follows :

"SEC. 3. (a) Section 104 of such Act is amended (1) by striking out the period at the end of subsection (t) and inserting a semicolon in lieu thereof, and (2) by adding after such subsection (t) two new subsections as follows :

"(u) For loans and grants to promote programs devoted specifically to improvement of food production and distribution in the friendly nation from which the foreign currency was obtained, including programs which provide for the production and distribution of fertilizer and pesticides, the expansion and improvement of agricultural extension services, the expansion and improvement of credit services to individual farmers, the support of farm prices if such is likely to stimulate increased production, the expansion of processing and marketing of high-nutrition foods and food supplements, the development of improved seed varieties, the support of agricultural schools and colleges, irrigation and capital improvements, agricultural research, farmer cooperative services, land reform programs, the development of commercial fishing fleets, the development of port, storage, and distribution facilities to handle increased quantities of agricultural commodities, and other programs designed to increase food and agricultural production. Loans made under this subsection shall bear interest at a rate not less than one-half of 1 per centum per annum and shall be repayable in foreign currency over a term of not to exceed forty years. Such loans may be made both to foreign governments and to United States and foreign private business firms. Grants made under this subsection may be made only to the government of the friendly nation from which the foreign currency was obtained and only if the foreign currencies or credits owned by the United States and obtainable for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditure in such nation for the two fiscal years following the fiscal year in which such determination is made. No nation shall be eligible for a loan or grant under this subsection unless the President has determined that such nation is giving very high priority to programs for increasing its food and agricultural production.

"(v) For grants to provide the endowment for binational foundations for the promotion of increased food and agricultural production in countries in which the foreign currencies or credit owned by the United States and available for use by it in such countries are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditure in such countries for the two fiscal years following the fiscal year in which such determination is made. Such foundations shall be governed by boards of directors representing the foreign government concerned, the United States Government, and private citizens of each country, as established in the agreement, and shall use the interest earned from investment of the endowment to finance programs directed toward improvement of agricultural and food production, especially among farmers at the village level, including such programs as may be supported under subsection (u) of this section. No such foundation shall be established in any nation unless the President has determined that such nation is giving very high priority to programs for increasing its food and agricultural production: *Provided, however,* That sufficient currencies of any such nation shall be remain available at all times for appropriation by the Congress to meet the normal requirements of the departments and agencies of the United States in such nation.'

"(b) Section 104 of such Act is further amended (1) by inserting in the first proviso following subsection (t) ', except in the case of foreign currencies used for the purposes of subsections (u) and (v) of this section,' immediately after 'December 31, 1964 and'; and (2) by striking out the period after the third proviso following subsection (t) and inserting in lieu thereof a colon and the following: *Provided further,* That the Administrator of the Agency for International Development shall report annually to the Committees on Appropriations of the Senate and the House of Representatives and to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives concerning the uses of foreign currencies accrued under subsections (u) and (v) of this section.'

"(c) The next to the last paragraph of section 104 of such Act is amended by adding at the end thereof a new sentence as follows :

"The foregoing provisions of this paragraph shall not apply with respect to grants, or the use of principal and interest from loan repayments, under subsections (u) and (v) of this section.'

"(d) The last paragraph of section 104 of such Act is amended by striking out 'Any' and inserting in lieu thereof: 'Except as provided in subsection (u) of this section, any'."

In summary, the following would be authorized by your amendment:

1. Local currency loans and grants directed toward the promotion food production and distribution in the broadest possible sense;
2. Liberal terms for loans (one-half percent, 40 years);
3. A broad criteria of borrower eligibility;
4. Grants of currencies to governments only in excess currency countries;
5. A condition precedent to loans or grants that a "very high priority" is given by the Nation to programs increasing food and agricultural production;
6. Grants to provide the endowment for binational foundations for the promotion of increased food and agricultural production;
7. A reporting provision;
8. Use of principal and interest repayments without referral to the Senate and House committees; and
9. Exempting loans under (u) from the minimum interest requirement of section 104 (Treasury rate).

We agree that your proposed amendment would facilitate a more active foreign currency program oriented heavily toward agriculture. As you know section 104 of Public Law 480 is already extraordinarily complex. Under the new bill approach we believe S. 2933 will permit us to carry out the same substantive program as would be authorized by your bill and that the rules applicable to the various approved local currency uses would be greatly simplified.

To be specific, section 304(f) of S. 2933 would authorize funds without appropriation for all of the activities contemplated by your proposed amendment to Public Law 480. Further, although S. 2933 drops both the Advisory Committee and the Senate and House committee consultation requirements, as I indicated we would not oppose some means of formal consultation, particularly if the guidelines can be clarified. In addition, the proviso to section 104(e) of Public Law 480 limiting the purpose for which Cooley loans may be made was deleted in S. 2933 in the hope that such loans might be expanded in the agricultural industry.

To sum up, we strongly support the purposes to which your bill is dedicated, but believe that the same objectives can better be carried out by a new bill rather than further amendment to Public Law 480.

The CHAIRMAN. In making your contracts with the recipient country, like India, could you not exercise more control as to what the counterpart funds would be used for? As you know, in the past, our administrators of the Food for Peace program tried to get rid of the food because we have had it in abundance over time and, in order to get rid of it, they were, in my opinion, very lax in the uses to which some of this currency was to be put. Could we not insist on the use of this fund, particularly to develop agricultural pursuits?

Mr. BELL. The funds are first received from the sale of the commodity; only a portion of them, as you know, Senator, are set aside for the U.S. uses. That was the part that Senator Mondale was talking about, as I understood him.

Of the remaining amount, it has been our practice to grant in some cases, or loan in others, those local currencies to the country in question. In that loaning or granting, I entirely agree with you, we can do more; we are now trying to do more in India and other places, to be sure that those local currencies are used effectively for the highest priority purposes, including agriculture.

The problem, however, Senator, is that where they are lent, they will be repaid. When they are repaid, the local currencies become available for U.S. uses. They are U.S. property. When we lend or

make a Cooley loan and it is repaid, the local currency of repayment amount becomes U.S.-owned local currency. All of this adds to the problem that Senator Mondale was referring to.

So, even though we use the local currency in the first instance, as I agree, quite properly we should, for high-priority purposes including agriculture, we are still going to have a problem in India and a few other countries in accumulation of currency for U.S. uses.

The CHAIRMAN. I understood Senator Mondale to be referring primarily to the accumulated rupees we ourselves own, that we kept out.

Mr. BELL. Exactly.

The CHAIRMAN. Those that we permit to be loaned to the government, as I understand it, form a revolving fund.

Mr. BELL. No, sir. When that is repaid, it becomes U.S.-use rupees.

The CHAIRMAN. The entire amount?

Mr. BELL. Yes.

The CHAIRMAN. Since when?

Mr. WATERS. Always.

Mr. BELL. For some years. There was a revolving fund in Europe, but I do not believe it has ever been the case in India.

The CHAIRMAN. You mean to say we have veered away from the revolving fund idea?

Mr. BELL. Yes, sir.

The CHAIRMAN. Maybe we are not thinking in the same terms. When we sell food to India, they pay us in rupees?

Mr. BELL. Yes.

The CHAIRMAN. And we set aside a certain percentage of that for our own uses.

Mr. BELL. Yes, sir.

The CHAIRMAN. And the rest of it is used by way of grants or loans.

Mr. BELL. Right.

The CHAIRMAN. And when those loans are repaid, they are the property of the U.S. Government?

Mr. BELL. Yes, sir; for U.S. uses only.

The CHAIRMAN. What about the funds that we set aside—that is, for our own use? Are we not limited as to how to spend them in the host country?

Mr. BELL. Yes, sir; we are limited in two ways: First, by the law, which provides only certain uses, although that is a large list, and the practice of the American Government in providing for appropriations under which those local currencies can be used. Then we are also limited, as Senator Mondale was saying, by the economic effects on the local economy.

The CHAIRMAN. Now, we may not be creating a revolving fund, but as I understand the law, all the money that is repaid must be used for the same purposes that they could be used for previously and within the country.

Mr. BELL. They have to be used within the country; yes, sir.

The CHAIRMAN. For the purposes listed in the act. They cannot be used by us for any purpose we desire.

Mr. BELL. They can be used by us for any purpose under section 104, which is a long list.

The CHAIRMAN. I call that a revolving fund, because we cannot spend it anywhere except in the host country, and it has to be used for the same list of purposes which applied to the original use.

Mr. BELL. OK.

The CHAIRMAN. That is what I had in mind.

Senator MONDALE. May I interrupt at this point? As I understood the officials I discussed this with, those funds that find their way into the U.S. uses account cannot be used for industrial loans or agricultural loans or agricultural grants, but their use is limited to authorized U.S. Government expenditures.

Mr. BELL. That is right.

Senator MONDALE. So this fund continues to grow because of our great amount of concessional sales, and because of the repayment of loans with interest, which also goes into the fund.

Mr. BELL. That is right.

Senator MONDALE. So we are now close to \$600 million in rupees, and climbing—

Mr. BELL. The figure you cited seems high to me. I had not realized it is that high. But they are very large accumulations, yes, sir.

The CHAIRMAN. Senator Mondale, it strikes me that the way to cure this defect is for us to exercise our own judgment as to what they can be used for and not depend so much on having the Indian Government or the host government tell us what to do with it.

Senator MONDALE. Mr. Chairman, I agree that the host government should not tell us what to do, and I agree that we should not be providing aid to countries that are not willing to put their own agricultural houses in order. It is also my feeling that we should grant further discretion to our AID missions, our own delegations, so that they would have the muscle to say, "All right, gentlemen, if you do the kind of job needed here, we have the muscle to help you; if you do not want to help yourselves, then we are not interested." That is my point.

The CHAIRMAN. That is what I have been trying to get for many years, as Mr. Bell knows, for us to have more control over the proceeds of these sales. We have to go and consult with them and if we cannot get their consent, it accumulates. Well, I want more authority in the hands of our own representatives there to spend the money for purposes which will mean, let us say in this case, more food production. And if we can take that money and spend it in constructing a plant, do so.

Senator MONDALE. I agree.

The CHAIRMAN. And not leave it to the Indian Government or to the host government to tell us what to do with it.

Senator COOPER. May I ask a question here?

The CHAIRMAN. Proceed.

Senator COOPER. Getting down to a specific case, you have all this large amount of rupees, \$685 million, I think you said. Now under the present authority, can that be used for the construction of fertilizer plants, or for irrigation systems, or for storage, or other uses directly connected with the improvement of agriculture?

Mr. BELL. Very substantial amounts of that accumulation of rupees, Senator, are available for loans under the provisions of this act, either to American firms or to firms which will, by their activities, create mar-

kets for American agricultural products. To that extent, the funds can be used in the form of loans.

Senator MONDALE. Is that the Cooley loan?

Mr. BELL. That is the Cooley loan.

Senator COOPER. But you have to get the consent of the Indian Government to do this, do you not?

Mr. BELL. Not for Cooley loans. We make the decisions. For the loans I have been describing, Cooley loans, we make the decision.

Now, as you know, if an American firm is proposing to set up a plant in India, they have to have the approval of the Indian Government, but the Indian Government does not have to approve the terms or amount of loan. But we cannot use those funds for lending in the very broad sense in the Indian economy or for the construction of anything for U.S. uses except as the Congress were to approve and appropriate dollars to go into our Treasury against the rupees that will be used in India to construct something.

The CHAIRMAN. But, Mr. Bell, that is insofar as the amount is set aside.

Mr. BELL. That is what he was asking about, sir, the U.S. uses part. Right?

The CHAIRMAN. No, we were talking about the amounts collected after the loan is made to the host country.

Is that not what you had in mind?

Senator COOPER. I actually wanted to know how much of this fund would be available to be used to build agricultural facilities. As I understand it, you said there were no limitations on its use. Is that right?

Mr. BELL. So far as—let me be sure we take this in three bites.

Senator COOPER. I know there is a hitch in this, and that hitch is you cannot do it unless they agree.

The CHAIRMAN. We are simply stymied by the host country, Senator.

Mr. BELL. It is not that simple, if you will pardon me, gentlemen.

When we initially make the sale under title I, a portion of the proceeds will immediately be set aside for U.S. uses. The remainder is committed, is used. Either we grant it or we lend it to the Indian Government, and they use it for purposes which we and they agree on—building dams or doing useful educational work, et cetera.

Now, the part that is lent in that transaction, the local currency that was lent to the Indian Government, a 104(g) loan, when repaid to the United States in the form of rupees, with interest, joins in and becomes the same as any other kind of rupees and is limited to U.S. uses.

Now, on repayment, in other words, the loan we make to the Indian Government becomes not counterpart funds, but direct U.S. money. And that is the accumulation, therefore, of the amounts originally and initially set aside as U.S. uses plus the repayments from loans to the Indian Government, plus, incidentally, repayments and interests on Cooley loans. All are part of the buildup that Senator Mondale was referring to of local currency owned by the United States and spendable under the terms of section 104 of the statute.

Now, those funds are available to a limited extent for tourist use and other purposes. They are available for U.S. Government use under the terms of the appropriations system.

For some purposes such as Cooley loans and disaster relief, they are available without appropriations; provided that the congressional Agricultural Committees have been informed.

In addition to that, we would deliberately and voluntarily limit the uses to which we would put this money if we thought that the action would be in any sense damaging to the Indian economy. As far as I am aware, the judgments as to whether we should use those funds are our judgments.

Now, you know, we are operating in India. If we were to do something of any major significance, we obviously would seek the Indian Government's concurrence.

There are also special arrangements under the last act passed 2 years ago, under which some of these currencies could go back into country uses of one kind or another, with the concurrence of the Public Law 480 Legislative-Executive Advisory Committee.

The CHAIRMAN. That is what I was going to suggest, it all comes to the more or less original agreement. The President certainly has the right to use the interest as well as the funds when they are collected for the same purposes as they were originally used. Certainly, you could have in your agreements that they are to be used for the production of food; that is, by building fertilizer factories or be used to build irrigation dams, and canals, and what have you.

That is what I have been complaining about a good deal, that we were more or less hogtied, as the common expression is, as to the use of these funds after they are collected. Under the law, we cannot spend it in any country except the host country, except in some cases where we have these triangular programs, where you might use rupees to buy marble from India to be used in another country. But then very little of that is done.

It strikes me that under the law as it now stands, and as it ought to continue, the primary use of sales proceeds and loan repayments is to increase the economy of the Indian Government, let us say, in the agricultural field, or such other fields as we think are necessary to improve the overall economy of the host country.

Senator RUSSELL. I noticed that Senator Mondale used the figure of \$28 million as roughly about the maximum amount of use that these funds could be put to per year. Do you know where that figure came from? Is that a reasonable figure?

Mr. BELL. That is for the normal, what is referred to here as the first type of use of American, of local currencies; namely, to meet our Government's financial obligations abroad. This is to pay rent on buildings that the U.S. Government rents in India or residences for our staff there, or the local payments that members of the American Embassy—

Senator RUSSELL. I was thinking, if that is all you estimate we are going to spend, we have 30 years' supply already, and it is piling up pretty fast. I was just wondering how you figured that you were going to intelligently utilize this.

Mr. BELL. The straight answer to you, Senator, is that in a few countries—there are only a half dozen countries in which this is true—in those countries, it is true that today we do not have full plans for using all local currency we expect to have.

Senator RUSSELL. Do you not anticipate that this may create terrific international complications?

Mr. BELL. Significant ones; yes, sir. That is right. It has already become a political problem in some of the countries.

The CHAIRMAN. Senator, if you will recall, when we renewed the act 2 years ago, we provided for more convertibility of these funds for our own use in the host country. I could not for the life of me see why, for instance, when we had in Egypt millions of dollars of pounds that we owned, we could not use those pounds to pay for the use of the Suez Canal for our ships. Now, under the law as it now stands, I think, if it is the desire of our Government, they can use those pounds for that purpose. But they have to consult Mr. Nasser and others.

I am going to discuss this a little more fully with the witness in a few minutes. I have a series of questions which I would like to ask about changes.

Senator MONDALE. Mr. Chairman, I discovered, looking at my notes, that the annual rate of spending for U.S. uses in India is \$38 million, not \$28 million. But this comes about only after serious attempts by our mission over there to discover how much of our obligations can be met out of this U.S. uses fund. They are trying to stretch the law as far as they can to cut down the use of American dollars and try to use rupees. But this is the best they can come up with.

Mr. BELL. For the kind of purpose we are talking about, straight out American expenses in the country.

Senator RUSSELL. I understand.

Mr. BELL. In addition to consolidating the former title I and title IV provisions of Public Law 480 into a single new title I concessional sales program, the legislation before you also consolidates the former title II and title III provisions of Public Law 480 into a new single donation section covering famine relief, economic development "food for work" projects, school feeding programs, and people-to-people distribution programs of the American voluntary foreign aid agencies operating overseas.

At the present time, more than twice as much food is transferred abroad under concessional sales programs as is donated. We expect this ratio to be maintained in the years ahead. Nevertheless, title II of the new bill covers activities that have become increasingly effective in recent years.

Under title II, section 202, of the present law, the number of economic development and community development programs has continued to increase. As experience has been gained, an increasing number of governments and voluntary agencies are discovering that food, when intelligently applied with the input of other resources, is a powerful resource to promote development.

During the past year, 53 new economic and community development projects were undertaken in 41 countries and 126 projects were continued, for a total of 179 projects in 65 countries providing food to 12 million people.

Typical activities being carried on under these projects include:

In northeast Brazil, over 50,000 workers will be working this year on food for work programs. To date over 2,600 miles of rural roads and 22 small irrigation dams have been built. In Korea, more than

250,000 workers are engaged in land reclamation and farm improvement, farmland rearrangement, reforestation, feeder road construction and flood control.

A most significant change in the donation program has been occurring in the title III programs, in the response by the registered voluntary agencies and our AID missions to the challenges to use food rather than merely to dispense it. This is in accord with the congressional mandate in the 1964 extension of Public Law 480 which provided that title III food should be "directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance." The worldwide response has exceeded our most optimistic expectations. In areas large and small, urban and rural, in every part of the less-developed world, many thousands of people have begun to use the energy the food provides, together with other resources, in activities designed to eliminate their need for food assistance.

Voluntary agencies, heretofore bound to distribute food without requiring—or even permitting—the contribution of work by the recipients, have begun to use food to do more than merely satisfy the immediate pangs of hunger. The very considerable personnel resources of these agencies and their counterparts—800 non-Government foreign employees, and hundreds of thousands of volunteers—have joined hands with thousands of Federal, State, village, and town officials and our AID mission personnel in a massive cooperative effort to implement this new direction.

The activities are as imaginative as they are widespread: A village in Upper Volta has its first cemented well. Refugees in West Bengal in India are building an elevated road to serve also as a dyke to protect newly built homes and newly planted fruit trees that will bring them self-sufficiency. In Paraguay, colonists are pioneering in rugged frontiers, establishing homesteads and clearing and cultivating new lands. In Chile, a village built for itself a first-aid station to serve as its first "medical center". Literacy classes have been established in remote areas of Brazil. In the rural areas of the Philippines, mothers are taught sanitation and homemaking skills while their husbands move tons of rock by hand to build dams and to divert streams which have flooded their villages for centuries.

The individual projects are small, but to hundreds of thousands of people in far flung areas, they represent progress, development, hope—and the knowledge that the hands of the people of America are extended to them in cooperation and friendship.

Under title II of the new bill, we will continue to respond to requests for emergency disaster relief. In the last year, \$38 million worth of food was provided to meet the needs resulting from 31 disasters around the world.

Any discussion of the donation programs would be incomplete without mentioning the progress of school feeding activities around the world. Each day some 70 million children receive supplemental food either through school, institutional, or family feeding programs. Perhaps the most dramatic example has been in the "Operation Ninos" program in Latin America, where the number of children fed increased from about 4 million to about 16 million over a span of 3 years. Most

significantly, the effort has led to greater budget allocations by Latin American countries for expanding the school feeding programs, and resulted in better school attendance as well as better school performance.

During the past year we have started to shift our emphasis from school feeding toward greater efforts to reach the preschool child in medical centers and maternity clinics, because of our growing concern over the serious effects of malnutrition on these youngsters before they reach school age. During the past year \$1.9 million of AID funds were used to fortify nonfat dry milk with vitamins A and D for these feeding programs. We intend to step up other activities aimed at combatting malnutrition in infants, including technical assistance and health education, as well as use of our investment guarantee authority to encourage the American food processing industry to undertake manufacture abroad of infant food meeting proper nutritional standards.

As you know, title II also authorizes making food available through international organizations. It is under this title that we have encouraged other food-producing nations to share to a greater extent in food aid through our participation in the World Food program, sponsored jointly by the U.N. and the FAO. For the past 3 calendar years, 1963-65, the program has operated on an experimental basis. In this period the World Food program budget totaled \$94 million.

The United States contributed \$40 million in commodities and \$10 million in ocean freight and cash. The program has demonstrated that economic development, child feeding, and emergency programs utilizing food as the primary resource can be conducted successfully by a multilateral organization.

In December 1965, the U.N. General Assembly and the FAO Conference reviewed the World Food program's accomplishments and agreed to extend the program with a goal for the upcoming 3 years, 1966-68, of \$275 million in commodities and the cash necessary to move them and to administer the program. Again, the United States offered to match the amount of commodities made available by other countries. The World Food program projects are the same type we would normally carry out under our title II bilateral program. By participating in the World Food program, however, we are able to encourage other donors to share in providing the needed food and also obtain a bigger "breadbasket" of more different commodities for such programs. Our cash contribution to the World Food program comes out of regular AID appropriations, not Public Law 480. The same will be true under the new legislation.

Before concluding, I would like to emphasize the crucial importance of the longer term authorization proposed in the legislation before you.

As we move from surplus disposal to sharing our agricultural productive ability whenever it best serves our national interest, it is going to be necessary to do longer term planning. We will need to look ahead as to requirements, so the Secretary of Agriculture can be properly guided in making production goal decisions. And we will need to have some assurance that the temporary food gaps can be supported while the developing nations carry through their longer range programs of agricultural development.

With the new concepts and authority of the Food for Freedom bill, and with the new emphasis on developing agriculture under our foreign assistance program, I am convinced that we can provide a balanced input of food aid with technical and other types of assistance that can, over a period of years, reduce to manageable proportions the very serious food gap confronting the world today.

Thank you, Mr. Chairman.

The CHAIRMAN. Well, Mr. Bell, as you know, there are many portions of the present law that have been left out of S. 2933. I simply desire to ask the questions and if you are not ready to answer them, you can provide them for the record.

S. 2933 omits the word "surplus" and I think that you have stated in your testimony the reason for that. I am not quite in agreement with your conclusions, but it is my belief that we can do something about that.

The next change is in the policy statement, omitting provisions concerning strategic materials, U.S. obligations, and promotion of collective strength and including provisions dealing with combating hunger and malnutrition and emphasizing assistance to countries determined to improve their own agricultural production. Is it your view that this change in language is necessary so as to provide this self-help that is highly emphasized by you and others in the promotion of this bill?

Mr. BELL. That is not a point, sir, on which I am prepared to comment offhand. May I insert something in the record?

The CHAIRMAN. Very well.

(The statement is as follows:)

The administration-proposed bill on Food for Freedom adds as a new policy statement in section 2 "to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production * * *." Not repeated in the administration bill is the policy objective currently stated in Public Law 480 that "It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength * * *."

As the President has made clear in his message transmitting the proposed Food for Freedom legislation, the administration plans to intensify its efforts to relate food assistance to our development objectives overseas, particularly addressing the food problem and needed self-help. We strongly believe that a policy statement by Congress in support of this emphasis will be helpful in attaining this objective. The proposed language in S. 2933 on this point would set the right framework for furthering this objective and permit its application by the executive branch in a manner and by means most appropriate to each country situation.

The new section is intended to reflect the new emphasis of the legislation away from a local currency and toward a dollar repayable basis. We, of course, recognize that local currency sales will continue to take place though on a diminishing basis during the 5-year period of the proposed program. Language in sections 103(b) and 304 is designed to make clear that in such cases local currency should be available to meet requirements for U.S. obligations, (including agricultural market development), common defense activities, private sector loans, and other purposes such as disaster relief and economic development loans.

The CHAIRMAN. Then you also omit the provision limiting the sales to friendly nations. It is my hope that we can go into that in

detail with the Secretary of State as well as the Secretary of Agriculture, because if this committee does send a bill to the floor without some kind of limitation, we may have a battle royal on the floor of the Senate and I do not want that to occur if I can help it.

Mr. BELL. I understand, sir, that the Secretary of State commented on that question yesterday. I do not think I have anything to add to what he said.

The CHAIRMAN. You would not object to language similar to that which is now in the law?

Mr. BELL. I think the Secretary said, sir, that he would be prepared to have the State Department people work with your staff and try to develop language which would be appropriate and satisfactory.

The CHAIRMAN. All right.

Now, the mere fact that you have stressed in the bill self-help, it would seem to me that that is not sufficient in itself, because you could do that under the present law and you could have done it—that is, when I say “you,” I mean you and your predecessors—ever since we have had the foreign aid bill on the statute books. But somehow, we did not do it to the extent that I thought should occur.

Now, do you think it is sufficient merely to state it in the law and leave it to you to decide? Would there be any objections to our stating that unless self-help is resorted to by the recipient country, you would be authorized immediately to cut aid, no matter what kind of contract you get into with them?

In other words, unless we put something in the law to help you out, help you carry out your part of the bargain, my fear is that you will just simply go along and conduct a program similar to that, which we have carried on in the past.

I would like to put teeth into this to give you the right, the power, that unless they follow certain methods, certain things to improve themselves, and if it is not strictly in accord with what the Administrator thinks ought to be done, you would have the right immediately to cut off the aid and provide that, in the law, rather than leave it discretionary to you.

Mr. BELL. I think, sir, that we have been increasingly putting ourselves in the position you describe. For example, several years ago, there was the practice of making multiyear Public Law 480 agreements. That policy, as you know, has been stopped and we have not entered into any multiyear agreements, and I doubt that we do in the future, in order that there is only, at the maximum, a 1-year period during which we have committed ourselves to provide funds.

In some cases, we have made arrangements on a shorter term basis than that, for precisely the reason you are talking about; namely, to make sure that we are in a position, if the agreed self-help is not forthcoming from the agency of the country, then we are in a position, under our agreement, to stop the flow of commodities from us.

Therefore, I have no difference whatever with your objective. I have, in the last 2 or 3 years, given a great deal of thought and spent a great many hours trying to work out the specific content of the self-help program which we could, or should, ask and expect from a specific country under specific circumstances. I have been convinced by that experience that it is extraordinarily difficult to write any gen-

eral description of what self-help ought to consist of, because it will vary enormously country by country.

A relatively advanced and sophisticated country with a strong government and a history of stability, you can expect a great deal of and you should ask for a great deal. A relatively weak and new country, with inexperienced leaders, you may be able to ask only for relatively small initial steps until they learn more about the business of governing themselves. So that what is appropriate to ask for by way of self-help will differ sharply among countries and in the same country, from one year to the next.

Therefore, I think it would be very difficult for the committee to write standards into the law which would be precise and useful.

I think, Mr. Chairman, you could help us very clearly by writing a very firm and clear policy statement, either into the law, if you do not think it is clear enough there, or in your committee report, which we would take very seriously and which would help us in our dealings with the countries.

The CHAIRMAN. The only reason I suggest putting it in the law is to give you something to back you up. In other words, the Congress is providing this money; unless the country receiving aid follows through with self-help, we give you the authority to cut it off at our suggestion and request.

Mr. BELL. What I am suggesting is that it is very hard to write a standard, precise, provision.

The CHAIRMAN. I wish you would give thought to it. I have heard every word of testimony up to now, and as soon as we can analyze it, I hope to get you back, together with Secretary Rusk and Secretary Freeman, at one session, so as to go over all of these matters and find out the best way to do a good job.

Mr. BELL. Fine, sir.

The CHAIRMAN. Congress should have more to say about it than in the past.

As you have just stated, you struck from the present law title IV and added a similar provision to title I.

Under the present law, your dollar credit sales can extend over a period of 10 years with payments over a period of 20 years. The contract can be signed, let us say, at the beginning of the year, and then you have 10 years in which to deliver the commodities that are covered by this contract. That is the present law I am talking about. Then the recipient country has 20 years from the last delivery each year at an interest rate of not less than 1 percent for 10 years, and thereafter—that is, after the 10 years expire—the rate of interest goes up to at least 2.5 percent.

Is that your understanding of the present law?

Mr. BELL. Are you referring, sir, to the present Public Law 480 or the present foreign assistance bill?

The CHAIRMAN. I am talking about Public Law 480.

Mr. BELL. We did not understand the terms under title IV to be of that nature. The 1 percent, 2.5 percent and so on, those are the terms in the Foreign Assistance Act.

The CHAIRMAN. Well, they are also in Public Law 480. The interest rate provisions are the same in both laws, although they differ in other

respects. For instance, the grace period under the Foreign Assistance Act during which the first principal payment can be deferred is 10 years. Under Public Law 480, it cannot be deferred more than 2 years. That is one difference between the two programs.

Mr. BELL. Right.

The CHAIRMAN. Now, under the bill we are considering, all credit sales will be made, not for 10 years, as is now provided, but at the discretion of the President, with the payment period also left to his discretion, so that final payment might be deferred 40 or 50 years.

Am I correct in that?

Mr. BELL. I am clearer, sir, on the intent than I am on the precise legal form in which it is expressed. The intent is very clear. The intent is that after a transition period of 5 years, all of the new sales agreements would be made on a dollar credit basis—that is to say, the value of the commodities would constitute an amount which would be repaid in dollars over a period of time, and with interest to be paid in dollars.

The CHAIRMAN. Now, you state what your understanding is under this law.

Mr. BELL. Yes, sir.

The CHAIRMAN. What would be the minimum?

Mr. BELL. The minimum terms which would be used, or the most liberal terms—

The CHAIRMAN. Which could be used.

Mr. BELL. Which could be used would be those which now apply to development loans under the Foreign Assistance Act, which are a 10-year grace period, 30 years after that for complete repayment of principal and 1 percent interest during the grace period and 2.5 percent for the remainder of the term.

Now, in the case of development loans under the Foreign Assistance Act, we use those minimum terms for those countries where the economy is judged to be in difficult enough straits to warrant them, and in other countries, where the economy is improving and they are approaching the time of self-sufficiency, we use what we call medium terms, which are 20 or 25 years maximum payout, 5 to 7 years' grace period, and 3.5 percent interest throughout the entire period; no distinction on interest rates as between the grace period, and the rest of the time.

Now, the concept here is that since we are proposing to put the food aid on a dollar repayment basis, the same as other kinds of aid, we also ought to put the food aid on the same repayment terms as other forms of aid, which means that when a country is examining its own economic problems, and its own economic circumstances and they are thinking about the question of whether they should seek foreign assistance of a nonfood nature or of a food nature, there will no longer be an incentive, as there is today, for them to prefer food because it is cheaper. We do not think that is a sensible arrangement to put up to them. We think that they ought to be facing, making economic choices as between food aid and nonfood aid on a strict comparison of which will fit best into the development plans that they have, for getting their own country onto a self-sustaining basis.

The CHAIRMAN. As you may know, this committee insisted on a higher rate of interest. But in conference, we had to yield to the

House. It is my belief that we are entirely too liberal here, particularly since we have gone so far in assisting the countries all over the world. It would seem to me that to put the repayment of this food on the same basis as is now provided in the Foreign Assistance Act is, as far as I am concerned, not a good thing. We ought to stiffen up some. We ought to shorten the time in which the payment is to be made. And we ought to insist on a greater return by way of interest, because we have to pay for it.

Today, if the Secretary of Agriculture proceeds as you intend under this act, it will mean that we shall have to produce many, many tons more food for which the American taxpayer will have to pay, and, as you know, the interest rates have increased now to 4.5 to 5 percent. For us to undertake to sell this food at world prices and suffer a big loss, and then, in addition to that, charge 1 percent interest, I think it is an insult to the American people.

Mr. BELL. Mr. Chairman, I would respectfully suggest that the proposal we are making does constitute a tightening in comparison to the present situation, because at present, sir, under title I we are selling these commodities for local currencies, which, in many cases, are not of as much value to us as dollars would be.

It is a tightening, a change of the pattern that we are proposing, so that there will no longer be the present type of title I sales for local currencies. Instead, in the future, there will be the equivalent of present title I sales, but for dollars.

Now, I think, sir, it is not a proper or fair comparison to compare the present title IV with the future title I, because title IV sales are made only in those cases where there is a capacity, an economic capacity, on the part of the country involved to pay dollars on harder terms. We would continue to make that kind of sale in those circumstances.

So the net effect of this proposed change is to harden the terms on which countries are now receiving title I commodities under the present act, and in terms of the American taxpayer, to net him substantially more in the future than he is obtaining at the present time.

Now, looked at the other way around, the other half of my argument, sir, is that the terms which ought to be charged when you do convert, if you do convert, to a dollar loan basis, the terms that ought to be charged should be related to the economic circumstances of the country that we want to aid. Admittedly, we would like to charge all of them interest rates and put them on the payment terms which would net the American taxpayer a positive return. If that were the case—

The CHAIRMAN. No; it is not a positive return, it is just what we pay out. That is all I am asking, no more.

Mr. BELL. If these countries could afford those terms, we would not have need for this bill or for the foreign aid program. We could handle the whole thing through the Export-Import Bank at no loss to the American taxpayer.

The reason why we have a foreign aid program, the reason why we have a Public Law 480 program, is that there are a lot of countries in the world who cannot afford to accept that kind of obligation. That is simply a fact of life. We have a choice of helping them or not helping them. But we do not have a choice of charging them 4 percent instead of 1 percent.

If we are going to help them, we have to charge 1 percent because that is all their economies will bear. That is the nature of the situation.

Senator MONDALE. Mr. Chairman, may I ask a question?

If the President's Food for Freedom Act is adopted there will still be concessional sales in local currency, will there not?

The CHAIRMAN. Certainly.

Mr. BELL. During the 5-year period. Thereafter, there will only be concessional sales, as I indicated in my statement where we can make immediate and appropriate use of the local currencies. That is to say, where we have American obligations in the country, or where we want to use them for what are now the 104-c grants for defense purposes or for Cooley loans.

That is the limit, that would be the limit under the bill that is proposed. For everything else, it will have to be a dollar sale.

Senator MONDALE. Now, will this 5-year period be a transitional period working toward that point?

Mr. BELL. That is right. A steady change to vary with the circumstances of the country.

Senator MONDALE. Do you have this buildup charted in some way, by nation?

Mr. BELL. My general guess is that we would take, roughly, 20 percent a year wherever we make new agreements. We would be shifting from—

Senator MONDALE. What percentage of our sales to India are title IV today?

Mr. BELL. None of them are. This would be a virtually complete change in the case of India. This is the point I am making to the chairman, that the present title IV sales for dollars on credit terms are made in cases like Greece and Taiwan, cases of quite strong economies, where the economies are growing stronger and where we are approaching the time where we will not need to provide any subsidies, so to speak, from the American taxpayer. That is obviously the objective we have everywhere but we are only achieving it in some cases.

In those same cases, in the future, we would continue to use not the minimum terms that would be available under this act, but medium terms similar to the present title IV.

Senator MONDALE. But almost by definition the present food recipient countries, under our Public Law 480 program, are the poorest, most underdeveloped countries, because they are countries which have yet to develop the capacity to feed their own people. In some cases, they are actually slipping backward.

Mr. BELL. That is right.

Senator MONDALE. And most of them also have severe balance-of-payments problems, is that not so?

Mr. BELL. Yes, sir, that is correct.

Senator MONDALE. So when we talk about shifting at the rate of 20 percent a year in dollar sales, even at the most liberal terms, we are asking for an awful lot, are we not?

Mr. BELL. It seems to me that we are asking for an appropriate change and the most that we could ask for and should ask for. I have been challenged on this point, both before congressional committees and in the public, newspapers and so on, as to whether it is not asking

too much to shift from sales for local currency in a case like India to sales for dollars on development loan terms.

I think it is not too much.

We have examined as well as we can the prospects for the economies of Indian, Pakistan, Korea, Jordan, the hardest cases, the most difficult development problems that we know of. It does seem to be feasible. Take the Indian case, for example. This means that 5 years from now, we would be asking the Indians to assume a dollar obligation, the principal of which would not begin falling due for 10 years, although they would pay interest at a small, a minimum rate, in the meantime.

The CHAIRMAN. One percent.

Mr. BELL. That means that we are talking about a period of 15 years from now. I am personally quite confident that if the Indians follow strong and sensible development policies over that period, by the end of that 15-year period, it is legitimate to ask them to start repaying in dollars this kind of obligation.

Senator MONDALE. Is it your opinion that this sort of transaction will serve as an effective prod towards sophisticated self-help programs in recipient nations?

Mr. BELL. Yes, it is. I think today it results in considerable distortion of thinking, not so much by economists, although by some economists, but mainly by policymakers and politicians in these countries, who have to face the question, how are we going to bring about change and improvement in our country? It is very easy for them to think, well, this food we are getting from the United States is free; it does not cost us anything; therefore, let us put our energies into something else and rely on the food from the United States.

All of us have worried about this for years. We know this is a danger, and we have tried to guard against it. But nevertheless, the problem is still there.

Senator MONDALE. Are you saying by implication, Mr. Bell, that at this point the Public Law 480 program may have, in a subtle sense, diminished proper attention by the recipient countries to their own agricultural problems?

Mr. BELL. Yes, I am. To some extent, it dampened the incentive of the countries to get out of the problem, out of the situation they are now in. Ted Schultz, who, as you know, is one of the ablest agriculture economists in the United States, and is at the University of Chicago, feels very strongly about this and has said in public many times that the present system has resulted in encouragement of people to rely on American food. I think there is something to this, and I do believe it will be an improvement and a healthy change if these countries have to face the prospect of paying dollars for their food.

At the same time, I think it would be self-defeating if we asked them to undertake obligations of a nature and severity that their economies simply could not stand. That was the intent of my response to the chairman.

Senator MONDALE. I am referring now to the George Woods thesis that we are already demanding more by way of repayment. He argues that we are facing a debt explosion, and that in 15 years, there will be no net contribution of hard capital to these underdeveloped countries because they will be repaying so many earlier loans.

Mr. BELL. It depends on the terms. In the World Bank, under the hard terms of the Bank, they have already encountered this situation with respect to some countries.

The World Bank, because of the loans they have been making over the years, is already receiving very large payments of principal and interest from some of the developing countries. For the World Bank to make a net contribution of capital to these countries means that they have to steadily raise their lending level and pretty soon they get to a point where they think it is unwise in a banking sense.

That is why George Woods is a very strong advocate of lending to countries like India on terms that are appropriate to India's problem.

Senator MONDALE. I did not get this. In other words, he would like the hard repayment requirement, but flexibility in the terms?

Mr. BELL. No, sir. What I am saying is that the World Bank, the hard lending part of the World Bank, has no option. He has to use hard terms. But he has used up, so to speak, in a case like India, the hard lending capacity or the receiving capacity of that country. He feels, and the Bank uses its soft loan subsidiary, the IDA, increasingly to make the loans that the Bank makes to India and Pakistan and the other countries that have the most severe economic problems. So that Woods would be—I have not gone over this precise point with him, but I am absolutely sure from what he said in general, that he would be a strong supporter of the propositions I have just been putting forth here; namely, that the terms should be very liberal for countries like India if you are going to convert to a dollar repayment basis.

The CHAIRMAN. Well, Mr. Bell, you have correctly answered the Senator from Minnesota about your prospects of converting over 5 years. But I would wager that, by that time, there will be another amendment asked for this act to extend it further. I do not believe that it can ever be accomplished in India, to my way of thinking. As I have said before, unless something is done with the exploding population in India, India is just hopeless. I am saying that for the record. I have said it before. It is just hopeless.

Mr. BELL. The Indian Government, as I think you know, Senator, has in fact undertaken a family planning policy and program. It has not been too effective in the past but it is becoming increasingly effective, and there is beginning to be some evidence that the rate of population growth in India will be significantly reduced over the next few years. It is still a prospect, rather than an accomplishment, but it is definitely a prospect.

The CHAIRMAN. Do you not think both ought to go together?

Mr. BELL. Oh, yes; and the Indian Government agrees with you and they have a very strong program.

The CHAIRMAN. Do you not think it would help to make it a condition precedent to any help to India that she take steps to do something about this explosion of population?

You see, we have two amendments to consider. I would like to have your views on it. If you do not care to express them now, you may do so later.

Mr. BELL. Well, the amendments before the committee—

The CHAIRMAN. One of them is by Senator Yarborough, of Texas, and the other by Senator Tydings.

Mr. BELL. I was not aware, sir, that either of them would place the kind of requirement—

The CHAIRMAN. One would. The Yarborough amendment would require the President to reserve funds for this purpose and the Tydings amendment is optional.

Mr. BELL. Yes, sir. Let me put my answer this way. We have no objection whatever to policy statements or provisions in the law which authorize the use of some of the local currencies that will be generated by this bill for family planning to support sensible and appropriate family planning programs. We do not think any such amendment is necessary. We think we have the legal authority now. We are, in fact, using local currencies to support family planning programs in Korea.

The CHAIRMAN. But that is on a voluntary basis.

Mr. BELL. Yes, sir.

The CHAIRMAN. What I am speaking of is making it a condition precedent to your giving aid.

Mr. BELL. I was not aware that that was in either the Yarborough or the Tydings amendment. On that point, I do have some considerable concern. We have faced that question, Mr. Chairman, in the executive branch several times in the last 2 years as we have been working out a more positive attitude in the population field. It has been, and remains, the view of Secretary Rusk and myself, and I believe of the President, that it would be unwise and improper for the United States to insist that another government, another country, establish any particular policy in this very sensitive field of population. I do not think it is necessary, Mr. Chairman.

My observation is that those leaders, both public and private, in the developing countries, today, all around the world, with almost no exceptions whatever, are deeply convinced of the seriousness of the population problem and deeply desirous of taking appropriate measures within their own cultural, historical situation, to meet it. This is true in Latin America as well as in Asia and Africa.

It is conspicuously true in India.

There is a very strong, positive governmental commitment and it is supported by the great bulk of the private leaders in India. The same thing is true in Turkey, is true in Korea, is true in Egypt. It is true increasingly in Latin America.

So I do not think it is necessary for the United States, in order to get attention to these matters, to place any kind of requirement on other countries, and I think it would be unwise for the United States to do so.

I think our attitude should be just what the President has repeatedly stated; namely, we agree that this is a most serious problem and we stand ready to help in appropriate ways those countries that want to do something about it, provided only that their programs are based on complete freedom of choice of individuals and families involved. That is the basis of our present policy and I think it is very good.

The CHAIRMAN. Well, if they do not pursue this action, you could, of course, under the present law as you understand it, cut off the aid?

Mr. BELL. Yes, sir; that is right. We could if the policy were different. We could as the law now stands.

The CHAIRMAN. You agree that both are handmaidens?

Mr. BELL. Oh, yes, indeed. The problem of population and the problem of food supply cannot be considered apart from each other.

The CHAIRMAN. As I indicated awhile ago, S. 2933 omits the provision of Public Law 480 requiring the President to obtain highest rates of exchange, I wish you would discuss that again, if you will, with your conferees at Agriculture and with the Secretary of State and prepare to come before us again in the future.

Mr. BELL. I would be glad to do so.

The CHAIRMAN. Then, as you remember, in the last extension of Public Law 480, we provided for maximum convertibility so that we could use our funds in the host country for any U.S. obligation to the host country. For instance, what I had principally in mind was to use Egyptian pounds to pay for the transportation of our vessels through the Suez Canal. Why should that provision not be enforced and continued in effect?

Mr. BELL. I think it is being enforced.

The CHAIRMAN. It is now because we put it in the law. We have many other areas in which we could use our own funds to purchase things we need in those countries. I do not see why you should be reluctant in doing it. And I expect to place into this new act this maximum convertibility that we incorporated into the Public Law 480 last year.

You would have no objection to it, would you?

Mr. BELL. I do not think we are reluctant at all, Mr. Chairman, to see American obligations in a country paid by the local currency that we receive under this bill. The only cases which give us trouble are the cases which, in effect, require convertibility for nongovernmental purposes. The reason they give us trouble is that under the present law, when we make a title I agreement, by that act we agree that the country's balance of payments is so weak that we cannot require them to pay in dollars, either commercially or under the present title IV.

Now, that decision having been taken, it is then later, it seems to us, somewhat improper to say, "Well, now, you have given us this local currency and we agreed we would not ask for dollars, but now we would like to convert this local currency into dollars." That is simply going back on the original agreement we made.

There have been suggestions made, as you know Mr. Chairman, from time to time, for example, that we should use our Indian rupees to buy minerals in India.

The CHAIRMAN. Sugar and other commodities.

Mr. BELL. The Indian balance of payments is weak and in deciding to accept Indian rupees in the first place, we calculated the export proceeds for India, including the sales of minerals or anything else they have to sell for hard currency. So it is not appropriate for us at a later date to go back and change our position and either require them to sell us something for local currency that they otherwise could get dollars for, or take any action that would have that effect.

This is the area about which there has been difficulty. We quite agree with you that where the United States has obligations within the country, they obviously should be paid and payable with the local currency.

The CHAIRMAN. Another omission, Mr. Bell, has been in regard to freight costs. As you recall, the committee amended the present law to permit our Government to bear only the excess ocean freight cost required when the commodities move in American bottoms. The balance, that is, the regular freight rates that are charged by any foreign shipper, the host country is required to pay.

Now, why did you eliminate that provision of the law from S. 2933?

Mr. BELL. I did not know that it was of any particular significance, Mr. Chairman.

The CHAIRMAN. Well, you do not mind putting it back, do you?

Mr. BELL. As we convert to the new basis, this will become obsolete.

The CHAIRMAN. Why would it become obsolete?

Mr. BELL. Because the freight will simply be part of the cost for which they have to pay dollars.

The CHAIRMAN. I understand that, but I would rather have the dollar paid tomorrow than 40 years hence. Under the present law we require them to pay the basic freight cost out of their own resources. Under the bill we could advance the basic freight costs, repayable in dollars or foreign currencies in possibly 40 years.

That was the situation we discussed here 2 years ago. I am very hopeful of putting it back into this present bill if we submit it to the Senate, a provision whereby the host country will pay the freight, will hire the ships, and only in the case where we insist on using our own ships, our own bottoms, will we pay the difference between what they would ordinarily pay and what our ships would charge.

Senator COOPER. May I ask a question?

The CHAIRMAN. Yes.

Senator COOPER. You may supply this for the record. I know the President has said we will make available 6 million tons of grain to India. Do you have any idea what the freight cost would be on that?

Mr. BELL. I think my colleagues might.

Mr. ELLIS. It is about \$12 a ton, the world market freight cost.

Mr. BELL. About \$12 a ton, Senator Cooper, which would be, roughly, \$72 million for 6 million tons.

Senator COOPER. Who is to pay this freight?

Mr. BELL. Under the present law, as the chairman was indicating, the world market price, which is what Mr. Ellis was just talking about, the Indian Government has to pay it.

Senator COOPER. Under the present law?

Mr. BELL. Yes, sir. If anything of this is carried in American bottoms—

Senator COOPER. They are not paying for the shipping—

Mr. BELL. If it is carried in American bottoms, we pay the difference.

The CHAIRMAN. We amended the law to prohibit the Commodity Credit Corporation from financing the basic ocean freight costs.

Mr. BELL. As I understand, Senator, under the new law, if it were adopted as drafted and submitted, the cost of the grain and the shipping would both be part of the cost which would be financed in terms of the long-term dollar loan.

The CHAIRMAN. Or in foreign currencies.

Mr. BELL. Which is the point the chairman was raising some question about.

The CHAIRMAN. As I said, the committee studied this very thoroughly 2 years ago. We might well insist on putting that back into the bill.

Now, another provision omitted was the one requiring expenditures to be classified in the budget as expenditures for international affairs and finance. That has been omitted from the bill.

Mr. BELL. I do not know anything about that, Mr. Chairman. This bill, as you know, was all worked over by the Budget Bureau.

The CHAIRMAN. But you would have no objection to showing that this is for foreign aid?

Mr. BELL. It is being shown that way in the budget right now.

The CHAIRMAN. Because the existing provision so requires, but the bill you are proposing omits that provision.

Mr. BELL. I assume, sir, that is now accepted as a permanent change.

The CHAIRMAN. It is accepted as a permanent change because it is in the law. The moment we take it out of the law, you could go back to the same old practice. I do not expect that we will have any difficulty in getting the Senate, the Congress, to adopt the same provisions that are now in the law.

Mr. BELL. I would suggest that you might want to check with the Budget Director.

The CHAIRMAN. I will just let the Congress pass on that. I know what they will want.

Now, Mr. Bell, I do not cover all of the omissions made, but I wish you would review it with your staff so that we will be prepared when you come back here in the next few days in order to go over this whole matter, after this committee takes all of the testimony introduced and analyzes it, and see if you cannot come to some conclusions on the various omissions that have been made from the present law.

Mr. BELL. I will be very glad to do so, sir.

The CHAIRMAN. I hand you a list of questions Senator Mondale has left here with me and I will ask that you answer them for the record.

Mr. BELL. I shall be glad to, sir.

(The questions and answers follow :)

Question. What are some of the ways in which AID is able to determine how widely and equitably Public Law 480 (Food for Freedom) commodities are distributed among the people?

Answer. AID has established a comprehensive set of regulations and controls governing the development, operation, and implementation of the programs that are designed to assure that Public Law 480 commodities are widely and equitably distributed among the people. These controls are prepared in a manner that permits and encourages countrywide distribution to eligible recipients, and the regulations require that donations shall be made without regard to race, color, religion, or political beliefs.

Program proposals are carefully screened by voluntary agencies and overseas missions of the U.S. Government to assure accuracy and need for the food. At Washington, programs are given an intensive examination before approval.

Operating programs receive regular reviews and site examinations by AID Food for Peace officers and auditors to assure that the food is received, stored, and distributed in compliance with U.S. Government regulations. AID works closely with recipient governments and voluntary agencies to obtain prompt corrective action on any program shortcomings. When Food for Peace programs are not properly conducted in accord with requirements, programs may be suspended in part or in whole. In addition, monetary claims may be assessed

against foreign governments and voluntary agencies, when it is determined that loss or misuse is caused by their negligence in handling the commodities. It is our experience, however, in examining hundreds of administrative reviews and reports of audits, that only rarely is inequitable distribution or lack of coverage within individual countries brought to our attention, and when it does happen such deficiencies are promptly corrected.

Question. What are some of the ways in which AID is able to determine how widely the people themselves are involved in the distribution of U.S. food supplies, and to what extent are they encouraged by AID to do so on a self-help basis?

Answer. AID is informed of the number and the types of people involved in the distribution of U.S. donated foods in foreign countries and in self-help activity in several ways. The title II or title III program plan and the related estimates of requirements are the initial sources of such information. The plan describes the extent of host government participation and identifies the principal American or foreign relief organizations that will become associated with the programs. The plan also explains the extent to which political subdivisions within a host country; i.e., states, cities, towns, villages, etc. will become involved. The estimate of requirements provides the number and type of participants, the quantity of food to go to each participant, and describes the particular activity in which they are grouped. Once in operation, Food for Peace programs generate local publicity which includes human interest stories and a description of the people that operate the program. Finally, the programs are visited at regular intervals by host country administrative personnel and U.S. Government Food for Peace officers, and by auditors and other inspectors, whose reports describe the extent of involvement of all concerned in the programs. Since each program plan is reviewed and must be "approved" before shipments are authorized, the American missions overseas, and later AID at Washington, have the opportunity to encourage the maximum utilization of foods in self-help activity, and to discourage their involvement in dole programs for able-bodied people.

Question. What are the principal methods used to distribute the food to the people (such as commercial, corporate, cooperative enterprise, military, special people's organizations, government—United States or host country)?

Answer. Foods donated under titles II and III are distributed overseas through a wide selection of agencies and handling methods. In some countries a host government is responsible for the entire operation. It may use commercial facilities and/or its military equipment. In other countries, a host government does part of the job turning over food in bulk to private welfare agencies, charitable institutions, private schools, etc., that utilize their equipment and facilities to transport, store, and distribute the foods. In some countries an American voluntary agency may do the entire job. Here the voluntary agency takes food when released from foreign customs and handles the food in voluntary agency trucks, warehouses, and distribution points. The facilities utilized by governments or private agencies are almost always the same type as are used commercially within the recipient country for similar foods. This may range from "head carry" and/or "A-frame" to "air lift" and/or "air drop," and from open-shed storage to deep freeze.

Agricultural commodities sold under title I and IV are distributed through normal commercial channels used to handle other foods imported commercially.

Question. Being from Minnesota, I am interested in knowing if the Humphrey amendment to the Foreign Assistance Act of 1961 has been of any assistance in the distribution of Public Law 480 commodities. What use has been made of these resources (cooperatives, credit unions, savings and loan associations) in the past and how much can AID encourage further use? This information is of interest to people in Minnesota and neighboring States, because cooperatives (especially agricultural cooperatives) are a vital part of the commercial, corporate, and individually owned enterprises that make for a vigorous, competitive economy in those States, and provide the producers with a strong countervailing power to balance off the large processing enterprises.

Answer. The Humphrey amendment, section 601 of the Foreign Assistance Act of 1961, states in part: "* * * it is declared to be the policy of the United States * * * to encourage the development and use of cooperatives, credit unions, and savings and loan associations." AID seeks to carry out the intent of the Humphrey amendment and broaden the base of cooperative assistance by utilizing in Public Law 480 food-supported livestock—feed grain, resettlement, and other community and economic development projects.

To help implement the purpose of that amendment, there currently is a Co-operative Advisory Committee to the Administrator of AID, the members being from cooperatives, farm organizations and people-oriented institutions. The International Cooperative Development Service in the Office of Material Resources coordinates and helps to supervise the program developed as cooperative projects.

AID supports an International Cooperative Training Center, at the University of Wisconsin, solely devoted to providing cooperative training for host-country participants and members of organizations, such as the Peace Corps and labor unions, for work abroad.

In fiscal year 1965 there were 12 organizations, with 88 contracts, involving 286 county projects, engaged in cooperative development. For fiscal year 1965, \$13,256,891 was allocated to these organizations, and \$4,551,306 was spent on projects. The allocated amount covers the cost of projects extending over more than 1 year. There also were other projects in which cooperative development was a portion of the overall assistance. In fiscal year 1965, the total allocated for all kinds of cooperative projects was \$16,018,000, and the amount actually spent was \$7,557,000. In addition to the above expenditures for technical assistance, total of loans approved in fiscal year 1965 for cooperative development amounted to \$67,500,000, including \$11 million in Food for Peace Public Law 480-generated local funds. Total AID approved loans for cooperative-type projects from fiscal year 1962 through fiscal year 1965 amounted to \$275,300,000. Inter-American Development Bank loans outstanding in fiscal year 1965 for cooperative development were \$159,678,950. Most of these loans were for agricultural credit, housing, and rural electrification.

The growth of cooperative assistance in reflected in the increased amount obligated each fiscal year between 1962 and 1965. In fiscal year 1962, \$2,794,000 was obligated; in fiscal year 1963, \$8,861,000; in fiscal year 1964, \$12,944,000, and in fiscal year 1965, \$16,018,000.

Presently 31 of the 242 registered voluntary agencies include the development of "cooperatives and credit societies" as one of their program objectives. These organizations have more than 3,000 persons abroad, helping with their overseas programs.

Question. What use does AID intend to make of the extensive, existing cooperative structures that exist (on paper at least) in India, Pakistan, and Vietnam, which are likely to be the major recipients of Food for Freedom commodities, to facilitate distribution of food to the people?

Answer. AID presently is not directly engaged in any assistance programs with cooperatives in India or Pakistan. In India, however, U.S. commodities are furnished to U.N.-supported projects (WFP) which are distributed through cooperatives.

In Pakistan, the mission has engaged in assisting in the establishment of community service organizations, which have engaged in many self-help projects ranging from roadbuilding and irrigation development to small community development activities. In a number of these communities cooperatives have been established.

There is presently interest in exploring the possibilities of utilizing existing cooperative organizations, especially in India to distribute food, and to market fertilizer, and even to building a pilot fertilizer plant and developing rural electric cooperatives. These proposals envision recruiting the know-how and technical assistance of U.S. cooperatives.

In Vietnam the pig-corn feeding program, in which farmers were furnished with cement, feeder pigs, and feed grain as part of an effort to increase pork production and a counterinsurgency measure, was inaugurated in 1963, utilizing 111 local cooperatives.

Question. What efforts has AID made to determine how Public Law 480 commodities could be used to assist in building people's institutions (such as new community business, marketing, supply and service cooperatives, schools and training centers, credit and savings societies), and what kind of assistance has AID provided to establish or expand such institutions?

Answer. While it is difficult to relate what portion of cooperative development can be attributed to assistance from Public Law 480, Food for Peace, the most ambitious undertaking has been in Brazil. There, Public Law 480 commodities have been used to encourage increased food production, and assist in resettlement and land reform programs. Feed grains are sold to farmer mem-

bers through cooperatives, some of which have been established for that purpose. This method not only has encouraged direct involvement of farmers, but provided a revolving fund to assist new settlers and members to become efficient livestock and poultry producers, as repayments are made on food and feed loans.

The operation also makes it possible to invest the earnings of patrons as equity capital for cooperatives.

Similar assistance is being considered for other Latin American countries.

Voluntary agencies have carried out land resettlement projects in Korea along similar lines.

Question. How does AID measure the impact of Public Law 480 commodities on the development and expansion of economic, political, social, and cultural institutions that are a product of people's self-expression? What is the long-term grassroots impact?

Answer. Programs under titles II and III are currently reaching almost 100 million people in a direct manner. The extent of this grassroots impact is without parallel. The development of school lunch programs (in which some 40 million children are now participating) is leading to the permanent establishment of such programs as part of local culture. In hundreds of communities, mothers' groups have been organized to help plan and operate the programs for their children. For most, this is their first experience in community involvement.

This has led to additional community development in the form of cooperation on village projects, literacy instructions, and education in health and sanitation. To an increasing degree, Peace Corps volunteers have become involved in the community development aspects of these feeding programs.

Mothers who come to maternal and child health centers to receive our nonfat dry milk also benefit from physical examinations, education in prenatal or post-natal care, and other health aspects. This has served to strengthen the institution of community health centers. In thousands of communities, people are engaged in community development and other self-help activities for which food has provided an incentive. The getting together of groups of people to discuss, plan, and carry out community activities for their own benefit is an essential first step in the community development process. Once inspired by the understanding of what they can achieve through their own self-help efforts, communities continue to carry out various activities which help to strengthen and improve the community. This type of involvement has led to political participation, improved economic levels, and a new sense of hope and pride.

Question. In 1962, AID started a corn fertilizer project in Vietnam as a counterinsurgency measure. It was highly publicized, and since then there have been conflicting reports as to its value. One view is that loans were not repaid, natives ate the pigs, and Vietcong took others, while the other view is that under the distressed conditions the experiment was significant and a worthwhile social experiment. What is AID's opinion, and what are your future plans?

Answer. Since January 1963 U.S. feed grain has been used to support a pig and poultry production program in Vietnam and has operated continuously since that time resulting in increased production of hogs and poultry both for local consumption and consumption in the Saigon area. The corn is granted to the Vietnam Government for distribution through the National Federation of Cooperatives to participating cooperatives, for sale to their member farmers.

Feeder pigs are being purchased by the National Cooperatives from farmers in the Delta region and after vaccination and quarantine to prevent spread of disease, are sold to farmers north of Saigon who have no pigs. Both pigs and feed grain are sold on credit terms with payment being made to the cooperatives when the hogs are sold for slaughter. Both U.S. AID and GOVN technicians provide assistance to the beginning farmers in management, feeding, and marketing of their hogs.

The net proceeds received by the National Federation of Cooperatives for the donated corn—after paying operating costs of the program—are distributed to the local cooperatives for use in providing equipment and services to their members which will assist them in poultry and hog production.

There is no doubt but that some villages in which the program was operating have been overrun by Vietcong, and cooperative farmer members in those villages have been unable to pay for the feeder pigs or corn. Some truckloads of corn en route to local cooperatives and a few slaughter hogs en route to market have also been captured by the Vietcong. However, since program participants

market their slaughter hogs through the local cooperative, most of the credit sales of feeder pigs and corn have been repaid.

Since the initial program was approved in 1963 a total of 123,000 MT of corn have been authorized, of which about 100,000 MT have been shipped.

Question. In that connection, and the discussions centering around the need to reach the peasants in the country, how does AID evaluate the recent report submitted by Stanley Andrews (last administrator of point IV program and former member of Michigan State University staff) as a result of his survey of Vietnam, on techniques for reaching the people?

RESPONSE OF AID TO SUGGESTIONS OF STANLEY ANDREWS FOR "REACHING THE PEASANTS" MORE EFFECTIVELY IN VIETNAM

Answer. The Agency was impressed with Mr. Andrews' report, and it has continued to take measures to strengthen the means of progressive development at local levels in Vietnam. One of the significant developments of the Agency in recent years has been the establishment of a provincial operations system. While, admittedly, this penetrates into Vietnam society only to the provincial level and, therefore, responds to the centralized administrative framework of the GVN, it nevertheless provides a meaningful point of departure for penetrating to the needs of local peasant communities. This has been further strengthened by the presence of qualified volunteers of the International Voluntary Services (IVS) and participants in the Chinese Technical Mission (JCRR), both of whom work specifically at the village and hamlet level. That level of development is also supported by the GVN Extension and Home Demonstration Service.

In response both to the suggestions of Mr. Andrews and the findings of Secretary Freeman on his recent trip, the Agency is undertaking to recruit immediately 25 vigorous and imaginative assistant county extension agents who are used to dealing with very practical local conditions. This is just the first of a number of steps to strengthen the effectiveness of our partnership program with the GVN at the peasants' level. We are continuing to recruit additional assistant provincial representatives with special qualifications for work in peasant societies. We have also redesigned and integrated our training programs for such personnel to make them as practical as possible and to prepare them effectively to communicate in the Vietnamese language. This new program for provincial and local personnel will also address itself to the practical skills as well as attitudes and understanding necessary for working with peasant communities in Vietnam.

These and similar actions are being taken in a belief shared with Mr. Andrews that the process of reflecting local needs and planning response to them should proceed from the "bottom up" as much as possible. This chain of communication is not easy to establish in a society in which traditionally the opposite direction has been followed. We believe, however, that the GVN rural construction and cadre programs, and our support of them, will facilitate more practical response to the direct needs of the hard-pressed peasant.

The CHAIRMAN. Are there any further questions?

Senator COOPER. No.

I want to thank you for your labor in answering all these questions.

Mr. BELL. Thank you, sir.

The CHAIRMAN. If there are no questions, Mr. Bell, we will let you go for this time and if you can sleep over what you have said and try to help us develop a bill that will be really effective.

Mr. BELL. Yes, sir. That is our intention.

The CHAIRMAN. I have heard that so many times from you and your predecessors. I do not like to doubt you, but I am more or less a "doubting Thomas."

All right, Mr. Bell, thank you very much. You will hear from us later.

Mr. BELL. Thank you very much, Mr. Chairman.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We shall recess until 1:45.

(Whereupon, at 12:45, the committee recessed until 1:45 p.m. of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please come to order.

The first witness is Senator Kennedy of Massachusetts.

STATEMENT OF HON. EDWARD M. KENNEDY, A U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KENNEDY. I want to thank you, Mr. Chairman, for allowing me this opportunity to testify on behalf of the President's Food for Freedom program. There is no need for me to describe the magnitude of the problem of world hunger and malnutrition. President Johnson has clearly outlined its dimensions and the role that the United States can play in its alleviation both in his state of the Union address and in his recent message to the Congress initiating the Food for Freedom legislation.

I commend Senator Ellender for the comprehensive proposals that he has developed to bring the resources of the United States to battle against hunger and want. The legislation which he has conceived continues the basic ideals of the Food for Peace program, fulfills the objectives of the President's new war on want and coordinates the efforts of the relevant administrative agencies in a fine fashion.

In my visits to the developing countries of Asia and Latin America I was struck by the crushing burden placed on young governments by the production and distribution of adequate food resources. In Latin America more than half the population depends on agriculture for a living and yet only 5 percent of the total land surface is under cultivation. This is compared with 20 percent of the land under cultivation in the United States. The difficulty of providing the massive food needs of the people is magnified by the galloping rise in the birth rate. Because of the high rate of population growth, per capita agriculture production in Latin America is lower today than it was 10 years ago.

Hunger is a source of anger, frustration, and hatred. In Vietnam we cannot expect the people to be able to resist the pressures of communism and guerrilla warfare if they are in a deadly struggle to acquire basic requirements of food, shelter, and clothing. Vietnam was at one time a rice basket for Asia. Now the rice supply has been so depleted that this essential commodity must be imported just to feed the country's population. Coupled with the problem of providing food supplies to its hungry millions, the Vietnamese Government is faced with the overwhelming task of distribution. Food which remains in a farmer's warehouse or in a port's dockyard is of no value to the fighting soldier or nursing mother.

President Johnson's proposal is based on recognition of the fact that birth rates are increasing faster than food output production. While advanced countries are becoming overfed, the poor nations are struggling with problems of developing a modern agricultural economy, including farm-to-market roads, rural electrification, irrigation, housing, agricultural credit, marketing, and crop insurance.

We in the United States with our overwhelming abundance have been able to supply more than 10 million tons of food aid per year to the countries that most need it. A recent study made by the Department of Agriculture of the world food budget in 1970, however, points out that "food aid is at best a temporary and inadequate measure," and that the food gap in diet-deficient countries must be overcome through high food production. President Johnson in his Food for Freedom message made clear that by 1985, without a change in present trends—

The combined production, on all of the acres, of all of the agriculturally productive nations will not meet the food needs of developing countries.

The Food for Freedom legislation which we are reviewing today responds to the world food crises in two basic ways: First, it extends the fundamental concept of the existing program by providing surpluses to meet essential food requirements of developing nations; second, it introduces the idea of self-help by placing special emphasis on those programs which develop the nation's own agricultural capacities. In order to have sufficient commodities on hand for domestic needs, commercial exports, food aid, and reserves to meet an emergency, the Commodity Credit Corporation will eliminate the "surplus requirement." The Secretary of Agriculture will determine those commodities which will be available for the program, taking into consideration the kind of products which are needed and those with special nutritional values.

By instituting the concept of self-help, countries will be able to develop an agricultural economy responsive to its own food needs. Those nations will then become more self-reliant and will eventually increase the number of markets open to American trade.

When I was in Vietnam I could see the great need for original thinking in the Food for Freedom program. A coordinated effort of Government agencies involved in aid projects is necessary to bring about the type of work-food projects where Vietnamese citizens and refugees can take part in public works and construction projects such as building roads, schools, bridges, and public facilities and be paid partly in food commodities.

But an even greater effort is required if we are to find ways of meeting the immense problem of hunger and want which looms on the horizon of the 1980's. Through science and technology, we have been searching for untapped resources of the future which will be high in nutritional value and easy to inject into the average diet.

The greatest untapped resource in the world today is the sea. Experts have long known the value of fish and fish products and have sought ways of making them available to hungry peoples in an inexpensive form. One reason for my appearance here today is to stress the value of one such product to the members of this committee. Recently, Secretary Udall petitioned the Food and Drug Administration to approve fish protein concentrate as a wholesome diet supplement marketable in the United States and throughout the world. FPC is a colorless, odorless, high-quality food protein which is safe, inexpensive, easy to transport, and palatable. It can be produced from those fish resources which are normally discarded at a cost of somewhere between 14 and 29 cents a pound. Eventually,

with additional research and experimentation, it is conceivable that small fish processing plants can be installed on all fishing vessels so that no fish resources will be wasted and none thrown back into the sea.

The greatest nutritional deficiency in the average diet today is protein. FPC can be a protein content of up to 80 percent and 20 percent other beneficial minerals such as calcium and phosphorous. Because of its powdery texture it can be used as a food additive in many types of foods and beverages such as noodles, breads, rice, milk products, and gravies. It is a product which can be easily exported to countries throughout the world and, with a few innovations in techniques, easily produced by the countries themselves from their own fish resources.

President Johnson noted the valuable potential of FPC in his Food for Freedom message to Congress on February 10, and on February 28, Secretary Udall indicated his approval by asking the FDA to give its official recognition as a human food. Recently I made a statement on the Senate floor in which I outlined a six-point action program which would make FPC a marketable commodity in the United States and around the world. The first objective is to gain approval of FPC from the FDA. Secretary Udall's petition to permit the commercial marketing of FPC is presently pending before the administration and I feel that we can expect prompt and favorable action upon it. The second objective is to assure passage of Senator Bartlett's bill, S. 2720, authorizing the construction of five demonstration plants which will study practical and economic means of producing FPC. Once FPC is available as a marketable commodity, it can be included in the President's Food for Freedom program. Under Commodity Credit Corporation authority, FPC would be purchased as an additive to enrich and fortify food products. In addition, I have joined with 11 other Senators on amendment No. 485 offered by Senators Bartlett and Magnuson to S. 2933 to include domestic fishing products among the commodities to be purchased by the CCC for use in this program so that other countries can also benefit from the rich resources of our fishing industry.

FPC contributes to the self-help idea of the Food for Freedom program. All nations will eventually be able to profit from our breakthrough in fish technology by developing the tremendous fish food resources located off their own coastlines. Nearly every country in Latin America has a long expanse of coastline and counts fish products heavily among its food resources; in certain southeast Asian countries, fish products are probably second only to rice as a food staple.

The development of FPC in the United States and abroad would also have beneficial effects on a nation's fishing industry. By adding to the revenues of commercial fishermen it would revitalize the industry and encourage new programs of ship construction. Small fishing villages would profit from increased income and activity, bringing new jobs and energy to this old and honorable occupation.

I hope this committee will consider seriously all the advantages of FPC and other fishery resources as products distributed under the Food for Freedom program. They would alleviate hunger, suffering, and malnutrition; bring new life and technological advances to a na-

tion's fishing industry; and develop some of the untapped resources of the seas to combat food shortages of the future. I am in favor of the Food for Freedom proposal and Senator Ellender's legislation and shall work toward its successful passage and implementation.

The CHAIRMAN. Our next witness is former Congressman Clif Hope.

I wish to say that we are very proud to have you, Congressman, and we hope that you can shed a lot of light on this proposal.

You know, we have been dealing with foreign aid now for 16 or 17 years, and our friends at the White House and other Departments think up all sorts of ways and means to keep this program going. So we shall be glad to hear from you, and I hope you can give us some valuable information. I know you can.

STATEMENT OF HON. CLIFFORD R. HOPE, REPRESENTING THE MARKET DEVELOPMENT GROUP, GARDEN CITY, KANS.

Mr. HOPE. Thank you very much, Mr. Chairman.

I appreciate the opportunity which you have afforded me and my associates, to appear before the committee at this time. We are interested in all aspects of the bill S. 2933 and other bills having the same objectives, but our purpose in coming here today is to discuss with you those parts of the proposed legislation which relate to the development and expansion of export markets for agricultural commodities.

If agreeable to the committee, I will make a general statement on the subject and will be followed by some of my associates who will deal with specific commodities on which market development programs have been in operation for the past several years.

Those appearing with me and the organizations which they represent are as follows:

Robert L. Minor, Tobacco Associates, Inc.;

Frank B. Snodgrass, Burley and Dark Leaf Tobacco Export Association, Inc.;

Sam Sabin, U.S. Feed Grains Council;

L. C. Carter, Rice Council for Market Development;

Seeley G. Lodwick, Weaver, Iowa, American Soybean Association, Soybean Council of America;

E. Hervey Evans, Jr., Laurinburg, N.C., president, Cotton Council International;

Joseph O. Parker, chairman, International Trade Development Board & Counsel, Institute of American Poultry Industries;

Mr. John R. Sutherland, American Seed Trade Association;

Mrs. Dorothy L. McCann, Dairy Society International;

Mr. William G. Lodwick, Millers National Federation;

Mr. Philip De Vany, National Dry Bean Council;

Howard Hardy, president, Great Plains Wheat;

Winn Tuttle, director of Washington office, Western Wheat Associates.

I think perhaps some of them would like to make a brief statement and perhaps other would like to submit written statements.

The CHAIRMAN. Let them come up to the table and sit alongside you.

Mr. HOPE. Thank you, Mr. Chairman.

Mr. Chairman, the great problem which has confronted American farmers in recent years is finding markets for the products which they produce in such great abundance. We have made some progress in marketing both in the domestic and export fields, but there is still much to be done. One of the programs under which real progress has been made is the cooperative foreign market development program which has been set up by Foreign Agriculture Service under the provisions of Public Law 480 and its various extensions.

This committee is so familiar with that program that I will not go into any detail concerning it except to call attention to the fact that, at the present time, there are 45 nonprofit market development organizations cooperating with the Foreign Agricultural Service and carrying out operations in 71 different countries. These cooperating organizations deal with every important agricultural product which enters into foreign commerce.

Mr. Chairman, the increase in agricultural exports since the passage of Public Law 480 in July 1954, has been nothing less than amazing. Consider these figures. For the fiscal year ending June 30, 1954, our total agricultural exports were \$2,936 million. Of this amount \$2,331 million represented sales for dollars. Compare this with the figures for the fiscal year ending June 30, 1964, just 10 years later. For that year total agricultural exports were \$6,076 million, of which \$4,514 million was commercial sales for dollars. For the fiscal year ending June 30, 1965, the figures both for total sales and sales for dollars were practically the same as for the previous year. They would have been higher except for the prolonged strike by the Maritime Unions. Thus, in 10 years, total exports increased over 100 percent and commercial sales practically as much, and since arriving in Washington I have been advised that Mr. Raymond R. Ioanes, Administrator of Foreign Agriculture Service in a statement recently made before the Senate Subcommittee on Agricultural Appropriations reported that agricultural exports had surged to a new annual rate of \$6.5 billion.

During this period our total exports increased also, but not nearly as fast as those in the agricultural field. In 1953, agricultural exports comprised 18 percent of our total exports. Now they are 25 percent.

Today the United States is by far the world's leading exporter of agricultural products. It completely dominates trade in temperate zone commodities. Our agricultural exports are approximately as much as those of Canada, Australia, and Argentina combined. The production of one crop acre out of every four in this country is exported. There is scarcely a commercial farmer in the Nation who does not produce something for the export market.

No doubt several factors have contributed to this fabulous expansion in agricultural exports. I know of no method of analysis by which it is possible to determine what proportion of these gains may be credited to the market development program or to any other one factor. The very fact, however, that this increase began with the initiation of the program and has continued with little interruption during its life, is strong evidence of the contribution which it has made. Furthermore, the increase is the logical result of the programs which have been in effect.

The cooperation of Government and private industry which has taken place in the market development program has proved to be an

effective means for strengthening foreign markets for agricultural products. The Government, through Foreign Agricultural Service, has made funds available and has contributed the work and talents of its worldwide organization. The cooperators in turn have contributed funds and personnel who are experienced and knowledgeable in the field of foreign trade. I know of no other foreign program of the Government to which there has been a greater proportional contribution by industry.

Under both Public Law 480 and the bills under consideration, the Government's contribution in money is derived from foreign currency received from commodity sales, although the appropriation is made in dollars. The amount is surprisingly small, averaging about \$14 million annually in recent years. This is less than a fourth of 1 percent of our agricultural exports of over \$6 billion annually. Where else has the Government gotten so much for the foreign currencies derived from Public Law 480 sales?

And who has a greater interest in increased dollar exports than the Government? An adverse balance of payments in recent years has been one of our greatest problems. During the 12 years from fiscal 1954 to 1965, exports of farm commodities for dollars has totaled \$37,339 million. If they had continued at the 1954 rate, they would have been \$27,972 million. That increase of almost \$10 billion on the right side of the ledger has been mighty helpful.

There may be some who think that because of new demands created by population increase, dollar market development in the future may not be so important. Nothing could be further from the truth. The objective of the new program is to gradually get away from concessional sales in favor of dollar transactions. If food deficit countries are going to have to use hard currency anyway, they may well switch to our hustling competitors.

The fact is, the nature of the new program makes market development even more important than it has been.

Make no mistake, competition in international trade is not decreasing. Any exporter, any cooperator in this program or any official of the FAS will tell you the trend is to the contrary. The competition comes not only from the traditionally large agricultural exporters like Canada, Argentina, and Australia who depend on such exports to maintain favorable trade balances, but from other and newer sources. The developing countries in Asia and Africa are tough competitors in commodities like cotton and tobacco. The countries in Western Europe are expanding grain production and France has recently become an important wheat exporter. While most of the members of the Communist bloc are temporarily short of agricultural exports, they are making strenuous efforts to increase production and may be exporters again in good crop years.

World trade in agricultural commodities is a constantly changing picture. The unexpected often happens. Not too long ago, we were anticipating large increases in grain shipments to the countries comprising the European Economic Community. We thought they would remove existing trade impediments, or at least some of them. Instead they are raising the barriers on practically all competitive products. While final decisions are yet to be reached in some of these matters, we know we will be in a less favorable position than we had anticipated.

Russia was an exporter of wheat for several years prior to 1963. Since then, she has been a large importer as has mainland China. Communist bloc countries in Eastern Europe have also imported substantial quantities of grain in late years. Our participation in exports to Eastern European countries, including Russia, has not been heavy. However, at present we are probably getting some dollar business in other areas, which might have gone to Canada except for the fact that so much of the Canadian crop is tied up in deals with Russia and China.

Another important change occurring over the past few years is the introduction of new crops to our list of important dollar exports. Among them are rice, feed grains, poultry, and greatest of all, soybeans. Practically all soybeans in world trade now come from this country. At the rate they are now expanding, exports of soybeans and products thereof will reach an annual figure of a billion dollars before many years have passed.

Exports of feed grains, especially corn and grain sorghums, practically all for dollars, have increased rapidly. One-half of all the corn and four-fifths of the sorghums in world trade now comes from this country.

All in all, over \$2,700 million worth of our 1965 exports consisted of commodities which were nonexistent or inconsequential prior to World War II. Thus, the market development program has kept step with changing times and conditions. But markets for our long-time and traditional exports must also be maintained and strengthened if we are to have a healthy agricultural economy.

The very existence of this cooperative program has been an important incentive and stimulus to market expansion. The fact that the Government itself has a positive and permanent export policy and that agricultural producers and handlers are cooperating in it, is assurance to exporters that they are justified in expanding their operations and personnel, and making provision for additional facilities which will be needed if and as world trade increases.

One of the major objectives of Public Law 480 other than facilitating the sale of agricultural products for foreign currencies is the development and expansion of markets for American agricultural products. The Congress in originally enacting Public Law 480 and in subsequent amendments has emphasized this objective in both the language of the statute and in the committee reports.

In order to make certain that proper emphasis would be given to this activity, the Congress made provision for the setting aside of minimum amounts to be earmarked for this purpose, and for the mandatory conversion of sufficient amounts of foreign currencies to make available the kind of currencies which might be needed in the countries where market development programs are to be carried out. This legislative policy has been supported by the Appropriation Committees in appropriation bills and committee reports.

As far as this group is concerned, Mr. Chairman, this is the most important part of our statement. We urge that in any new legislation, the provisions in existing law affecting market development be preserved and that this committee continue to emphasize cooperative market development activities as they have been carried out under Public Law 480, as amended.

Mr. Chairman, we appreciate this opportunity to present our views on the market development phases of the legislation which is before you.

Mr. Chairman, at this time I request permission to submit to the committee statements in support of the market development program as follows:

Dried Fruit Association of California, by A. E. Thorpe, executive vice president;

Cling Peach Advisory Board, by W. R. Hoard, manager, advertising and promotion;

American Hereford Association, by B. C. Snidow, assistant secretary.

All of these organizations are cooperators with FAS in the market development program.

The CHAIRMAN. Without objection, those statements will be placed in the record at this point.

(The statements referred to follow:)

SANTA CLARA, CALIF., February 28, 1966.

HON. ALLEN J. ELLENDER,
Chairman, Senate Agriculture and Forestry Committee,
Senate Office Building, Washington, D.C.

DEAR SENATOR ELLENDER: The Dried Fruit Association of California has a very modest program under section 104(a) of Public Law 480. Under this program the Dried Fruit Association pays the salary and part of the travel expenses for a European representative for the dried fruit and tree nut industry. The U.S. Department of Agriculture, Foreign Agricultural Service, under the terms and conditions of section 104(a) of Public Law 480, supplements this program by furnishing office space and certain travel expenses. This program has worked out very well indeed.

Georg Schneider is our representative, and makes his headquarters in Rotterdam, the Netherlands. He has had vast experience in the field of dried fruits and tree nuts, having served for many years as managing director of the Gebroeders Catz Co. in Rotterdam. Perhaps no one man has a better fundamental knowledge of the dried fruit and tree nut problems in Europe, and Mr. Schneider's representation has assisted us immeasurably.

He keeps us posted on events taking place within the European Economic Community. For example, we attach a copy of a recent article he wrote on the subject for our members. Through Mr. Schneider the industry is well informed on trade conditions in dried fruits and tree nuts. One of the most useful functions he performs is in the field of foreign food laws, many of which can be inimical to the interests of the California industry.

In other instances, he has been able to amicably settle disputes which arise between buyers and sellers of California dried fruits and tree nuts. During this past year Mr. Schneider has arranged and given several illustrated lectures on California dried fruits and tree nuts which have been very helpful and informative. In addition to all of these established functions, he acts as our representative in the day-to-day problems which arise out of trading.

We wish to go on record here and now that we are very much pleased and impressed with the businesslike method these programs are administered by Foreign Agricultural Service, and we are especially indebted to the assistance and help we have received from the Fruit and Vegetable Division of FAS.

Individual segments of our industry, including the raisin industry, the prune industry, and the walnut industry, have extensive programs with FAS on advertising and trade promotion overseas, and while we cannot speak for these people, we have heard nothing but compliments on the valuable assistance that these programs have rendered these particular commodities.

We are indeed hopeful that Congress will continue with this very valuable program.

Very truly yours,

A. E. THORPE,
Executive Vice President,
Dried Fruit Association of California.

STATEMENT OF W. R. HOARD, MANAGER, ADVERTISING AND PROMOTION, CLING PEACH ADVISORY BOARD, SAN FRANCISCO, CALIF.

Continuation of section 104(a) of Public Law 480 as written, and of course, continuation of European market expansion programs is of vital interest to California's cling peach growers and canners. Processed value of California canned cling peach products approaches \$250 million annually, and of this total, the export valuation is \$50 million.

Maintenance and expansion of the export market, primarily into the United Kingdom and Western Europe, is of great importance—as an outlet for a large portion of this major U.S. canned fruit pack, because forcing any portion of the exported cases of fruit on the domestic market would be demoralizing, and because of expanding production in this and other canning fruits. There is much evidence that domestic consumption is at or near a peak level, having gained slightly on a per capita basis for some years.

The Cling Peach Advisory Board, operating through a California marketing order under auspices of the California State director of agriculture, has conducted strong domestic advertising and promotion programs for 19 years and recently has launched export promotion activity in various European countries.

This promotion work is now underway in 10 countries, with concentrated, full-scale advertising, merchandising, and public relations work in West Germany, United Kingdom, Denmark, Sweden, Netherlands, and Belgium.

California cling peach growers are supporting the export promotion and advertising program with annual allocations of \$275,000. The program needs assistance as a cooperator with the Foreign Agricultural Service to help assure attainment of the goals of increased per capita consumption in Western Europe and annual increased importations by these countries in the face of continuing and growing competition from other producing areas around the world.

Careful and detailed trade and market surveys and consumer use, knowledge, and opinion studies give strong assurance that attainment of these goals is possible if commodity promotion programs are continued.

KANSAS CITY, Mo., February 24, 1966.

MR. HUBERT E. DYKE,
Chairman, Cooperators' Washington Committee,
Washington, D.C.

DEAR MR. DYKE: It is our understanding that Public Law 480 will be discussed soon before the House and Senate Agriculture Committees and it is, therefore, our wish that the committee be advised that this association urgently suggests continuance of Public Law 480 and particularly section 104(a) as written.

While this association has not engaged in extensive market development in foreign countries to the extent of some other phases of industry and agriculture, we consider that which we are currently pursuing to be very important to the American breeders of Hereford cattle. We anticipate a considerable expansion of the export market for breeding stock to foreign countries and developing this market would not be possible were it not for the cooperation of the USDA which has been made possible through Public Law 480.

Sincerely yours,

B. C. SNIDOW,
Assistant Secretary, American Hereford Association.

The CHAIRMAN. Have you any criticism of the law, the proposal that is now before us when compared with the original with Public Law 480, with amendments adopted in the meantime?

As you know, the purpose of Public Law 480 was to dispose of our surplus commodities that piled up during the years, and these surpluses were supposed to be generated from the production of commodities under our then pending farm legislation. As I understand this bill, we are veering away from the surplus aspect and we are called upon to specifically provide for the production of commodities in order to fill the requirements of this bill so as to assist nations in better nutrition, et cetera. It strikes me that there is a difference and I would like to have your comments on it.

As you may know, Mr. Hope, this committee, as well as the committee in the House, has worked for many years in order to find some ways and means of balancing production and requirements.

When the Agricultural Act of 1965 was passed, it was hailed as one which would do the trick; at the end of 4 years, it was expected that wheat production would be in keeping with our requirements; corn and other feed grains would be in keeping with our requirements. As a matter of fact, the only commodity in which the prospects were rather dim was that of cotton because we had so much of it on hand that there would be no way of disposing of the surpluses within the space of 4 years.

As I view this bill, it takes away many of the provisions from the present Public Law 480 act and it, in a measure, authorizes the Secretary of Agriculture to have the farmers of this Nation produce food for Food for Freedom.

I would like to have your comments on that, as to whether you agree to that.

Mr. HOPE. Mr. Chairman, I might say that we are somewhat concerned about some of the language in the bill that you have under consideration in that we are not sure what some of it means. And of course, we are particularly interested, as you have said, in those phases of the bill that relate to market development under the program which we have been working under.

Now, there have been two sources of funds for foreign currencies, two methods by which the Department of Agriculture secures foreign currency for this purpose. One is the set-aside of 5 percent of the total sales in foreign currency and the other is the 2-percent provision which provides that not less than 2 percent of the amounts of sales for foreign currency shall be converted into convertible currencies so that it will be available for market development operations in other countries.

As I see it, we will still continue to need both of these provisions. In the case of the strictly foreign currency, which is not to be converted, we have operations in a number of countries like India, Pakistan, and in the Philippines, and I could go on and mention any number of countries. So that opportunity should still be open, we think, as far as the proposed legislation is concerned.

There is no provision in the new bill that covers that situation that we have been able to discover.

In the case of the currency that is converted, there is a provision in the bill which refers to conversions of currency for that purpose, but it is not in as strong language as exists in the present law.

Also, we are concerned about section 304 (b) 1, which begins with—

help develop new markets and expand existing markets for United States agricultural commodities. Provision shall be made in sale agreements under title I and loan agreements under subsection (f) for the convertibility of such amount of the foreign currency proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are, or offer a reasonable potential of becoming, dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph.

That, in part, follows the language of the present law. But the present language provides that such sums shall be deposited to a

special Treasury account and shall not be made available except for carrying out the provisions of the subsection. That language your committee put in advisedly at the time it was passed, because at that time we were having a great deal of difficulty with the Bureau of the Budget. They were entirely ignoring the law as far as the allocation of currencies for market development was concerned.

It was written as it now appear in order to be sure that the provision would be carried out as intended.

We are concerned because the bill which we have before us does not go that far.

Then there is another provision—

The CHAIRMAN. Well, Mr. Hope, you are evidently seeking to reinstate the provisions of the present law in order to more or less guarantee the continuation of your marketing work.

Mr. Hope. That is correct.

The CHAIRMAN. That, I am sure, the committee is in full agreement with. What I had in mind—you see we have two bills we are considering, one to create reserves. It would seem to me that we are veering away the act of 1965. We are, in a measure, probably amending it by providing these set-asides and having the farmers grow it if, as, and when the Secretary deems it necessary.

To my way of thinking, that might return us into a position whereby we are going to have on hand some more surpluses. That is what I desired your comments on, if you have any to make.

Mr. HOPE. Well, speaking for this group, I cannot make any comment because I do not know what the group's ideas might be on it, and there is probably some division of opinions on it.

I am glad the committee is giving consideration to that phase of the matter because I think it is a serious question and one that should be given very careful consideration.

The CHAIRMAN. Well, that is why we need a lot of light to be shed on this program. It seems that our administrators at the Washington level anticipated that at someday to come we would be out of surpluses and now we are being asked to produce food for freedom. My fear is that it is going to return us to the same kind of situation we were in 4 or 5 years ago, when we had so much wheat on hand and other commodities that we had to enact Public Law 480 to find some way to dispose of it.

It has been my view that having so much food on hand was an open invitation to countries that did not provide sufficient food of their own to come to us for assistance. My hope was to have our production in keeping with our requirements, and thereby expand this marketing that you are speaking of, whereby we could obtain real hard currencies nad get back on the track again instead of us piling up many of these soft currencies for which we have no use now, as we have heard this morning.

Mr. HOPE. Under the 4-year act—

Senator COOPER. May I say I am glad to have heard your statement? We agree on your proposition.

The CHAIRMAN. There is no doubt about that.

I want to get some light on these other aspects. If these gentlemen present desire to offer any suggestions and their views, now is

the time to talk. I have been chairman of this committee for quite some time. I have been on it for 29 years. We thought last year that we had the farm program in fair shape. But if I am to understand the implications involved in this new bill—that is, the food for freedom—and in the production of these reserves, it is going to set us back in a worse state, in my opinion, than we were 4, 5, or 6 years ago, in having a lot of food on hand and then having it produced for sale or gifts. I am just wondering if you men favor such a thing as that.

Mr. HOPE. Well, let me just ask this question in the form of a comment. Does not the law which you passed last year, the 4-year law, take care of that situation as to most of the commodities of which we have been producing surpluses? That is, it leaves the power in the hands of the Department of Agriculture to make allotments and change quotas and that sort of thing. I have been thinking that according to the provisions of that act, whatever we do in the way of expanding production will be on a gradual scale, subject to whatever conditions exist at that time as to supply and demand.

The CHAIRMAN. Well, that was the intention of the act that we passed, and we were told, and in fact, I shouted from the treetops that this bill would kill some of the evils that grew out of our huge production in the past, with the tools that we gave the Secretary under the act of 1965; that we would soon reach a point where production would be in keeping with our requirements, and we would get the Government entirely out of this business. But here we are embarking on the production of food for freedom.

Here is a provision that I would like to point out to you. That is in S. 2932, which is a bill to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes.

This is the language that I want to call to your attention:

SEC. 4. Notwithstanding any other provision of the law—

That means the 1965 act—

the price support level, the acreage allotments, and the marketing quotas for any agricultural marketing may be increased above that which otherwise would be established for such commodity to the extent that the Secretary determines necessary in order to obtain production needed for the establishment and maintenance of the reserves, established under this Act.

Mr. HOPE. Well, it seems that language in its present form would modify the provisions of the bill you passed last year.

The CHAIRMAN. No doubt about it.

Mr. HOPE. Of course, I think we, all our farmers, hope that the demand for agricultural products in export markets will expand rapidly enough that we can increase our production.

The CHAIRMAN. I hope when you make that statement that this expansion will be for dollars and not by way of gifts.

Mr. HOPE. Well, basically, we would hope it would be for dollars.

On the other hand, I think that in order to prevent the very serious famine situations arising in some parts of the world, we may have to sell for something less than dollars.

The CHAIRMAN. I have no issue to argue with you on that. But it would seem to me that what we should do is to contribute in propor-

tion to what other countries will produce. In other words, we have been carrying the load and the whole world is looking to America for food. If we keep on at the rate we are now going and then add this on top of all our foreign aid assistance, why, it is just a question of time when we shall export the fertility of our soil abroad and get some more of this soft currency that we do not need. We have enough of it now.

Mr. HOPE. Well, I am just speaking personally now, you understand. I would certainly agree with you that other countries ought to carry a fair share of their load. And also, I am strongly in favor of the provision contained in the bill which you have under consideration, which provides that these countries themselves must make a serious effort to solve their own problems.

The CHAIRMAN. How would you do that? You remember we attended a conference in Rome together on this FAO. Both of us—I am sure you remember that—had hopes that this would lead to some kind of method by which all countries of the world would find out where they could be of better assistance in producing the food necessary for world consumption. Well, this thing has been going on now for about 15 years. The budget—that is, the amount of money being spent for that purpose—is now \$300 million altogether, of which we contribute 40 percent. But, aside from that, we have all these other programs that you are familiar with.

Mr. HOPE. Yes.

The CHAIRMAN. And on top of that, we are adding a new program. Because I consider this a new program. Public Law 480, enacted in 1954, was a way that Congress devised in order to assist us in ridding ourselves of these enormous surpluses.

Mr. HOPE. That is true.

The CHAIRMAN. But this goes far beyond that now. Here we are being asked, as I understand it, to produce Food for Freedom, to feed the world. As the Secretary of Agriculture indicated, he does not believe that it would be possible for us to produce that much food, but yet, if I am to understand him, we ought to go ahead to the extent of our ability, even notwithstanding what other countries do. I am just not for that.

It strikes me, as we are doing with respect to FAO, we should contribute our proportionate share of it and let other nations share it, because if the whole burden is put on our shoulders, the results will be that we will do the major part of furnishing India and other countries that are in dire need at this time with food.

Mr. HOPE. Of course, India has so many more problems than any other country, it is almost impossible to see how they will come out of it.

However, I think they can do certain things over there to help their situation, if they will.

On the other hand there are some of the backward countries that have accomplished considerable in the way of expanding their agriculture.

Mexico is one example. I think perhaps you heard about that in your hearing.

The CHAIRMAN. We have. Also Taiwan. Why, we have spent enough money there, as I said before, to cover the whole island with greenbacks, and we are still assisting there—not economically. But we have a nice number of soldiers there and we are helping to provide the wherewithal to maintain an army of 600,000 soldiers. We are furnishing all of the military hardware and they even mentioned Israel as being in good shape. But we are still there.

I do not consider Israel as an underdeveloped country. It is almost as highly developed as ours is. The only thing is that they do not have the resources that we have. But we are expected under this bill to provide food for a country like Israel.

As a matter of fact, we did under Public Law 480. And to add insult to injury, we let Israel have that on credit at three-fourths of 1 percent payable in 40 years.

Mr. HOPE. Well, I think we have to export a lot of agricultural know-how and the other developed countries are going to have to, also, if the backward countries are going to meet their problems, and it will take a long time to do it.

The CHAIRMAN. The question is, How can we get the other countries assist? That is what bothers me. Up to now, our administrators on the Washington level do not seem to find a way to do it. The moment that we express willingness to go on and do it, they will lean on Uncle Sam as long as we permit it. That has been my objection to many of these programs in the past, that we have been too soft, we have not tried to get assistance from others. And since we have been carrying the whole burden and we continue to do so, why they will just let us do so.

Mr. HOPE. Of course, this bill has the merit of attempting at least to get to that problem by saying we will not continue these programs unless these people do make use of their own resources.

The CHAIRMAN. Well, we have had the same think under the Foreign Aid Act.

Mr. HOPE. Not as strong, though, as it is here.

The CHAIRMAN. This language does not mean a thing unless it is put into effect, and unless we write into the law and threaten to put somebody in jail if they do not do the job as we intend.

That is what I suggested to Mr. Bell this morning. I am tired of having him say, We will do this, we will do that, and when you look over the past, none of them have done what they said they would do, even including my good friend, Mr. Bell.

Yet Mr. Bell has, in my opinion, done the best job of any Administrator in the foreign aid program. With all his energy and ability, he has not been able to get the assistance necessary from our so-called rich allies from Western Europe and other parts of the world.

Mr. HOPE. Well, there is no question that those are great problems, and problems which Congress cannot solve. But you can certainly put some guidelines in it and I am sure you will.

The CHAIRMAN. We can solve it by not providing the funds and not going as deeply as we are now.

Mr. HOPE. That is one way of doing it.

The CHAIRMAN. When people come before the committee and say that our friends are doing as much as we are because the amount spent

percentagewise on their GNP is greater than, or as great as ours, to me that is just phoney. This is a phoney method of doing it. The facts remain that we have been going in debt deeper and deeper, and my fear is that if we continue as we are going now, we will bring some kind of visit on our own shores if we do not watch out.

Have you gentlemen around this table any suggestions to offer, anything you want to add to what Mr. Hope has stated?

I am sure that most of you were here this morning. You have listened to the discussion we had with Mr. Bell, and I would just like to find out how many of you are advocating that we produce Food for Freedom as proposed in this bill?

Mr. HOPE. I think Mr. Lodwick started to say something.

STATEMENT OF SEELEY G. LODWICK, WEVER, IOWA, REPRESENTING THE AMERICAN SOYBEAN ASSOCIATION AND THE SOYBEAN COUNCIL OF AMERICA

Mr. LODWICK. Mr. Chairman, I appreciate the opportunity to comment on this very important subject. As a matter of fact, I am not in a position to comment, either for myself or for the two associations that I do represent, in the total picture that you paint. I am prepared to offer a statement relative to the Public Law 480 market development technique.

The CHAIRMAN. You do not have to do that. You do not have to waste your time on that. I think the committee will take care of that. We have been for it, we are for it, and we are going to do all we can to find some good use to which we can put these extra funds we have. There is no question about that.

What I am concerned with is the fact that, as I said, we labored night and day here last year to get this 1965 bill through. My fear is that we are going to go back into a deeper hole than we found ourselves in during the last 4 or 5 years if the bill is enacted as written. Our farmers are called upon to produce Food for Freedom for humanitarian purposes. Heaven knows you can use it. But are we able to continue a program of that kind, all on our own without the assistance of others?

If we could write into this bill a provision whereby we would contribute a certain amount provided others did likewise, I would go the limit. But my experience on this committee, as well as in the Senate, for the past—over 29 years—has been that we have been carrying the whole burden notwithstanding what these administrators come here and tell us. I have traveled all over the world, and I know what we are doing in contrast to what other people are doing.

How about you, Joe? You have a big brain there. You ought to be able to assist us.

STATEMENT OF JOSEPH O. PARKER, CHAIRMAN, INTERNATIONAL TRADE DEVELOPMENT BOARD, INSTITUTE OF AMERICAN POULTRY INDUSTRIES

Mr. PARKER. Thank you, Mr. Chairman.

My problem here is that I am representing a group this morning on this rather narrow issue, and I am just not authorized to speak on the

broader subject which you have raised, although I think you have certainly touched on the real large departure that is being taken by the bill proposed from what we have had in the past.

It does propose, I think, a lead for this committee, as you are doing it, to examine it with great care and to at least chart out some type of chart as to where we go to produce for the giveaway side or the aid side.

But at the same time, I think we need to make certain that we do not weaken our commercial potential, commercial market potential, which we have in many countries of the world, and growing opportunities in some of these countries that are in between the so-called development areas and the completely underdeveloped areas.

This bill, at least insofar as market development is concerned, to us seems that it does not provide quite the emphasis on commercial market development as does the existing law. We would like to see the law strengthened in this respect.

The CHAIRMAN. You are all up here just to protect your own interests—that is, the market. I am not blaming you for it, but what the committee wants is to get a little guidance on this bill before us. So far as what you and Mr. Hope have told us about providing some of these currencies to carry on the work as in the past, I am sure you do not have to worry about that.

But what I am concerned with, and what this committee is concerned with, is to veer away from surplus disposal to the production of food under this new guidance that is provided in here.

It looks as if, my goodness, everybody wants food now, desires it, not only India, but many other areas. The contention is being made now, if you feed the world, we shall not have any more wars. We shall have everybody contented. But I cannot see our country doing that. It is impossible for us to do it, just impossible.

It is true that my good friend, Orville Freeman, the Secretary of Agriculture, states we cannot do anything like that. Of course we cannot. But we can do our share and we can induce others to help. But we have been trying to induce others a long time, and up to now we have never succeeded.

Just stop and think now, in southeast Asia, with all the help we gave to Western Europe, we cannot get them to come there and help us as we helped them during World War II. And if we cannot succeed in doing it now with them, how in the world would you do it with a little act like this where you merely say in the act that you expect cooperation from them and you will not let them have food unless they do thus and so? I just cannot see this program as I would like to see it.

We are humanitarians; we love to help everybody. But there is a limit, in my opinion, beyond which we cannot go. And these two bills, in my opinion, open up the door to reverting agriculture to a worse situation than it was in when we had all our troubles 7 or 8 years ago, and up to the time that we enacted the Food Act of 1965.

If you have any suggestions as to how we can get our friends to assist and join us in putting up their proportionate share, then I would

like to hear from you. If not, it is useless for us further to discuss your marketing problems.

Senator MONDALE. Mr. Chairman?

The CHAIRMAN. Senator Mondale.

Senator MONDALE. Mr. Hope, I apologize for being absent during part of your testimony. I understand the gist of it is that your organization believes that provisions of the proposed Food for Freedom Act do not provide the assistance which your organization deems adequate to promote market development overseas by marketing cooperatives in this country. Is that right?

Mr. HOPE. Well, in general, yes. We are not sure whether it does or not.

Now, if you pass this bill, this new bill, in anything like its present form, there will be really three sources from which foreign currencies, from which some kind of currency, might be derived to carry out this program.

First, there would be the provision—there should be three sources let's say. This new bill entirely ignores the 5 percent provision which existed in the present law, whereby 5 percent of the foreign currency is set aside to be used for market development.

Senator MONDALE. Have your association and the members of your group found that 5 percent helpful?

Mr. HOPE. Yes. In fact, we were not getting anywhere with the market development program until that provision was put in the law, because it seemed impossible to get the funds set aside for that purpose. We have had a great deal of difficulty with the Bureau of the Budget. Until that provision was placed in the bill, the Bureau of the Budget practically ignored all the provisions of Public Law 480. So this provision was put in the bill at the request of the group which is represented here today.

The House and the Senate committees were both very kind about that.

Senator MONDALE. Are there any dairy organizations affiliated with your group?

Mr. HOPE. Yes.

Mrs. Dorothy McCann is here representing the Dairy Society International.

Senator MONDALE. In studying the various problems of my State, I think that we ought to be doing better than we are in most areas of international sales, but I think dairy requires a lot more work than we have had.

Mr. HOPE. I am quite sure that is true, but Dairy Society International has been working very closely with us.

The CHAIRMAN. Now that everybody has been taken care of, I wonder if you will do this for the record? Give us a little résumé—if you cannot do it now, send it to us—of the amount of funds that are spent in your operations. How much of it is contributed by your association or your respective organizations and how much do you obtain through the Federal Government, just to complete the record.

(The information is as follows:)

Fiscal year 1965 expenditures of M.D. projects, FAS, United States, and 3d party cooperators

[1,000 equivalent]

Commodity	FAS expenditures	U.S. cooperator contributions			3d party contributions	Grand total 1965 cooperator contributions
		Dollars	Goods and services	Total U.S. cooperator		
Cotton.....	1, 121	228	58	286	821	1, 107
Dairy.....	127	95	124	219	5	224
Poultry.....	576	84	5	89	84	173
Soybeans.....	1, 121	258	50	308	481	789
Fruits.....	642	1, 040	206	1, 246	3	1, 249
Wheat.....	1, 037	738	291	1, 029	322	1, 351
Feed grains.....	536	120	75	195	281	476
Rice.....	440	71	68	139	8	147
Seeds.....	7	15	39	54	0	54
L. & M. products.....	356	109	156	265	14	279
Tobacco.....	92	140	0	140	211	351
Total cooperator projects.....	6, 055	2, 898	1, 072	3, 970	2, 230	6, 200
Other ¹	3, 289					
Grand total, FAS.....	9, 344					

¹ Trade fairs, FAS projects, and program operating expenses.

Mr. HOPE. Mr. Chairman, I think that all of them——

The CHAIRMAN. It is all on the same subject, marketing, is it not?

Mr. HOPE. Yes. Some of the information you have just requested will probably be in the statements that will be filed, and each has a statement dealing with the activities in his own sector.

The CHAIRMAN. Well, suppose you file for the record, then, your respective statements and we shall look them over and, if necessary, we shall just have them printed as part of the record.

I want to try to prevent duplication if I can.

I presume that all of you will testify along the same lines that Mr. Hope has, and that is to preserve the funds that you have obtained in the past, preserve that for the future in continuing this market development that you have discussed.

Am I right?

Mr. HOPE. That is right.

The CHAIRMAN. You may file them with the clerk.

(The statements referred to follow:)

STATEMENT OF SEELEY G. LODWICK, WEVER, IOWA, REPRESENTING THE AMERICAN SOYBEAN ASSOCIATION AND THE SOYBEAN COUNCIL OF AMERICA

Mr. Chairman and members of the committee, I am Seeley G. Lodwick of Wever, Iowa, a farmer. My family has been growing soybeans ever since 1922, and I am here today representing the American Soybean Association of which I am a director, and also the Soybean Council of America, Inc. The association is the national organization of soybean growers with headquarters in Hudson, Iowa. The headquarters of the council is in Arlington, Va. The council is also a national organization which is industrywide, including processors and other industry people as well as producers. The members of these organizations have worked in harmony through the years because they have a common purpose. That is to build markets for soybeans and products.

The results of their joint efforts in overseas work with the Foreign Agricultural Service—and the effort of many others here in the Congress and elsewhere—are well known. Soybeans continue to be the No. 1 dollar earner of this country

among all our exports of farm products. This has not just happened. It is the result in large measure of market development, of aggressive and unremitting work to produce, promote, and sell a good and ever-improving product at a reasonable price.

We therefore urge you to continue market development by retaining section 104(a) of Public Law 480 as it is now written. Let me turn to the record.

Soybeans were grown in the Orient as long as 5,000 years ago. But they did not become a major crop anywhere else in the world until our pioneering plant breeders brought them to this country, and until research in the United States during this century established the high value of their protein content. Today, in the United States, more than 65 percent of all protein used in balancing livestock and poultry feed rations comes from soybean meal.

As you are well aware, the severest of all shortages around this hungry world is in protein. In addition to their use in feeds for livestock and poultry, soybean products are being used in human foods to fortify poor diets, especially the diets of young children numbering in the millions around the globe. In the present world war against hunger and malnutrition, soybeans are a powerful weapon.

Soybeans are being used to upgrade the nutritional value of cassava, a starchy food that is a principal but poor part of the diet of young children in many needy nations. Just the other day the USDA reported that the Commodity Credit Corporation is buying defatted soy beverage powder for donation overseas under the market development program. This nutritious protein-rich product will be introduced for the first time into the diets of youngsters at hospitals, in orphanages, and schools of Brazil, Taiwan, Korea, Hong Kong, and elsewhere.

Soybeans are grown today in 30 of our States with the heavy concentration of production in the Midwest and Southeast. Acreages in recent years have been exploding. Soybean plantings over the country in 1965 increased by 3.8 million acres over 1964. Last year's harvest of almost 844 million bushels was a record—a full 20 percent above the previous high.

Plantings in 1964 were almost 5 million acres more than the annual average of the previous 5 years. Production in 1964 was a record as had been 1963 before it. And now in this year of 1966, following that record-shattering crop of 1965, we are seeking to increase plantings once again by 2 to 3 million acres and to produce still more beans than ever before.

We believe that domestic and world demand will require another increase of that dimension. The demand by 1975, we estimate will require that we grow twice as many soybeans as we have been producing. Since the end of World War II soybeans have spread over most of the country to cover more than 20 million acres that were formerly in cotton, wheat, corn, and other crops with which we have had surplus problems.

It isn't any wonder that soybeans are called the miracle crop.

Not only is the story one of rising acreages and increasing production, but soybeans also have the distinction of never having been in surplus, and we see no reason that they ever should be. All sales of soybeans and of soybean meal, at home and overseas, have been for dollars. Neither beans nor meal has been sold for foreign currencies or given away. Neither has cost the taxpayer 1 red cent; on the contrary, all citizens have benefited. Billions of dollars have been generated throughout agriculture, industry, and the entire economy of the country by the mounting production of this remarkable commodity, and the development of its many uses.

To produce enough soybean meal to meet the growing demand of dollar markets at home and abroad, the U.S. crushing industry produces more soybean oil than the commercial market can take. Soybean oil therefore has been in surplus, but almost half of it is today moving through commercial channels with the balance being programed for shipment under the 480 program. Congress granted the CCC the authority some time ago to buy soybean oil on the open market for the people of this Nation and other nations whose need for it has exceeded their ability to pay. Vegetable oil was the only commodity which CCC had the authority to buy on the open market until milk was included by action of the Congress last year.

Prior to World War II, the United States was the world's largest net importer of fats and oils. That situation is today reversed. This country is now the world's largest net exporter of fats and oils, mainly soybeans and soybean products.

Almost half of our total soybean crop is being exported, as beans, oil, and meal, entering a world market that is free, open, and unrestricted, where the buyer can contract for certain delivery at stable and reasonable prices. These principles that are so basic to our enterprise system are working today and working very well in the world market for soybeans, and probably in the soybean market alone. There is no other major farm commodity that I know about which is flowing so freely in international trade, without artificial barriers between buyer and seller.

The phenomenal growth in our export market has occurred since the Mid-1950's when the market development program started and the Soybean Council was organized. Figures from the USDA show that during the past 10 years the dollar value of U.S. exports of soybeans has increased fivefold.

Soybeans and their products are expected by the USDA to continue returning more dollar exchange in the current marketing year ending next September 1 than last year when new records were established in all categories.

Exports of soybeans benefit the Government and our whole economy because they bring back a large, steady flow of dollars which help to improve the country's balance of payments. Expanding foreign markets also mean fewer controls over agriculture which reduces the costs of operating Government farm programs.

Export markets not only mean increased sales for the farmer, but they strengthen his markets at home. As an aside, I might add that the CCC has made money on the soybeans that it has acquired and marketed through the years.

Industries such as crushers, equipment manufacturers, refiners, food companies, and many others have found in the soybean a product that has accounted for the profitable investment of billions of dollars. At the same time that our land-grant colleges were experimenting with the use of soybean meal as a supplement for feeds, industry was beginning to discover new uses for our miracle crop. I would like, as a producer, to pay my sincere respects to industry and what it has done for us.

During the 1920's, for example, Henry Ford was an outstanding promoter of soybeans. He carried out research on a thousand-acre experimental farm near Dearborn, Mich. At the Chicago World's Fair in 1933 he demonstrated a working model of a solvent processing operation. He employed soybeans on his cars for knobs, steering wheels, and dashboards.

Soybeans in the twenties were used mostly for hay and green manure. Since then, however, the search for new uses has become a runaway proposition. I am informed that there are now being manufactured in the United States several hundred products which include soybeans or soybean products such as oil and meal.

Industry, farmers, colleges, and the Government are allied today in a global campaign of market development. Technicians skilled in crushing and processing the beans are working in foreign lands; food chemists are instructing our friends overseas in the uses of soy oil as well as how to test it. Experiments in human nutrition as well as in livestock and poultry feeding are being carried out all over the world.

An accepted ingredient of a good poultry feed is soybean meal. Joint demonstrations by the poultry industry and our organizations have greatly increased the sales of meal. Spain is a case in point. An initial shipment of 4,000 tons of meal to that country in 1959 for experimental use is bringing us annual sales today of more than 200,000 tons—paid for in hard dollars. Meal is widely used in animal feeds as well as for poultry. Even Spain's famous fighting bulls now get soybean meal in their rations.

Our experience in Spain with soybean oil is a Cinderella story. The first sale of U.S. soy oil to Spain was made in 1956 under the 480 law—for their own currency, not for dollars. We were almost laughed out of the country because of Spanish people's traditional use of olive oil.

We were about ready to give up.

Many people in this country felt that it was a hopeless cause, a waste of time and money, but our industry persisted in thinking Spain offered a good potential dollar market. We responded to early failure by sending technicians to Spain to work with their industry people in the handling, storage, and sale of soybean oil. The Soybean Council has continued to work with the oil trade and Government in Spain ever since.

And how did it all turn out?

In the 1962-63 crop year we sold Spain about 224,000 tons of soybean meal, all of it for dollars. Average annual exports to Spain have remained at a high level with payments in dollars continuing. In addition we are also selling whole beans to Spain, again for dollars. Several crushing plants have now been built by U.S. companies with Spanish partners.

The market development program is constantly being changed to meet changing world conditions. Nutritional needs, consumer purchasing power and habits, population gains, livestock expansion—and also competitive situations—have called for rapid alterations in marketing programs. Flexibility in handling a complex of activity is of great importance to maintain present markets, to expand them, and to find new ones.

Many U.S. firms have invested in recent years in soybean and mixed feed processing operations overseas, thereby extending markets. Japan, as you probably know, is our major market. Last marketing year the Japanese took more than 48 million bushels of our soybeans, considerably more than twice our annual sale to them back in 1955 just before our market development program started.

Our large volume of sales in Japan is due directly to the cooperative work of the American Soybean Association, industry groups in Japan, and USDA's Foreign Agricultural Service. This market expansion of 240 percent in the past few years has been achieved at a cost of only seven-tenths of a cent per bushel or a shade more than a third of a cent on each increased dollar of sales.

Sales records in countries other than Japan and Spain are maybe less dramatic but the gains made are of similar proportion. I can assure you, Mr. Chairman and members of the committee, market development does pay off, and very handsomely too.

In Germany, another good market for us, the Soybean Council is working closely with the German Oil Millers Association in promotion and quality checking of U.S. soybean shipments. The council is also keeping individual mills informed with market reports, statistics, and technical information.

Eight years of promotion of soybean meal in Europe have brought great success. Shipments to Europe of soybean meal during the last marketing year added up to 1½ million tons. Ten years ago our exports of meal to Europe went not one-tenth of that amount.

Europe has used more and more soybean meal in feed because we made it plain that its use would result in increased returns for livestock and poultry production. This is promotion that benefits everybody concerned.

Our promotion is backed up by sound technical advice to insure that consumers get quality products. Technical help is provided in handling, storing, in refining and processing. Education is provided through publication of the results of studies and surveys, by films, pamphlets, and other materials. The program also includes special events such as agricultural and food fairs, seminars in the use of our product, and feeding demonstrations. Mobile units such as buses containing exhibits and demonstration models are used to take our story out across the countryside.

We have problems, of course, and we are working on them all the time. In Japan, for instance, check sampling is being continued at the rate of 5 to 10 percent of our exports to that country, in order to be sure that the same quality of beans purchased are in fact shipped. When this is not the case U.S. exporters are so informed. The American Soybean Association, through the Japan Oil-stuff Inspectors Corp., identifies any shipments of low quality. This is how we put teeth into the requests we make of exporters to maintain grade standards.

The market for fats and oils in Japan is being studied by the American Soybean Association to help the soybean crushing, the processing, and refining industries in that country to increase consumer demand. An effort is underway to promote vegetable oils at the retail level in order to raise Japan's low consumption of fats and oils above the present figure of about 15 pounds per person.

Increased crushings of U.S. soybeans in Japan is the objective.

As a junior officer in the Marines, I had many dirty jobs, but there were a few pleasant encounters. One of these was with an Australian dairyman. When he visited on our farm in Iowa a while ago, he said he wondered whether the Yanks really understood international trade. He said everything was fine with us as long as we had surpluses, but would we, as the British had done through the years, go short a bit at home to fulfill our foreign trade commitments?

It looks as though the testing time has come for us.

We can either increase our production and maintain reserves for unforeseen emergencies or we can "go short a bit at home" as my friend put it. Our association and the Soybean Council believe we should think big and base our plans upon the rising expectations of the peoples of this world whether they live in the "have" or "have not" countries. Many are in need and all are potential paying customers, if they are not already in that category. With our present customers we should take every reasonable step to insure satisfaction. It is much easier to lose a customer than to gain one. A single cargo of beans containing weed seed, dirt, and other foreign matter can turn a customer away to go to a competitor. A single shipment of improperly toasted and prepared meal or a delivery of substandard oil can do it.

It seems to us therefore that there are several things that we must do or continue to do, in order to maintain and increase the large markets that have been built up, mostly during the past decade.

We must know not only what the customer thinks he wants to buy because of price, or for other reasons, but we must also study his operations. Based upon our own longer experience and knowledge of the product and its uses, we should guide the customer toward improvements and fulfillment of his genuine needs. This is the way to make him a customer for life rather than a temporary or in-and-out purchaser of our product. "Fair weather" salesmen don't get very far.

Does our customer's operation call for high oil content or low? Is he prejudiced as to the color of soybeans? Are sizes important to him? Is he a crusher or isn't he concerned about cracked beans? Is his product for consumption by human being or livestock and poultry?

It is necessary to seek the answers in each individual case, if we do not already have them, and then to be frank and open in our dealings with the customer.

Delivery of the product the customer wants and needs should be made promptly, and it must arrive in good condition as represented. We must not allow our reserves to run out and be caught with our shelves bare and our customer unsatisfied. He should be kept advised at all times on available supply as well as informed of the results of research and education which apply to his particular case.

Allow me to digress for a moment at this point, Mr. Chairman, to make a point about the handling of our reserves here at home. We want adequate reserves as much as any body, but it would be foolhardy to maintain them at levels that will cause them to be released by the Commodity Credit Corporation at such times and in a manner so as to interfere with the free play of the market. Soybeans are a crop where we have never yet experienced the distortions and inequities that inevitably accompany such interference. There hasn't been any need for it; there isn't now. It is a mechanism that should be used to correct mistakes—not to make them.

Let us keep sensible reserves of soybeans to meet any foreseeable emergency and not build up excess supplies that will pile up in CCC inventories and freeze markets needlessly. Our reserves beyond those that prudence requires should be kept in the land.

To return to market development, Mr. Chairman, I would like to emphasize that our organizations do not tolerate either shoddy merchandise or shoddy business practices. Strict supervision and inspection of our shipments is imperative to maintain and expand sales. There are many areas of the world where soybeans could be grown, in addition to some places where they are already growing. Competition with other countries is inevitable.

Competition is a good thing; we believe in it. We must not, however, through our own complacency or neglect, encourage the production of soybeans where it may be uneconomic to do so or in countries that are better able to produce other crops.

Mr. Chairman, we have all sorts of competition. Our great success to date did not just happen, as I have said before. As you may know, there is a synthetic feed called urea and sometimes referred to as the rayon feed which is offering our soymeal stiff competition. We judge that the equivalent of 40 to 50 million bushels of soybeans are being replaced today by urea. Some animal nutritionists have predicted that the use of urea in beef cattle rations will double or even triple during the next 20 years.

We are in constant competition with other fats and oils such as peanuts or ground nut oil, palm oil, cocoanut oil, tallow, lard, and cottonseed, and with protein from still other sources, including fish and synthetic materials. In some

cases the development of truly competitive products will be expensive, perhaps prohibitively expensive when compared with the low cost and availability in this country of soybeans and our highly developed and sophisticated soy products.

But it is necessary for us to work very minute to compete successfully, as we fully intend to do. We must continue to grow enough beans to satisfy demand and human needs at home and abroad. If we do this, I believe our markets will grow even more rapidly than they have in the recent past, providing we also keep on with market development, strengthening at every opportunity our efforts to improve our product and its merchandising throughout the world.

In conclusion, Mr. Chairman, I would like to thank you and the members of your committee for the opportunity to make this statement, and through you to thank the farmers, the industry and college people, dealers, exporters, our Government friends, and all the others who participate with us in this vast production and marketing enterprise. We have created a marketing or organization jointly with the Foreign Agriculture Service of the USDA that has taken us a long way.

To continue down this road, we sincerely urge that there be included in the legislation before you the market development section which is presently a part of Public Law 480, section 104(a). We also strongly recommend that this work continue under the USDA.

SUPPLEMENTAL STATEMENT FILED BY MR. LODWICK ON BEHALF OF
THE AMERICAN SOYBEAN ASSOCIATION

Mr. Chairman and gentlemen of the committee, my name is Seeley Lodwick and my home is at Wever, Iowa. I am a member of the board of directors of the American Soybean Association, which is the nationwide organization of soybean growers. I am a member of the market development committee of the association, and in the absence of the president and the chairman of my committee I have been delegated to present this statement. Let me make it clear that I am a soybean producer—a farmer—and speak from the farmer's viewpoint. However, I am today also speaking in behalf of the Soybean Council of America, which is the industrywide promotional organization of our industry formed by growers and processors of the soybean crop.

Among all agricultural crops grown in the United States, soybeans are the No. 1 dollar earner in export trade. More dollar exchange was generated for the United States from the sale of soybeans, soybean oil, and soybean meal in the markets of the world than from any other commodity. This has now been true for 3 consecutive years.

Soybeans are the No. 3 crop in dollar value in the United States, being exceeded only cotton and corn. Soybeans are not in surplus; have never been in surplus. All sales of soybeans and soybean meal are strictly for dollars through the private trade.

During the 1964 crop year which ended on September 30 we exported 212 million bushels of soybeans—out of a 700 million bushel crop—with a cash value to farmers of nearly \$600 million. We also exported 2¼ million tons of soybean meal—all for dollars—with a cash value of \$175 million. In addition, we exported into the markets of the world 1.35 billion pounds of soybean oil worth \$151,420,000, of which 60.7 percent was sold for dollars and 39.3 percent under Public Law 480 financing.

I would be remiss if I did not point out to you that all of these soybeans and soybean products have gone into new markets—markets which did not exist 15 years ago. Previous to World War II we were the world's largest net importers of fats and oils. Today, because of our soybean production, we are the world's largest net exporters of these commodities. During the period since the end of the war the soybean crop has absorbed nearly 25 million acres from other crops which were in surplus, including corn, wheat, cotton, rice, and others. Where would American agriculture be today had we not been able to turn to soybean production?

Because soybeans and soybean meal have never been in surplus they have never been sold under Public Law 480. A portion of the soybean oil has been sold under title I of this program. It has been the privilege of our industry to use some of the foreign currency funds accrued through the sale of this soy-

bean oil, and from other commodities, to promote our products in world markets, as a result of our working contracts with Foreign Agricultural Service.

The growth from no exports of soybeans and products to a situation wherein 46 percent of the total 1964 soybean crop was marketed outside the United States did not just happen. During a period when we increased our production by four times! The world did not come to us and demand our soybeans and products—10 years of hard diligent work have gone into creating today's overseas markets. This has been hard, diligent work on the part of literally hundreds of men in our industry, plus the use of section 104(a) funds available to us on a contractual basis from Foreign Agricultural Service. Our industry has put as much as \$280,000 per year into overseas promotion. Applied capital plus manpower have done the job of creating overseas markets which did not previously exist—they were created by hard work.

Last year our industry brought back to the United States over \$1 billion in dollar exchange. Market development funds from Public Law 480 contributed materially to this income. I would like to cite for you a few examples of soybean market promotion and how it has benefited the U.S. farmer. These are only a few of many examples, but I hope they will help justify your appropriation of funds to Foreign Agricultural Service for market development work by cooperating commodity organizations.

The soybean crop is a relative newcomer to the United States—it came to us from the Orient. Japan has been a heavy user of soybeans for hundreds or perhaps thousands of years. Japan is a small country, nine-tenths the area of the State of California. A large part of that area is mountainous. Japan has nearly 100 million people to feed, and she cannot possibly produce enough food within her borders. She must import foodstuffs. Her people cannot yet afford nor obtain animal products in the quantities and types accepted as commonplace here in the United States or in northern Europe. She must use vegetable protein—soybeans. She uses them in miso, tofu, shoyu, natto, kinako, and a long list of oriental-type products. But Japan cannot hope to produce the quantity of soybeans her people need, especially as they progress into the use of animal products as they are now starting. Japanese soybean production is declining steadily because she can buy them from the United States cheaper than she can produce them, due to our use of laborsaving equipment.

In 1955, prior to the start of our market development project in Japan, the Japanese purchased less than 20 million bushels of soybeans from the United States. Last year she purchased 52 million bushels of U.S. soybeans—all for cash. While soybean production is declining our exports to them continue to climb upward each year because they can use their limited land area to greater advantage in producing other crops.

Since April 1, 1956, we have maintained in conjunction with Foreign Agricultural Service an office and a staff of people in Japan promoting the sale and usage of U.S. soybeans through a program of education, promotion, demonstrations, symposiums, and similar events. We have worked with each of the major soybean food groups in promoting their products. For 4 years we have operated, through the Food Manufacturers Association, a small fleet of demonstration buses which go into the villages to demonstrate the use of soybean foods. We are now also working with livestock research people, feed manufacturers, and others in promoting the use of soybean meal in poultry and swine feeding. We have recently completed a very comprehensive survey on the factors affecting the purchases and consumption of soybean oil in Japan, done for us by a recognized professional public relations firm.

Not all of the gain in usage of U.S. soybeans can be attributed to the market development program we have been conducting, but certainly a good portion of it can be attributed to this work. And we are far from having completed our assignment in Japan, too.

Even today, after 10 years of promotion, the per capita usage of edible oil in Japan is only about 15 pounds—one-half of the figure Japanese nutritionists say their people should be consuming. It is only one-third the level of consumption in the United States. We are cooperating closely with the Japanese margarine manufacturer in their conversion to the use of vegetable oils—and soybean oil—to replace the marine oils they have been using. A team of technical men from the Japanese margarine plants was brought to the United States in 1965 under our sponsorship for a 2-week intensive short course which we planned and staged for them in the handling, refining, and use of soybean oil in producing high-quality margarine.

Many programs and many devices have been used in promoting soybean products to the Japanese consumer. The American Soybean Association has spent large sums of money and has provided much manpower for this program. We have used Public Law 480 funds consistently for expenses within Japan.

The separate brief being filed with your committee in behalf of the Soybean Council of America summarizes the activities of that organization, for which I am speaking today. Soybean Council operations have been largely in the European and Middle Eastern markets, and in those countries where oil or meal was needed, along with soybeans.

Our program of promotion has been one in which we have cooperated not only with Foreign Agricultural Service but with other trade groups within the United States who are working in Japan. For instance, for 2 years we employed jointly with the U.S. Feed Grains Council a feed technician—a highly trained and skilled man whose job it was to work with the feed manufacturers, both cooperative and privately owned, in the use of increasing quantities of soybean meal and of U.S. feed grains—corn and grain sorghums particularly. We have worked with the wheat groups, and with the Renderers Association on the use of U.S. tallows and greases in feed formulation. Wherever possible we have joined hands with other U.S. groups in promoting greater total markets for U.S. agricultural commodities.

American agriculture is today a dynamic industry with a production capacity far in excess of our domestic markets. We cannot hope to survive financially as farmers unless we build continually expanding markets outside the United States. The use of section 104(a) funds for market development work on soybeans and soybean products, along with the other products of American agriculture, has contributed materially to our present status as compared with the shrunken overseas markets of the 1953–55 era. But we have only begun to do the selling job which can and should be done. Continuing approval of appropriations of section 104(a) funds for market development work by your committee is essential to continued progress in building overseas markets for the products of American agriculture. Almost half our total soybean crop now goes into exports. There are still far greater markets than we have developed. Agriculture has no means of financing this promotional work except through the use of Public Law 480 funds matched by funds from agricultural trade groups, to do the total job. We hope your committee will see fit to appropriate the funds requested by Foreign Agricultural Service for this work in the coming year.

This opportunity to present our support for proper funds for market development work, to be appropriated to Foreign Agricultural Service, is greatly appreciated.

STATEMENT OF JOSEPH O. PARKER, INTERNATIONAL TRADE DEVELOPMENT BOARD,
INSTITUTE OF AMERICAN POULTRY INDUSTRIES

Mr. Chairman, my name is Joseph O. Parker, chairman of the international trade development board and counsel for the Institute of American Poultry Industries.

On behalf of the members of the Institute of American Poultry Industries and of the poultry and egg industry's international trade development board, I want to express appreciation for the opportunity to present our views to this distinguished committee.

The development of a market for U.S. poultry products under Public Law 480 is an outstanding example of success in building export markets in spite of a wide variety of handicaps.

Prior to 1956 the United States exported very little poultry meat commercially, except for moderate amounts to Canada and Latin America. Broad range market development programs were instituted under partnership agreements between USDA and industry. A plan of action was developed to open markets and make trade possible. At every step of the way we have had to face up to trade barriers and problems of every kind—exchange and license controls, trade barriers in the guise of health regulations, prejudice against frozen products, a supply of poultry available from Iron Curtain countries at very low prices, methods of procuring that involved long-range commitments to purchase elsewhere, inordinately high freight rates, protectionism, the EEC nontariff barriers, a time lag between the date of purchase and time of delivery (competing poultry was available on almost a 24-hour basis) and the resultant risk of changing market levels.

Once product is introduced into a country, we have supervised and directed an active program utilizing techniques similar to those that have been successfully employed here in the States to promote and expand consumption of poultry products.

As international traders, poultry and egg men were newcomers. But market development programs gave the poultry industry a new dimension. The industry put forth great efforts in the development of programs and activities to overcome trade barriers, to build a favorable image abroad for U.S. frozen poultry and into promotion to build total consumption and enlarge the total market. As a result of these promotion efforts, the trade began sending representatives abroad. They established new and good working relationships with the trade overseas. Importers also were encouraged to visit the U.S. poultry industry.

Thus promotion made possible through Public Law 480 has served to generate and bring into play substantial resources of the industry. These, together with foreign currencies made available under Public Law 480 for market development, have established a new and growing market for U.S. poultry products.

The result? U.S. poultry exports grew from 41 million pounds in 1956 to a peak of 271 million pounds in 1962. The market in Germany alone moved from nothing to about \$50 million in 1962 and was growing rapidly. In spite of the unfair unilateral protective action by the EEC countries in 1962, strong promotional activity has kept us in that market in a substantial way and our total exports last year amounted to over 200 million pounds. Twenty-seven countries imported over a million pounds each and just 8 years earlier only five countries bought over a million pounds. Eighty-four countries are now buying U.S. poultry products.

For the past 6 years West Germany has been our best customer. Other key markets built through the assistance of market development programs are Switzerland. The Netherlands, Greece, Hong Kong, Japan, and Italy.

The Netherlands is a net exporting country, but moved to second place as an importer of U.S. poultry in 1962-64. Italy moved from 53d to 14th over the 9-year period. Japan advanced from 82d in 1960, to 5th in 1964.

The bulk of all poultry sales have been for dollars.

The importance of poultry and eggs and their products to the U.S. economy is self-evident. Poultry and eggs are the third largest producer of cash farm income. American poultry products are produced under the full impact of the law of supply and demand. The production of these products is not subject to Government control programs and they do not receive price support. They are produced and marketed freely and competitively. U.S. poultry products are demonstrating daily their ability to compete in foreign markets if given the opportunity to do so.

Although U.S. poultry products are relatively new in the export market, foreign sales have a great impact on the entire industry. A study by Ohio State University points out that, if we had had no exports, domestic prices of broilers would have declined 1 cent per pound, eggs more than 1 cent per dozen, and turkeys more than one-half cent a pound. Not only would poultry producers have lost income from exports, but the decrease in domestic values would have resulted in additional losses to producers, totaling almost \$100 million. Exports, therefore, are important to the poultry industry and we need to maintain and expand them through market development programs—the kind of programs envisioned by this committee when it reported the Agricultural Assistance and Development Act of 1954. We urge you to maintain this important tool for American agriculture and we heartily support the recommendations outlined by Mr. Hope.

STATEMENT OF E. HERVEY EVANS, JR., PRESIDENT, COTTON COUNCIL
INTERNATIONAL, LAURINBURG, N.C.

My name is E. Hervey Evans, Jr. I am a cotton producer, cotton seed breeder, and cotton ginner at Laurinburg, N.C., and I am currently president of Cotton Council International, an industry organization for the purpose of increasing cotton consumption abroad and stimulating the demand for U.S. cotton exports.

Cotton is engaged in a fierce battle with substitutes around the world. In the principal export markets of Western Europe and Japan, cotton's share of the textile market has slipped from over 60 to under 40 percent.

If cotton had been able to hold the same share of the total textile market it held in 1950, cotton consumption over the course of the last decade and a half

would have been about 40 million bales higher than it was. There would be no surpluses, and the world would have needed 30 million bales more than were produced.

If cotton can just stop the declining trend and hold its present position in the market, the natural growth would raise requirements by 1975 by 25 million bales. The increase in all the intervening years would aggregate about 135 million bales.

Last season, the new and additional man-made fibers in the foreign markets were equivalent to about 3 million bales of cotton. The increase in foreign cotton exports for several years has been on the order of 300,000 bales annually.

The Cotton Council International has had a small foreign market development program under Public Law 480 for a number of years. The program has shown us the way to hold and expand cotton markets. We have learned how to do it with research and promotion. We have learned how to build the markets for cotton. The problem is that the funds have been entirely too small to do the job cotton needs on a world basis.

Up until now, Cotton Council International, with the help of the USDA under Public Law 480, has been fighting this battle single handed. Recently, countries accounting for about half the world's cotton production and about half the world's exports agreed to work together to stimulate cotton consumption in the principal export markets of the world. They will pay half the cost. At last, other countries are coming in to double our money and double the effort. We hope still more countries soon will participate to expand the effort still further.

The United States will continue to spend just about the same amount as it is currently spending for cotton market development abroad and for the same kind of research and promotion projects. The United States will continue to finance its share in foreign currency under Public Law 480 or the continuing legislation.

To maintain and expand exports, U.S. cotton must, of course, be competitive in price and quality. Under the new legislation we think our cotton will be competitive. Now, the volume of U.S. cotton exports in the future will be dependent upon creating a larger consumer demand for cotton.

The market development program to stimulate demand is very important to this end.

We urge the market development provisions of the present law be continued as recommended by Mr. Hope.

STATEMENT OF SAMUEL H. SABIN, U.S. FEED GRAINS COUNCIL

Mr. Chairman, members of the committee, my name is Samuel H. Sabin and I am appearing today on behalf of the U.S. Feed Grains Council. I am a director of the council and also vice president of Continental Grain Co.

The council is interested in continued availability of funds under the authority of section 104(a) of Public Law 480. In the event new legislation is enacted we urge the retention of the provision section 104(a). The U.S. Feed Grains Council is a nonprofit organization interested in promoting and expanding export markets for corn, grain sorghums, barley, oats, and alfalfa. Our membership is varied and includes producers, grain dealers, seed corn producers, processors, and more recently chemical and transportation firms.

This broad membership base gives the council an exceptional opportunity for export market promotion work in cooperation with the Foreign Agricultural Service. During the 1959-60 crop year market promotion work was started by the council. At that time exports of U.S. feed grains produced about \$525 million. This crop year the returns will be more than \$1 billion. U.S. exporters today sell more feed grains in foreign markets than the rest of the world combined. As illustrative of the quantities involved, the respective exports of corn and grain sorghums are :

[In millions of bushels]

	1959-60	1965-66
Corn.....	230	675
Grain sorghums.....	98	200

Increasing feed grain export sales seems possible with continued sales efforts. Most of the feed grains are consumed by livestock and the world's need for meat, poultry, and dairy products is constantly increasing. The council concentrates its promotion efforts in the areas most likely to produce dollar purchases but are always ready to assist in other areas.

Council projects are going forward in approximately 20 foreign countries under contracts with the Foreign Agricultural Service. Particular attention is being given to new emerging dollar purchasers of feed grains. Japan and Spain are the prime examples, and their feed grain industry is most appreciative of the council's efforts and eager to learn new techniques. Feeding demonstrations predominate the council's projects but advice is available in the retail distribution and handling fields. The council participates in foreign agricultural fairs and is sponsoring this month an Agricultural Trade Exhibit and seminar in Tokyo. Some eighteen U.S. firms have arranged for exhibits and the seminar will include lectures on a variety of subjects relating particularly to the production and marketing of poultry and poultry products.

The council also is in touch with foreign governments on various problems relating to the importation and use of feed grains. Visiting teams of feed specialists add to the interchange of knowledge and views which result in more trade. The export promotion work for feed grains has been underway about 6 years. A momentum has been achieved which should not be lost either through an interruption in market promotion activity or for other reasons, such as any disruption in supply. The latter would cause the United States an incalculable loss in prestige and future business. The suspension of grain shipments to Japan in 1965 by reason of the maritime strike resulted in higher prices and the liquidation of small firms. The continuity of sales effort on the basis of continued supply at reasonable prices was interrupted.

The continued export of agricultural commodities should be encouraged by continuance or reenactment of the provisions of section 104(a) of Public Law 480 as amended.

STATEMENT OF L. C. CARTER, PRESIDENT, RICE COUNCIL FOR MARKET DEVELOPMENT,
STUTT GART, ARK.

Mr. Chairman, my name is L. C. Carter. I am president of the Rice Council for Market Development.

The Rice Council is a market development organization which is voluntarily supported by and represents over 18,000 rice producers, 38 rice millers, and other segments of the industry in Arkansas, California, Louisiana, Mississippi, and Texas. Our industry signed a contract with the USDA on August 3, 1956, which authorized the use of funds developed under section 104(a) of Public Law 480. However, only limited activity was carried out before 1961.

At this time, the council is carrying out rice market development in South Africa, Denmark, Finland, Sweden, Switzerland, the Netherlands, West Germany, Belgium, and the United Kingdom, with limited activity in other countries.

In fiscal year 1961, 21,500,000 hundredweight of milled rice were exported from the United States to over 90 countries in the world. In fiscal year 1965, 28,500,000 hundredweight were exported. Exports for dollars have climbed steadily from 7,200,000 to 16 million hundredweight whereas the amount exported under Government programs has decreased to 12,500,000 hundredweight. Of this amount, 11,200,000 hundredweight were sold for foreign currency.

This simply means that the rice we now export is more of a dollar earner for the United States. Percentagewise, since 1961, dollar sales to foreign countries have increased 122 percent.

This increased activity by the rice trade is largely due to the fact that the Rice Council, supported by both Government and industry funds, has effectively coordinated the efforts of the entire rice trade within a country in a cooperative program of market expansion for our quality product. This type of cooperation is unique.

Our industry has had the benefit of a program which has permitted us to apply commercial knowledge and U.S. Government funds to significantly increase rice sales for dollars. We must not, however, allow these early successes to generate complacency on our part for we have learned from past experiences that we are in a critical period in several foreign markets. Total rice sales have

increased and our share of the market in various countries has steadily improved. We strongly feel that discontinuing or even reducing the cooperator program at this time would seriously affect our dollar exports to several important countries.

Further, it is not enough to rest on our laurels in nine countries of the world. We must expand our program activity to still other countries capable of purchasing our product. The rice industry stands ready to participate in an expanded program which would continue to acquaint the foreign user with U.S. rice.

We as an industry have the knowledge and opportunity to cooperate with tradespeople in foreign countries. The U.S. Government does not have this advantage. However, a joint industry-Government market development program will benefit the United States by creating a dollar return resulting from increased rice sales.

Mr. Chairman, I hope that I have been able to adequately explain the feeling of the American rice industry toward the market development program. We are a small industry, but have managed to work effectively with the U.S. Department of Agriculture over the past few years to create dollar sales for U.S. rice. We hope that the Congress of the United States will continue to make funds available to the rice industry so that present markets may be expanded and new markets developed.

On behalf of all segments of the U.S. rice industry, I wish to express our appreciation for your time and especially for the consideration that you have always given to market development for U.S. agricultural commodities.

STATEMENT OF HOWARD W. HARDY, PRESIDENT, GREAT PLAINS WHEAT, INC.,
ALSO REPRESENTING WESTERN WHEAT ASSOCIATES

Mr. Chairman, members of the committee, let me introduce myself. I am Howard W. Hardy, president of Great Plains Wheat, Inc., a regional market development association cooperating with the Foreign Agricultural Service of the U.S. Department of Agriculture in market development work under the Agricultural Trade Development and Assistance Act of 1954.

The association is supported by wheat producers in Colorado, Kansas, North Dakota, Oklahoma, and South Dakota through their State wheat commission or related organization.

I am also speaking today in behalf of the wheat producers of Washington, Oregon, and Idaho who support the market development work of our sister organization, Western Wheat Associates. With me today, in addition to Andrew Brakke, Great Plains Wheat board chairman, are Gene Moos, vice president, and Winn Tuttle, program coordinator, of Western Wheat Associates.

To carry on its work of market development, Great Plains Wheat maintains offices in Rotterdam, the Netherlands, with responsibility for Europe and Africa; Rio de Janeiro, Brazil, with jurisdiction for Brazil, Uruguay, and Paraguay; Caracas, Venezuela, with responsibility for Venezuela, Colombia, Ecuador and Central America, and Lima, Peru, with jurisdiction in Peru, Chile, and Bolivia.

Market development activities in Asia are carried on through the joint co-operation of Western Wheat Associates and Great Plains Wheat. The program is administered by Western Wheat under the name of Wheat Associates, USA, and maintains offices in Tokyo, Japan; Manila, the Philippines, and New Delhi, India.

At this time I would like to express the appreciation of Western Wheat Associates, Great Plains Wheat, and myself, for affording us an opportunity to appear at this hearing. We are grateful also for the consideration which this committee has given us in the past. Your action in previous years has substantially strengthened the foreign market development program and has contributed to the remarkable expansion of agricultural exports which has taken place in recent years.

Public Law 480 has now experienced 11 years of success with wheat one of the most successful commodities. Since it went into effect in July 1954, agricultural exports have grown steadily until today they have become a major contributor toward decreasing our balance-of-payments deficit.

Wheat exports have grown steadily. We are confident that our efforts and the efforts of Western Wheat have played a part in that growth. But our efforts would not have been nearly as effective were it not for the market development sections of Public Law 480 and the Foreign Agricultural Service.

(See attachment.)

Market development activities of Western Wheat Associates and Great Plains Wheat are truly worldwide in character. The two organizations have offices on every continent except Australia. And the work takes on many varied forms depending upon the nature of the area. These activities change as the area and national situation changes.

Japan is a good example. Early activities were in the field of education and demonstration for the purpose of expanding the demand for wheat as a human food. Demonstration buses manned by well-trained nutritionists traveled the countryside. The nutritionists explained and demonstrated methods of preparing wheat foods, emphasizing their value from a health and nutritional standpoint.

In Latin America, our activities are varied. Some countries like Venezuela are cash customers. Others are divided between sales for dollars and concessional sales under Public Law 480. In all of Latin America, with the exception of Argentina, Chile, and Uruguay, per capita consumption of wheat is relatively small. Corn and roots, like mandioca, are extensively used as dietary staples. Such a situation calls for the wide use of nutrition programs and other educational activity. Great Plains Wheat has done much work along these lines through publications, radio, and television. Our representatives have cooperated in school lunch programs. Technical services have been supplied to millers and bakers, and bakers schools have been set up for the purpose of developing a more acceptable product.

In Africa, conditions vary widely. Our activities there have not been extensive so far, but a large potential market exists and can be developed through the use of educational and demonstration programs and providing technical services.

In both South America and Africa, efforts are being made to expand the use of wheat in the form of bulgur which lends itself to situations where bread is not available due to the absence of commercial bakeries and home facilities for bread baking.

A different situation prevails in Europe where wheat has been a principal article of food for centuries. Here operations mostly of a service and promotional character are needed. Our Rotterdam office staff maintains close contacts with the grain trade as well as with millers and bakers in most of the Western European countries. They are also in touch with government agencies which directly and indirectly exercise considerable influence over the importation of wheat, even in those countries where the grain trade is in private hands. They furnish the trade with information as to the kind and quality of wheat available in this country, a continuing task in our efforts to keep ahead of the competition.

One of the most successful activities we have undertaken is sponsoring trade teams to observe and become familiar with the U.S. wheat industry from production to export.

We feel that much of the wheat moving in the export market today is directly related to the trade mission visitors to the United States. The tour offers the visitors the opportunity to witness firsthand the many assets the United States has as a supplier of wheat for the world. (See attachment.)

They witness the ability of the United States to provide them with virtually any class or quality of wheat they may desire—a distinction shared with no other country. They watch the marketing system in action and acquire an insight into some of the advantages that system has to offer. They view the vast transportation system in the United States, and therefore, gain confidence in the United States as a supplier of merit.

Through contacts established with the visitors, our representatives act as liaison between the buyer and seller. With this initial indication of foreign market needs, they alert U.S. exporters to the developments, and are able to encourage a more aggressive government and industry policy toward U.S. exports.

A related type of activity is the trade mission from the United States to foreign countries. These can take on the form of cereal chemist teams, merchandising teams, or those closely related in the final sale—export representatives and Government officials. As a result of the personal contacts that representatives of trade missions from the United States have with foreign buyers, our traders are able to better understand their needs and problems.

Another type of program used by our organizations has been promotion campaigns with a foreign cooperator. These cooperators are usually an association of bakers, millers or both combined.

One such campaign by Great Plains Wheat has been the "Amerikaans bread project" with "Co-op Nederlands." The association, composed of Dutch millers and bakers, buys U.S. wheat and makes American-type bread which has become a standard of quality for the Dutch homemaker.

We recognize that a considerable part of our wheat exports have been under these special programs which include long-term credit sales under title IV. We consider programs of this type to be of great importance, especially as a bridge from concessional to dollar sales.

I think it should be pointed out also that some of our dollar markets of today were concessional markets just a few years ago. This has happened in Greece, Italy, and, of course, Japan, to cite a few. All started out as wheat purchasers under Public Law 480 or some type of aid program and are now dollar markets in whole or in part.

Japan, in particular, has not only become our largest dollar market for wheat, but our greatest dollar market for total agriculture exports. By 1963, the United States became the largest supplier of wheat to that Asian country.

Although the wheat surplus problem is just a memory, the need for market development activities has not ceased. Our experience with market development and Public Law 480 has proven that the United States can not only compete in the world market, but, in fact, has emerged as one of its major wheat exporters.

Many more nations are declaring their independence and each of these nations have the potential of becoming future cash customers for U.S. wheat and other agricultural and nonagricultural products.

Once the market need has been established and the people educated to the proper use of wheat and wheat products, we must continue to service that market to insure they receive the utmost advantage and satisfaction from our product.

In addition to relieving the burdensome surplus problem, Public Law 480 has helped relieve the serious balance-of-payment deficit by providing funds for foreign economic loans and U.S. expenses abroad.

The cost of our market development activities in the foreign field has been borne by Public Law 480 funds. For the most part, the cooperators have also made a major contribution in dollars to finance market development. Since Great Plains Wheat and Western Wheat Associates were established, they have made dollar contributions totaling \$3,604,717.41 and \$1,656,079.87 respectively.

Public Law 480 marked an important turning point in American agricultural history. First it recognized that the United States could use its agricultural abundance to raise the world's living standard. Second it offered a unique opportunity for commodity groups to share in a cooperator effort to build permanent dollar markets for our farm products. It is this cooperation between government and producer that is now carrying out the intentions of Congress as expressed in Public Law 480.

There is still a tremendous need in this ever-growing world for the products of U.S. agriculture and the related work of market development. Therefore, a continued, if not intensified, campaign of market development will be needed to capture and assure the United States a larger share of the international market.

[Attachment to statement by Howard W. Hardy]

Increase in value of wheat exports

	Bushels	Value	Percent increase over 1954
Fiscal year:			
1954.....	274, 400, 000	\$441, 304, 000	-----
1959.....	443, 000, 000	774, 964, 000	75
1965.....	719, 149, 000	1, 240, 265, 000	181
1966 (July-December 1965).....	435, 759, 000	(1)	2 218

¹ Unavailable.

² Projected.

NOTE.—Market value of agriculture products sold under title I, Public Law 480, from 1954 to Dec. 31, 1964, total \$9,500,000,000. Wheat accounted for \$5,400,000,000, or about 75 percent.

Public Law 480 and commercial exports—percent of total

	Total exports	Public Law 480	Percent of total	Commercial	Percent of total
Fiscal year:					
1959-----	442, 106, 000	302, 116, 000	68	139, 999, 000	32
1960-----	506, 644, 000	372, 970, 000	74	133, 674, 000	26
1964-----	848, 274, 000	513, 629, 000	61	334, 645, 000	39
1965-----	718, 770, 000	559, 972, 000	78	158, 798, 000	22
1966 (July to December 1965)-----	435, 759, 000	281, 043, 000	64	154, 716, 000	36

STATEMENT OF MRS. DOROTHY L. McCANN, ACTING PROJECTS COORDINATOR,
DAIRY SOCIETY INTERNATIONAL

A DECADE OF FOREIGN MARKET DEVELOPMENT

It is 10 years since Dairy Society International and the Foreign Agricultural Service of the U.S. Department of Agriculture began their cooperative market development work. The decade has seen growth in commercial export markets for dairy products from an insignificant level to a figure approaching \$200 million annually. In fact, during the past 5 years, there has been an uninterrupted rise, with the present volume more than double that of 1960.

While the trend changed in 1965, due to increased world milk production, it is internationally recognized that even immediate market potentials far exceed what has been developed thus far. It is obvious also that to realize these potentials, market development work must not only be continued but expanded. Continuation of Public Law 480 activities under section 104a is essential to the development of world markets for U.S. dairy products.

COOPERATION IS A FINANCIAL PARTNERSHIP ALSO

Cooperation with Government involves not only a working partnership, but also a financial one. In this decade, Dairy Society International has made a contribution in manpower, in services, in dollars, which has topped the million dollar mark, while just under \$1 million in foreign currencies has been approved for these programs.

DAIRY PRODUCTS AND WORLD HEALTH

One hears very little about the health and food needs of people of economic means. Yet nutrition education is lacking in countries where there are great market potentials, and consequently the importance of dairy products to health is not known. While the percentage of the population may not be large, the potential market for dairy products among these people is significant. Therefore, to obtain dollar markets abroad for dairy products, nutrition education is essential to market development. This has been proved in countries which are not traditionally milk consuming as well as those which are, including our own United States of America. Milk products should be in the daily diet of people of all ages and nations and climes.

MARKET DEVELOPMENT PROGRAMS

The basic aim is to widen the use of milk products in the target countries, with the expectation that a fair share of the commercial demand created will go to the United States of America suppliers. Emphasis is upon: (1) developing stable commercial markets, (2) improving the handling and distribution of milk supplies, and (3) consumer nutrition-education programs, etc. Local processors of dairy products usually serve as third party cooperators, contributing substantially, often equally, to project financing. Several types of projects are undertaken:

1. Surveys are employed initially to determine the potentials for products and grade. To date, comprehensive surveys have been completed in these areas:

Latin America :	Middle East—Continued	Asia—Continued
Argentina	India	Philippines
Bolivia	Iran	Thailand
Brazil	Iraq	Vietnam
Brit. West Indies	Lebanon	Europe :
Chile	Pakistan	Greece
Colombia	Turkey	Netherlands
Dutch West Indies	Syria	Spain
Ecuador	Asia :	Africa :
Peru	Burma	Egypt
Venezuela	Hong Kong	Nigeria
Middle East :	Indonesia	Saudi Arabia
Ceylon	Japan	
Egypt	Malaya	

LONG-RANGE EDUCATIONAL PROGRAMS

These programs have varied in duration from 3 to 6 years, conducted by a DSI resident director. Basically slanted to consumer education, they have centered in schools, commercial industry, Government agencies, clinics, hospitals, etc. However, their influence has been far-reaching, involving cooperation with local dairy product manufacturers, hotels, restaurants, etc. As an unexpected dividend in one country a market in excess of a million dollars was developed for U.S. equipment for everything from a soda straw, on through all equipment for milk bars, soda fountains, restaurants, and snackbars, and including refrigerators, freezers, and refrigerated trucks. Such programs have been undertaken in Colombia, Chile, and Thailand. In some of these countries the growth took place simultaneously with the development through AID of improved power supplies and communication facilities such as highways. This points up again, the cooperative nature of such activities.

TRADE AND EDUCATIONAL FAIRS

Often such fairs are the means of introducing the local populace to U.S. dairy products, and in some cases they have served as the kick-off of consumer educational programs. Dairy Society International has participated in 45 such fairs, supplying manpower, equipment, and other supplies and products. Products such as recombined milk and ice cream, instant nonfat dry milk, chocolate drink, milk-based veal starters, etc., have been featured. For roughly three-fourths of these fairs, DSI borrowed, shipped, and assembled complete milk processing plants. In many cases the plant remained in the country to increase availability of adequately processed milk products, either recombined or from local supplies. DSI has participated in fairs in these countries:

Latin America :	Africa :	Europe—Con.
Brazil	Egypt	West Germany (6)
Chile	Ghana	Yugoslavia (2)
Colombia	Nigeria	Asia :
Dominican Republic	Europe :	Indonesia
Peru	England (4)	Japan (3)
Venezuela	France	Thailand
Middle East :	Greece	
India (5)	Italy (3)	
Syria	Luxembourg	
Turkey	Spain (4)	

Research into dairy products utilization seeks to find ways of adapting traditional foods or customs to the use of dairy products. For example, in Brazil, the Better Breakfast Foundation and DSI/FAS collaborated to research the importance of improving the traditionally scanty Brazilian breakfast. Later a consumer education program was based on this research. In India, studies were conducted to develop inexpensive food products which do not require refrigeration. These combined nonfat dry milk with locally grown cereals, etc. Other

traditional foods were adapted to include nonfat dry milk, greatly enhancing the food value.

Regional offices have been established—one in Beirut, Lebanon, to coordinate activities in the Middle East, Asia, and Africa, and one in Santiago, Chile, to similarly coordinate activities in Latin America. The directors of these offices are well known in their areas, and are themselves knowledgeable and technically proficient. Special supervisory agreements with FAS have been authorized in order to develop preliminary programs in certain countries in these areas.

Special projects are so much a part of DSI year-round activities that they are special only in the sense that they are not part of planned long-term goals. Exchanges of dairy teams are arranged and coordinated. They have included a World Food Congress team; dairy team exchange with the U.S.S.R.; a study team in connection with the International Dairy Congress; and assistance to various official agricultural study teams. DSI cosponsored with the American Dairy Association, U.S. Foreign Agricultural Service, and the National Milk Association of Japan, a milk bar at the Tokyo Olympic Village. It assisted in the planning of travel and contacts for an 11-man world dairy trade team, largely self-financed, in early 1965. From the beginning DSI has assisted Project Hope in procuring, supplying, and staffing the medical mission's milk recombining plant. Distribution of educational films such as "Technique for Life," "Milk for the Millions," and "Small World," is a continuing activity.

Technical and trade assistance is given to visitors from both developed and developing countries. DSI is known worldwide as the organization supported by the U.S. dairy industry for the purpose of assisting potential and present customers for and importers of U.S. dairy products. Governments who request such specialized assistance as comes within province of DSI are also helped.

This also has proved to be a two-way street in market development abroad. In 1965, under the sponsorship of DSI/FAS, the outstanding technologist on ghee manufacture in India came to the United States and worked with the dairy technologists in the USDA Eastern Utilization Laboratories in Beltsville, Md. The problem is to achieve by U.S. commercial plant methods, a ghee of the flavor, color, texture, consistency made by batch methods in Middle East countries. Problems were worked out regarding the development of traditional flavors, etc., and it is hoped that a bulletin will be published and made available to those in the United States who are interested in producing ghee for marketing overseas.

Continuity of cooperative effort is essential to the achievement of growing dollar markets for U.S. dairy products. Market development under Public Law 480, section 104a, uses foreign currencies to develop dollar markets, with the help of U.S. industry cooperator funds, and foreign third party cooperator funds. It is a combination that has accomplished much in 10 years, and one which has vastly greater potentials.

STATEMENT OF BURTON C. GRANICHER, CALIFORNIA PRUNE ADVISORY BOARD,
SAN FRANCISCO, CALIF.

The entire California prune industry (over 5,000 growers, handlers and packers) strongly urges the Senate and House Agriculture Committees to vote in favor of the continuance of the export market development program provided for in section 104(a) of Public Law 480.

The export market, particularly Western Europe, represents a very important outlet for California prunes—25 percent of the crop movement last year.

The California Prune Board—assisted by FAS—has invested many dollars in advertising and promoting California prunes in the European countries. This year-after-year effort reflects definite results. The 1964-65 year was ahead of 1963-64 by 29 percent in tonnage and 14 percent in dollar volume. And the 6 months between August 1, 1965, and January 31, 1966, were ahead of the same period a year ago by 12,000 tons—a 50 percent increase in tonnage with a corresponding increase in dollar volume.

With larger crops expected in the years ahead (the result of improved growing methods and new plantings) the California prune industry is going to depend more and more on export sales to help dispose of greater tonnage.

Historically, the California prune industry has been self-help minded, using its own dollars to promote prunes both domestically and abroad. However,

to hold and improve our domestic position we must rely on FAS assistance to maintain an adequate promotional program abroad.

Again, we urge the Senate and House Agricultural Committees to vote in favor of the continuance of the export market development program.

STATEMENT OF PHILIP M. DEVANY, ON BEHALF OF
THE NATIONAL DRY BEAN COUNCIL

The National Dry Bean Council is a nationwide trade association representing producers, handlers, and shippers of dry edible beans. The association is a cooperator with the Foreign Agriculture Service in the promotion of foreign markets for dry edible beans. Through an understanding with the National Dry Bean Council, the Michigan Bean Shippers Association has been carrying on this foreign market development activity.

This statement is being submitted to encourage you and your distinguished committee to continue support of section 104(a) of Public Law 480 providing for utilization of foreign currencies for the development of foreign markets for American agricultural products. We feel this provision of Public Law 480 is essential to the continued progress of the American dry edible bean producer, handler, and shipper.

The National Dry Bean Council and the Michigan Bean Shippers Association have centralized their foreign market development activities in the Common Market countries and have been in this activity for 3 years. We feel we are achieving success as is demonstrated by the fact that about 50 percent of all dry edible beans exported from the United States are Michigan Navy beans and approximately 25 percent of the Michigan Navy bean crop is exported each year. As a result of cooperation with the Grain and Feed Division and the Trade Fairs Division of Foreign Agriculture Service, we have developed what we believe to be a continuing and forward looking program of foreign market development and have participated in trade fairs in three different countries thus encouraging the use of our product.

Since our industry does not have large profit margins on beans produced or handled, had it not been for the cooperation and assistance of the Foreign Agriculture Service, it would be doubtful if the dry edible bean industry would be taking part in any major foreign market development programs on any major scale. Although our dollar contribution is rather large for such an industry we feel that it would not be sufficient to carry on a continuing program of foreign market development by ourselves. The technical advice and marketing experience provided by the Foreign Agriculture Service are essential to us.

We feel that in the interest of the producers and others in the industry it is essential that section 104(a) of Public Law 480 be continued.

Thank you for your consideration.

The CHAIRMAN. Mr. Wilson?

STATEMENT OF E. RAYMOND WILSON, FRIENDS COMMITTEE ON
NATIONAL LEGISLATION

Mr. WILSON. Since we are pressed for time, Mr. Chairman, may I submit my statement? We commend the President for proposing in his message to Congress that the United States lead the world in a war against hunger.

My testimony is directed toward 10 suggestions for improving either the legislation or the operation of the legislation from the standpoint of those of us concerned about the worldwide program to overcome hunger.

The first suggestion is that the language of the legislation be expanded in the declaratory paragraph, the first paragraph, as on page 2 here, to use the abundant agricultural productivity and agricultural

technology in the United States toward making our maximum contribution in an international campaign to combat malnutrition and hunger in the world, and to encourage economic development in the developing countries.

The additional language is underlined here.

I am suggesting our maximum contribution in an international campaign in the way of food, capital, and technical assistance because of the tremendous crisis in world food needs now and particularly during the next 10 or 15 years, before we have a chance to slow down the population increase as much as it should be slowed down.

Second, I suggest that we settle into a long term program, because the complexities of this matter are so great that there is no chance of any final solution of the world food program in 5 years.

As much as we would like to get out from under, I do not see how we can do it. What has been done in the last decade under Public Law 480 in helping with the food problems of about 100 countries is something which every member of this committee can view with considerable pride, although it has been a program, as you have pointed out, with many weaknesses.

We are raising the question here about the proposal of phasing out what was title 1 in 5 years. Desirable as the goal might be, is it not pretty unrealistic to expect that the developing world, short as it is of working capital and dollars, can expect to buy for dollars what they need by December 31, 1971?

The CHAIRMAN. That is why I suggested this morning that Mr. Bell was very optimistic in believing or telling this committee that we could shift from soft currency sales to hard currency in 5 years.

Mr. WILSON. He may be able to read the crystal ball better than I can, but I would put in a strong caveat at that point.

Senator MONDALE. Mr. Chairman, I agree with this statement and your statement. I think this morning you mentioned you thought they would be back in for an amendment here in a couple of years.

The CHAIRMAN. I have no doubt about that.

Senator MONDALE. When you are dealing with, by definition, the poorest countries in the world, who lack the capacity to feed their own people, countries most of which have incredible balance-of-payments problems and weak governments, I think it is unlikely that they are suddenly going to, within 5 years, shift around to this new hard payment program. I think we ought to work as hard as we can toward that direction, but I think the 5-year cutoff in steps beginning right away is rather arbitrary.

The CHAIRMAN. I think Mr. Bell was very optimistic and I hope we will be able to carry this on in 5 years. Something may happen to our own economy here and I am looking for it. I am not a pessimist by any means, but anybody with commonsense ought to know that we cannot continue at the rate we are going and remain solvent. I do not care what other people think.

Mr. WILSON. No. 3 has been stressed very much in these hearings already—maximize aid for population control. We thoroughly and wholeheartedly support that.

The CHAIRMAN. They go hand in hand.

Mr. WILSON. They do.

The CHAIRMAN. Would you make it obligatory?

Mr. WILSON. No; I would not. Mr. Bell stated pretty much the view most of our people would hold, that this is an intensely personal matter. Every effort at persuasion should be made. But it is too early for compulsion in this. The Vatican Council has not acted, people have their religious taboos, people have their personal taboos, and so on. So this has to be voluntary at this point.

No. 4, multiply food production abroad. That has been the thrust of the President's message. We cannot feed the world ourselves. So we suggest No. 4.

And No. 5 would be to make every effort to help countries be more self-sufficient and to put emphasis on agricultural technology, education, land-grant colleges, extension, fertilizers, and the whole complex of agricultural-industrial development.

Senator MONDALE. I see you recommend use of more of our title I funds for this purpose.

Mr. WILSON. Yes. In fact, I would recommend putting in the appropriate place in this legislation as a first priority, a very high priority, to help developing nations improve agricultural technology and increase agricultural production and growth, at the same time restricting population growth, so they can more nearly meet the domestic requirements for a nutritionally adequate diet.

I think that ought to be the first charge on our generated funds.

The CHAIRMAN. We have been trying to do that for the past 15 or 16 years through our foreign aid program.

Mr. WILSON. If you take the expenditures of those funds, it has been a very, very tiny amount used for exchange of persons and exchange of professors. I was privileged to graduate from a land-grant college. Probably the single most significant step in 100 years of agricultural development in this country, according to the World Food Congress a few years ago, was the passage of the Morrill Land-Grant College Act in 1861. We might have been helping to grow in east Africa, in west Africa, south Asia, east Asia, this whole complex of research, extension, home economics, nutrition. I think we ought to use everything that we can to benefit from this type of program to multiply that kind of extension service and agricultural research and education.

So, No. 5 is to increase agricultural production in the United States both quantitatively and qualitatively.

That, of course, has to be done in a way not to seriously affect the commercial channels, trade channels. With 60 million acres of production, most of it at the taxpayers expense, with farmers wanting to produce, with half the world hungry; it is a sin and a shame and a scandal that humanity cannot find some better answer than we have found so far.

The CHAIRMAN. That would be much more costly than the present program you know.

Mr. WILSON. Yes, but farmers would be paying taxes on their production of this now unproductive land rather than our paying taxes for them to take it out.

The CHAIRMAN. But we would be out much more money.

Mr. WILSON. We might be out some more money.

The CHAIRMAN. Why, of course we would. And we would be making people more dependent on us.

Mr. WILSON. I am coming to that later.

No. 6—this is one of the controversial questions, but one of the more important ones—think of the whole human race as a family; take food out of the cold war as a weapon. It is encouraging to us that ideological discriminations have not been written into the proposed Food for Freedom Act of 1966. Proper food is an elemental need of every human being. The right of access to food should not rest on the accident of what government or race or climate or circumstance a child is born into. There are governments, including those under Communist domination, with whose policies we differ, but whose people get hungry. Here is a place where simple humanitarianism might be our guide, that food should be available on equal terms to people regardless of political ideology.

Our committee, the Friends Committee on National Legislation, worked for over a year, unfortunately without success, to find some kind of a formula by which food might go to mainland China when China said they were suffering the worst series of natural disasters in a hundred years.

Food may have an important place in the tortuous process of world reconciliation and the changing of enemies into friends. I have seen it happen in Japan, when I was there visiting the distribution of American food for 10 days in 1957, Japan with whom the United States had been at war a decade before. The Scriptural injunction, "If thine enemy hunger, feed him" has never been repealed.

I have heard Senator Aiken say to me more than once, "I do not know of any people that have ever been starved into democracy." Take the last 15 years. It has not been very many years since Secretary Benson would not even sell butter to Poland for the world price. If you take the last hundred years, people who have been on our side at one time have often been on the other side; so far, it has gone back and forth. So our plea is that you will not write back into the legislation these discriminations limiting aid just to present friendly nations and so forth, but that we make every honest effort to try to use food where we can as a means of helping them and as a means of changing political rigidities and of exhibiting to the world something more than dog eat dog in the food deal.

The CHAIRMAN. Evidently, you have never run for office, have you?

Mr. WILSON. Not in Louisiana.

The CHAIRMAN. Well, any other place? It does not have to be in Louisiana. You go and try to advocate what you are saying now for Congress and see what will happen.

Mr. WILSON. I know it is difficult but I have traveled this land from coast to coast and I have found over the last few years that people's attitudes change a good deal, and if we did not have the good amount of Government and other propaganda against this policy, I think the humanitarian and religious forces of this country—I think a good many of the farmers would want to see us move into this kind of use of food across ideological boundaries.

Senator MONDALE. Let me ask you a question that bothers me a little bit. I think every responsible person who studies this problem believes that we must use our food as a catalytic agent to encourage self-help efforts by recipient countries. If these countries do not

begin to take the steps to permit them to work toward self-sufficiency, the time will come by 1980 when even if we plant to the fence lines, and use fertilizer and the most modern tools and methods, the world is still going to starve, because with the population explosion, the world's capacity to feed itself will be destroyed, no matter what the wealthy countries try to do. The only answer seems to be that we consider withholding aid from them unless they indulge in these self-help programs.

But if we do withhold aid it may be that these children who are starving, who are suffering from malnutrition, will be the victims. What do we do?

Mr. WILSON. I think we accept as a desirable goal the goal of the President and of this legislation and this committee, that we use every honorable means of encouraging people to help themselves. But I think in this state of development in the world, we have to recognize that we have at least four levels. We want to sell for cash on the barrelhead when we can. We want to sell for cash on credit, to get the cash as soon as we can. Where that is not done, we make some arrangement like you have made in title 1, of soft currencies. And as I am going to point out a little later, I think there are circumstances and countries and times when that is not enough and when we ought to go for a direct grant and donation program.

I would say the same thing about this self-help.

We cannot expect countries with 85 or 90 percent illiterate to jump from primitive barbarism into the 20th century overnight. It took a long time for us to develop our agricultural revolution in this country and most of it has taken place since I graduated from college in 1921.

More change has taken place in America in those 40 years than the previous 500 years. So this thing becomes cumulative.

So I think, Mr. Chairman and Senator Mondale, that we have to take this thing and have a flexibility in this program so that you take care of the countries and the people in the present, at the moment, with more concern on the countries that are strong enough to stand by themselves.

The CHAIRMAN. Will you go on with the other points? We have several more witnesses here, and I do not want to disappoint them.

Mr. WILSON. Yes.

My point No. 7 is to work more through international and United Nations' agencies. As I point out, some humility is in order here. In 1946, we turned down the idea of a World Food Board. In 1949, we turned down the idea of an international Commodity Credit Corporation. In the last 5 years, we have been stepping up our contributions and our activities. But I think I would put it this way, that we might divide our contributions to U.N. and international agencies two ways. One, to the administrative budgets, a rigid percentage—33, 40, whatever it is.

The CHAIRMAN. That is what it is now, 33⅓ percent—just under 33.

Mr. WILSON. Yes. But in an operation program let us put in what it takes to get the job done. Let us quit playing arithmetic with human misery. When a program needs to be done, let us contribute to it on the merits of the case. Let us encourage other countries to

do everything they will. It has been slow going, getting them to go up as fast as we would like and I think we have to keep up every encouragement there.

But I think it would be unfortunate if we kept forever limiting either our dollar amounts to what they are now, or our percentage amounts to the operating end.

Now, I do not think the FAO is in a position rapidly to become a major operating organization. But it is to our interest to draw in as many of the technical people from every other country and make this as genuine as possible an international program. So that is my point there.

No. 8, more use of cooperatives so that people are involved in the whole process, both producing and consuming cooperatives; more efforts at cooperatives, building fertilizer plants, and farm implements and so on.

No. 9, closer correlation of food, aid, and trade policies. You have talked a lot today, particularly to Mr. Bell, about the need of getting on a dollar basis. Take a country like India. It has no possibility of being able to buy the amount of food that she will need 5 years from now unless she can step up her trade. I mean the aid, the trade, and the food policies, total, ought to make more sense in more of a correlated program than they are now.

For example, in South America, and you have seen this much more than I have, when there is a catastrophic drop in coffee or cocoa or sugar or something like that, it puts the country in a very difficult position, so that somehow we have to have aid, trade, and food policies that help protect these weaker countries from catastrophic price declines, and that they have a chance to go on and develop with as much help, aid, and stability as we can give.

No. 10, review our loan and grant policies. I have already said cash where we can get it, loans where they are justified. But today you spent a great deal of time talking about these generated currencies. I am wondering if it would not be to good advantage for the United States to recognize that somewhere there is a cutoff place where food may be needed, where countries cannot pay, or where they are paying but it is a kind of burden on them that is a major drag on their economy and development and it might be better to write it off and go on.

For example, a hydroelectric installation or a railroad or a steel mill will bring in capital to help amortize it. But once the food is eaten it is eaten and it does not bring in additional revenue. So I think there is justification on that point for considering the use more of grants and donations.

Then last a crash program needed to aid India. Before I close, I should like to express the Friend Committee's deep concern for the people of India who are suffering from the worst drought in 70 years. Many Americans are not yet fully aware of the potential dimensions of this tragedy but we are told that some 11 to 12 million Indians may starve to death unless India is able to import another 12 to 15 million tons of grains by the end of June 1966.

Surely the United States is capable of mounting a crash program to forestall such a happening. We urge this committee to do all in its power to see that enough U.S. storage bins are emptied, enough

ships are taken out of mothballs, enough unloading techniques are shared so that the people of India may have bread. We have the grains, we have the ships, we have the techniques, but the will must be expressed immediately.

(The complete statement of Mr. Wilson follows:)

My name is E. Raymond Wilson. Today I am appearing for the Friends Committee on National Legislation, a Quaker organization that from its inception 23 years ago has placed a high priority on working on legislation dealing with world hunger. The FCNL has testified several times before this committee on Public Law 480 and related legislation.

Those of you who know the highly individualistic nature of the members of the Society of Friends realize full well that no person or organization can speak officially for all Friends. But on this question of America's responsibility to do its full share in overcoming world hunger, there is a high degree of consensus among Friends.

At present, I am continuing to serve virtually full time with the Friends Committee on National Legislation as executive secretary emeritus. Having grown up on an Iowa farm and graduated from Iowa State College of Agriculture, I bring to this question of overcoming world hunger a lifelong personal interest, some sense, I hope, of the enormous complexities and difficulties, and a desire to look at this opportunity before us from a worldwide, humanitarian point of view.

With more than half of the people of the world hungry or malnourished, with world population growth exceeding the rise in agricultural production, with some 60 million acres out of production in the United States and much of it largely at taxpayers' expense, and with the First World Food Congress held here in Washington in 1963 calling for heroic efforts to close the world food gap, the responsibility of the United States to do its utmost cannot be overstressed. The opportunity before this committee to continue to shape an adequate program for the next decade is very great.

LEAD THE WORLD IN A WAR AGAINST HUNGER

We commend the President for proposing in his message to Congress on February 10 that the "United States lead the world in a war against hunger," and that we "look to a world in which no man, woman, or child suffer want of food or clothing." May we do our utmost to make that time come soon.

The following recommendations are made for strengthening either the legislation or its operation, so that the United States can "lead the world in a war against hunger."

RECOMMENDATIONS

(1) *Stress this objective more clearly.*—If we are serious about this goal, let it be stated more explicitly. One possible revision would be to expand section 2 beginning with line 8, as follows (proposed additions to S. 2933 and H.R. 12785 in *italic*):

* * * To use the abundant agricultural productivity *and agricultural technology* of the United States *toward making our maximum contribution in an international campaign* to combat hunger and malnutrition *in the world* and to encourage economic development in the developing countries * * *.

I suggest this amplification because expert after expert has emphasized the necessity of sharing not only the food and fiber which we can produce, but even more our experience and know-how, our agricultural technology to help accelerate food production abroad.

In a world where so many are still underfed, we should undertake our *maximum contribution* in food, capital, and technical assistance.

With regard to an international program, the President said in his message, "We must encourage a truly international effort to combat hunger and modernize agriculture. We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program, should be expanded—particularly in food and agriculture."

And yet in Secretary of Agriculture Freeman's 26-page statement before the House Agriculture Committee on February 23, 1966, there was no reference to international agencies.

(2) *Settle into a longtime program.*—What has been in the last decade under Public Law 480 in helping with the food problems of about 100 countries is something which every member of this committee can view with considerable pride. But it has been largely a surplus disposal program. A worldwide comprehensive concerted effort to increase agricultural production everywhere, to produce products needed most for nutritional needs, and to make heroic strides in family planning and population control, is at least a generation-long job and we should plan accordingly.

For example, desirable as the goal is, of sales only for dollars (and I will say more about sales and donations later), isn't it pretty unrealistic to expect that the developing world, short as it is of working capital and dollar currencies, can expect to buy for dollars what they need by December 31, 1971, as envisaged in section 103(b) of the Food for Freedom Act?

(3) *Maximize aid for population control.*—This subject was dealt with in such detail in the first week of hearings before the House Committee on Agriculture, that the Friends Committee feels no need to do more than record their agreement with the desirability and necessity of worldwide family planning. We support full participation by the U.S. Government in programs of assistance to other countries, as well as to people in the United States. There is no chance of winning the war against hunger without a drastic reduction in the rate of population increase. We also approve of using some of the local currencies accruing under the act to finance programs emphasizing maternal, child health, nutrition, and family planning services.

(4) *Multiply food production abroad.*—It has been said time and again that in the main people must be fed by food raised near where they live and that food production must be multiplied in the developing countries. The United States should expand its efforts to help establish or strengthen the equivalent of land-grant colleges throughout the world. Even more funds need to be directed to agricultural research, extension work in agriculture and home economics, capital and credit, fertilizers, pesticides, irrigation, better seeds and farm implements, storage facilities, transportation, and the whole complex of agricultural growth and development. I realize that the responsibility for carrying on an adequate program in this whole field is split between various committees of the Congress dealing with agriculture, the AID program, international health activities, U.N. agencies and so on, but it is helpful if we can see the program as a whole.

All too few of the currencies generated under title I of Public Law 480 in the last 10 years have been used for aids to agricultural development overseas, or for exchange of students and professors in this field. In order to overcome this lack, we recommend the insertion of a new paragraph at the beginning of paragraph (b), section 304 of the proposed Freedom from Hunger Act of 1966 for carrying out programs of U.S. Government agencies. This paragraph should make it clear that the chief aim of the utilization of currencies generated under title I is intensification of agricultural production in those countries. The language might read somewhat as follows:

"Help developing nations improve agricultural technology and increase agricultural production and growth, while restricting population growth, so they can more nearly meet domestic requirements for a nutritiously adequate diet."

This would put the emphasis in the legislation—insofar as soft currencies are concerned—where the President put it in his message—on increasing food productivity abroad. It would be even better if such a paragraph were a declaratory paragraph to the whole Freedom from Hunger Act.

(5) *Increase agricultural production in the United States both quantitatively and qualitatively.*—What a paradox that in a world where more than a billion persons are malnourished, it is reported we have some 60 million acres out of production under various restrictive programs. The potential transition to full production, which is what farmers would really like, is neither simple nor easy, as Secretary Freeman pointed out in his House testimony. Suppose we were put to emphasis on those foods most needed, particularly proteins and vitamins. As Secretary Freeman said, "It is estimated that in the developing nations of the free world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition."

The President has made a start in this direction by proposing an increase of rice and soybeans this year. For example, in a rational world the United States would produce more nonfat dried milk, which is so important as a supplementary

food for growing children and in school lunch programs. Already much has been done in fortifying foods donated under the Public Law 480 program.

(6) *Think of the whole human race as one family. Take food as a weapon out of the cold war.*—It is encouraging that ideological discriminations have not been written into the proposed Food for Freedom Act of 1966, for proper food is an elemental need of every human being. The right of access to food should not rest on the accident of what country or government or race or climate or circumstance a child is born into.

There are many governments, including those under Communist domination, with whose policies we differ, but whose people get hungry too. Taken together the Communist world, partly because of its own policies, is a food-deficient world. The United States should not be a party to providing them with any reason or excuse for engaging in political or territorial expansion in order to get access to food. Here is a place where simple humanitarianism might be our guide—that food should be available on equal terms to people regardless of political ideologies.

The FCNL worked for over a year, unfortunately without success, to find a formula by which food might go to mainland China, when the Chinese were suffering from the worst series of natural calamities in a century. Food may have an important place in the tortuous process of world reconciliation and the changing of enemies into friends. I have seen it in Japan in 1957 with whom the United States had been at war a decade before. The Scriptural injunction, "If thine enemy hunger, feed him" has never been repealed.

(7) *Work more through international and U.N. agencies.*—Some humility as a nation would not be out of place here. In 1946, the United States turned down the idea of a World Food Board under the Food and Agriculture Organization as proposed by Nobel Peace Prize Winner Sir John Boyd Orr. On Thanksgiving Day in 1949, I believe it was, the United States rejected the proposal of an international commodity clearinghouse in the Shoreham Hotel here in Washington. Some of the basic ideas of the commodity clearinghouse were later incorporated on a unilateral basis in Public Law 480.

The U.S. record has considerably improved in the last 5 years, with more contributions going to the U.N. Special Fund, to the U.N. world food program, to the U.N. expanded technical assistance program, but it is still tiny compared to either our capacity or world needs. Our yearly contribution to the administrative budget of the U.N. Food and Agriculture Organization is little more than we spend every hour of every day on our national defense budget.

More than ever before, the world needs to pull together through international agencies to mobilize the world's resources of experience, personnel, and capital to overcome man's ancient enemy—hunger.

(8) *More use of cooperatives.*—For a sound agriculture, maximum participation of the people involved in the various aspects of their life is desirable. Much more could be done to encourage producer and consumer cooperatives to deal in fertilizers, farm machinery, and marketing. Credit unions and other credit facilities could help the farmer free himself from the loan sharks and disastrous cyclical price fluctuations. These cooperatives will need some dollar assistance, especially for rice milling machinery, many kinds of farm implements, fertilizers, and factories.

(9) *Closer correlation of food, aid, and trade policies.*—Our food, aid, and trade policies added together should make for effective economic growth and should not cancel each other out. Yet there have been times when a catastrophic drop in the price of coffee, or sugar, or some other agricultural commodity has offset the benefits of assistance under the AID program. It is quite possible that international machinery may need to be strengthened in order to help one-crop countries broaden their economic base, but the United States should also be more sensitive to the problems of such areas.

(10) *Review our loan and grant policies.*—We would probably all agree that it is desirable for people to pay in goods and services for what they receive. That is the goal to keep in mind and to work for. But at the present time much of that part of the world which needs food and agricultural products doesn't have equivalent buying power.

Of course, psychologically, most countries prefer loans to grants if they think they can repay the loans, and food for work is assuming larger importance in our AID program. But beyond this, shouldn't grants and donations have a larger place in a stepped-up food program?

Food when eaten is gone, and unlike hydroelectric dams and steel mills, doesn't generate more income over the years. Why shouldn't the United States expect that some food commitments at certain stages to certain countries, should be written off, and not hang like an albatross around the necks of other countries or our own?

We should expect that the cost of victory in the war against hunger will be high. Secretary Freeman said that the \$14 billion we have spent in providing food and fiber to developing nations have done more than any other program in history to avert hunger, malnutrition, and famine. Yet \$14 billion is little more than the President is asking for the next year for the war in Vietnam. This 10-year expenditure for food is only what we are spending every 3 months for the U.S. Military Establishment.

A very generous program of food for peace and freedom, wisely administered, should make an incalculable contribution to a happier mankind, as well as cultivate customers, neighbors, and, we hope, friends around the world.

CRASH PROGRAM NEEDED TO AID INDIA

Before I close, I should like to express the Friends Committee's deep concern for the people of India who are suffering from the worst drought in 70 years. Many Americans are not yet fully aware of the potential dimensions of this tragedy, but we are told that some 11 to 12 million Indians may starve to death unless India is able to import another 12-15 million tons of grains by the end of June 1966.

Surely the United States is capable of mounting a crash program to forestall such a happening. We urge this committee to do all in its power to see that enough U.S. storage bins are emptied, enough ships are taken out of mothballs, enough unloading techniques are shared so that the people of India may have bread. We have the grains, we have the ships, we have the techniques, but the "will" must be expressed immediately.

Mr. WILSON. Mr. Chairman, these are suggestions I offer to your committee for your consideration as you draft the legislation and work out the programs which this committee should perform.

The CHAIRMAN. Thank you.

Monsignor McCarthy.

STATEMENT OF RT. REV. MSGR. JOHN F. McCARTHY, ASSISTANT EXECUTIVE DIRECTOR, CATHOLIC RELIEF SERVICES-NATIONAL CATHOLIC WELFARE CONFERENCE

Monsignor McCARTHY. I bring regards to you from at least a member of your State who is on our staff, Msgr. Joseph Gremien.

The CHAIRMAN. I met him over in the Belgian Congo and he came to see me since.

Monsignor McCARTHY. I am Msgr. John F. McCarthy, assistant executive director of Catholic Relief Services-National Catholic Welfare Conference—the overseas aid agency of American Catholics.

With me today are two members of my staff, Antony Foddai and Gilbert E. Blackford. We have been operating for more than 20 years in the field of welfare, relief, refugee services, and socioeconomic development. In cooperation with the American Government, we carry on Public Law 480 food programs in 65 countries, service 23 million needy persons, of whom 6 million are children.

The millions of men, women, and children around the world who today enjoy better health and a more secure future would, I know, want me to express their gratitude to the American people for the great benefits brought to them and their countries through these gifts of food and fiber made possible by the legislation you, gentle-

men, have enacted over the past 15 years. In visiting Catholic Relief Services-NCWC projects around the world, I have seen children who have had the bloom restored to their cheeks and their bodies strengthened because of the daily distribution of American foods. Some say that these people are not grateful. I have seen their gratitude. Gentlemen, I have yet to hear a mother or father whose child has benefitted express any other word except that of sincere thanks.

Over the years there has been a gradual change in the program of food usage from that of a giveaway to one looking toward participation by the recipients and a greater aspect of self-help. We are pleased that this approach is being advanced and improved in the legislation now under consideration.

Hardly a day passes that we are not warned by an expert of an impending famine of unprecedented magnitude in several areas of the world unless rapid and drastic steps are taken to help those countries greatly increase their food production and expand their economic development. The proposed legislation aims at these objectives and we, therefore, give it our wholehearted support.

President Johnson in his message to the Congress told of the awesome scope and compelling seriousness of the problem of food versus human survival. To a great extent, the legislation that you enact will determine to what extent this struggle against world hunger, in which many nations must participate for decades to come, will succeed. I stress the fact that many nations must participate but, at the same time, we all know that America's leadership will be the measure of such participation by others. Our surplus and abundance bring with them great responsibilities, and our leaders in Congress have always endeavored to meet such responsibilities. These are some of the main reasons why I consider the legislation which will supplant Public Law 480 to be of such signal importance.

I should like to make the following specific comments about the proposed legislation:

(1) We feel that the shift from a "surplus" disposal program to a determined plan to meet the nutritive needs of the growing numbers of hungry people in the world is a notable advance.

(2) We thank you for proposing in section 202 that the services of the nonprofit voluntary agencies registered and approved by the Advisory Committee on Foreign Aid be used to the maximum extent practicable in implementing this legislation. Our past experience tells us that this is the best way of having the warm heart of the generous American people reach the individual needy man, woman, and child abroad. It guarantees the identity of the source of the gift. It increases the creation and strengthening of private local voluntary agencies abroad which dedicate themselves in the development of their own nation. It assists in the development of individual leadership and it brings literally millions of local volunteers into American aid programs.

(3) If enacted, this legislation will not only combat hunger and malnutrition but will promote economic development in food deficit countries.

(4) The increased emphasis on self-help both by the recipient countries and the recipient individuals meets with our enthusiastic ap-

proval. For years we have urged that this be done. We would hope that the restrictions surrounding the application of this concept be such as to not severely limit its application. The experience we voluntary agencies have had in such self-help efforts as food for work and food for part wages encourages us to support the expansion of this notion.

(5) I should like to say a word about counterpart funds. The changes of last year in Public Law 480 relating to voluntary agency work overseas, particularly the provisions governing the use of counterpart funds, was a recognition by the Congress of the role of voluntary agencies abroad. However, the carrying out of this provision becomes so surrounded with restrictions that the voluntary agencies now hesitate to submit projects because they cannot afford to expend the time, the talent, or the cost involved.

(6) In section 204 of the proposed legislation (S. 2933) provision is made for the purchase of foreign currencies. We should like to suggest that this section provide an additional \$7,500,000 from local currency funds for the implementation of food production, and related programs by voluntary agencies. Such a provision would help to overcome a major deterrent to programs of agricultural and socioeconomic development, namely, the lack of initial capital to establish and operate credit unions and cooperatives, provide funds for tools, training materials, personnel, and other resources needed for increased agricultural development. We should like to make it possible to give food grants to members of credit unions, cooperatives, and savings and loan associations so that they might be helped to become self-sustaining.

(7) We would like to be able to use counterpart funds in certain countries for out-of-pocket expenses; to cover transportation from railheads to final distribution points; to purchase and recondition surplus vehicles to be used by the supervisors and local auditors of the food production program; to pay the cost of training of supervisors and key personnel, and so on.

(8) It would be most helpful if the use of counterpart funds for socioeconomic development were not always tied directly to only the U.S. foods. What I plead for, gentlemen, is that there be granted a modicum of flexibility in the use of these funds which would enable the voluntary agencies to work toward the objectives which President Johnson proposed in his message.

Senator MONDALE. You say "were not always tied directly to only the U.S. foods"?

Monsignor McCARTHY. That is right. What I mean by that is this: When the law was passed last year, Public Law 480, 203 counterpart funds, they could not be used unless it was related to some food program. For any other socioeconomic development or project, unless it was tied to a food project, we would not be given any funds.

Senator MONDALE. Thank you.

The CHAIRMAN. Proceed.

Monsignor McCARTHY. (9) I would be less than frank if I did not tell you that America's voluntary agencies find themselves at a great disadvantage in carrying out their food programs overseas because of the disparity between the criteria governing the voluntary agencies and

the world food program of the United Nations, which uses America's donated food. If the voluntary agencies were granted the same criteria and similar leeway, we feel that these programs would be greatly facilitated.

(10) In the use of food overseas, donated by the American people, we have constantly before our minds the serious moral and legal responsibilities we have undertaken. We stress this to our own personnel abroad and to all the agencies and individuals participating in this activity. We fully cooperate with officials of AID and the Department of Agriculture in trying to make sure that the food reaches the needy people for whom it is intended. In carrying out our programs, we are subject to audits by AID, the U.S. Department of Agriculture, and the General Accounting Office. Catholic Relief Services-NCWC employs auditors who travel from country to country, whose sole function is to assure us of the compliance with the regulations under which foodstuffs are donated. However, I am frank to admit that at times we become discouraged when apparently the criteria for auditing a governmental agency procurement program is applied to a voluntary agency food distribution program. Of necessity, the food program reaches into thousands of small hamlets, institutions, and individual families. The recipients are mostly simple, illiterate people. The facilities available in the underdeveloped countries of the world are a far cry from the warehousing and distributing channels in domestic programs.

We know how valuable the General Accounting Office is to the Congress but we would like to have some expression of congressional intent, indicating that the inspection and auditing of voluntary agencies' food programs be made under special criteria which relate to the conditions and circumstances confronting the voluntary agencies overseas. We ask that there be an understanding of the factors and imponderables confronting us in the implementation of our programs such as national traditions, age-old customs, and the lack of trained or experienced personnel in underdeveloped countries, etc.

On various occasions, congressional leaders and high officials of the administration have told us of the problem faced by the Congress in having their intent when passing legislation carried out on the regulatory level. We sympathize both with the Congress and the administration in this regard. We work daily with the administrators and know that they, themselves, would welcome an expression on the part of Congress permitting greater flexibility in the use of America's food and fiber.

I should like to state that the programs and policies of the Catholic Relief Services-NCWC, since the day of the agency's inception, have been directed to meeting human need, entirely without regard to race, religion, or color. As a matter of fact, Catholic Relief Services-NCWC overseas aid programs include many more members of other religions and races than that of our own.

In view of the gigantic problem, the Catholic Church in America, side by side with the Catholic Church in every country of the free West, is increasing its efforts to be of assistance.

I would like to just stop the prepared statement here and indicate what only in the last few days is an indication of our attitude. The

Catholic Relief Services has purchased on the world market 810 tons of rice which will be shipped to Cochin, into the Port of Cochin. There are many other areas of the world now where people are joining together because of examples of America. They are now trying to show their gratitude by going out and doing things.

With regard to Vietnam, we have gotten a great deal of help from these organizations in the matter of food, especially condensed milk, for the children of Vietnam. So at this time there is a cooperation and they do not think that we can do it all ourselves. They are showing their gratitude by helping others.

While recognizing that the prime responsibility is that of Government, nevertheless, we desire to continue to participate in an even greater way, if possible, in the struggle for the welfare of all mankind, in the hope that our efforts will be some measure of assistance to those who live in misery and destitution.

My agency wholeheartedly supports the legislation that the Congress is now studying and which is designed to expand food shipments to countries whose food needs are growing, and to increase capital and technical assistance to such countries to the end that self-help programs will increase food production. We are gratified and encouraged that America's farmers are being asked to gear their crops in kind and in quantity to those foods which can be used constructively both here and abroad. We pledge our desire and intention of participating in the intensification of the worldwide fight against malnutrition, especially among infants and children. We consider the building of adequate reserves of essential foods for our own needs and to help others in time of emergencies, quick striking disasters, or famine, to be of fundamental importance.

In conclusion, my prayerful wish and hope are that you and your colleagues in the Congress will be motivated and inspired by the stirring words of the Prophet Ezekiel:

* * * the man who hath given his bread to the hungry, and hath clothed the naked with a garment, hath kept my commandments; he is just, he shall surely live, saith the Lord God.

Gentlemen, I thank you.

The CHAIRMAN. Father, would you be able to tell us what percentage of the food and fiber distributed by your organization is purchased by the Federal Government?

Monsignor McCARTHY. Well, most of it is under Public Law 480.

The CHAIRMAN. CARE came in to testify a few days ago, and as I remember, 85 percent, at least, of the food and fiber distributed by that organization was received from the Federal Government, and what about the transportation?

Monsignor McCARTHY. Well, the transportation—as long as the country program is approved, at least our Government takes care of the ocean freight.

The CHAIRMAN. That amounts to about 85 percent of the cost of this program? That is, as far as you handle it, that is paid for by the Federal Government?

Monsignor McCARTHY. That is right.

Senator MONDALE (presiding). I was very interested in two or three comments here.

Monsignor McCARTHY. I figured you would be from what I heard you say this morning.

Senator MONDALE. I am particularly interested in this accounting problem. Do you have difficulty under the present standards of the General Accounting Office in meeting their criteria?

Monsignor McCARTHY. Here is what has happened in a number of places. The AID auditor would go in, or the auditor from the Department of Agriculture, separate audits. There were certain recommendations made which we corrected. Now, I do not want to give you the idea that every one of the programs is 100 percent pure. So these corrections were made. Then the GAO auditors come around and they review all these accountings done by AID and Agriculture and they do not go out to see whether or not these things have been corrected, but that is in their report that goes to Congress.

Senator MONDALE. I think that makes a lot of sense. There could be a suggestion by the committee in its report that we think a different standard ought to be applied which reflects the realities of the distribution problems that you have.

Monsignor McCARTHY. We know that we should have audits, do not misunderstand me. We take this food, we feel that we have a legal and moral obligation to see that the law is carried out once we take the food under these conditions. That is why we have, on our own staff, our own auditors who go around to keep us advised that everything is shipshape.

Senator MONDALE. Thank you very much Monsignor, for your very fine testimony.

Monsignor McCARTHY. Thank you.

Senator MONDALE. Mr. MacCracken?

**STATEMENT OF JAMES E. MacCRACKEN, EXECUTIVE DIRECTOR,
CHURCH WORLD SERVICES, DIVISION OF OVERSEAS MINISTRIES,
NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE
UNITED STATES OF AMERICA, NEW YORK, N.Y.**

Mr. MACCRACKEN. Thank you very much, Mr. Chairman. My name is James MacCracken, and I am executive director of Church World Service, Division of Overseas Ministries, National Council of the Churches of Christ in the United States of America.

Sir, I am accompanied by Mr. Melvin B. Myers, here to my right, who is our director for material resources; Mr. Henry McCanna, who is the director of the department of church and society in our national council.

Mr. McCanna has separate testimony which he will present.

I am also accompanied by Mr. Clyde Rogers, whom you know from his testimony of yesterday, who is special consultant.

I know you are pressed for time, and if you will permit I shall submit my statement for the record, with a few comments merely to highlight.

Senator MONDALE. Proceed.

Mr. MACCRACKEN. The National Council of Churches has been deeply concerned about the problem of hunger. In June 1965, a special resolution was passed on the subject of world hunger which is

appended to my statement. It is the sense of concern of the General Board of the National Council of Churches that the most important problem before us in keeping peace is to deal with this agonizing situation of hunger implicit in our time at a moment when, in history, man has the technical knowledge and the facilities to be able to assure that every single human being in this world might be given the sustenance required by his physical body.

May I say, sir, that the general board subsequently, on February 23, 1966, passed a special endorsement of the proposal of Food for Freedom, saying that as they read the proposal before your committee, sir, this meets responsibly challenges and aspirations as inculcated in the National Council of Churches resolution on hunger.

The CHAIRMAN (presiding). Do you have a copy of that resolution?

Mr. MACCRACKEN. Of the second one? No, sir; it was merely a statement of the general board that they were grateful for the action taken by the administration to meet the challenge of world hunger.

Senator MONDALE. If you could get that for me, I would like to put it in the record.

Mr. MACCRACKEN. I would be delighted to.

(The statement is as follows:)

NEW YORK, N.Y., March 11, 1966.

Senator WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: Pursuant to your request to Mr. MacCracken during his appearance before the Senate Committee on Agriculture and Forestry on March 8, I quote herewith the action taken by the General Board of the National Council of the Churches of Christ in the United States of America, Inc., which met in St. Louis on February 23, 1966:

"That National Council of Churches notes with approval the initiative with respect to world hunger contained in the President's state of Union address and his subsequent messages to the Congress on foreign aid and Food for Freedom; and expresses the hope that the Congress will enact appropriate legislation along the policy lines proposed in the council's resolution of June 3, 1965, on world hunger."

We are deeply grateful to you for your vital and intense interest in this subject. It was indeed a privilege and a pleasure to appear before your committee.

Sincerely yours,

MELVIN B. MYERS,

Director, Material Resources Program, Church World Service.

Mr. MACCRACKEN. The Church World Service, in the past year, has touched on the lives of 7 million peoples. May I just comment, sir, I am merely highlighting some of the points, as the acting chairman was kind enough to receive my statement for the record.

The CHAIRMAN. All right.

Mr. MACCRACKEN. We touched upon the lives of some 700,000 people last year. In the areas where we operate, the net population rise was 28 million persons. Since January 1, 1965, a key senior staff officer on my staff has been one of the finest field men we have who gives his full time to concern for family planning. It is his task to bring to the attention of our colleagues and constituency as the Protestant Churches throughout the world the fact that there is a mechanical, scientific, means today to determine that parents may bring a wanted child into a family that can take care of that child.

Mr. Chairman, as I go through this statement very rapidly, I would like to note that it is our operational procedure that voluntary agencies recognize in all honesty that they are supplemental to the basic primary responsibilities of government. We are far too small, we are far too limited a source to think that we are other than this.

I am particularly interested in page 6 of the proposed legislation, section 202. There is a recommendation that the facilities of the voluntary agency be used. I am not quite certain, Mr. Chairman, why there is that phrase "facilities of" as opposed to "voluntary agencies." I assume "facilities" refers to the voluntary agencies' abilities or institutions, and not that Government would be instructed to mount governmental programs through the staffs of voluntary agencies. This may be a point, sir, that in subsequent study you will find something of interest to look at.

The CHAIRMAN. I do not suppose it is the intention of the proposed legislation to change the present procedure.

Mr. MACCRACKEN. Thank you, sir. That is very helpful.

Mr. CHAIRMAN. That is the way I would interpret it, and we shall look at it very closely since you brought the point up.

Mr. MACCRACKEN. Thank you, Mr. Chairman.

The CHAIRMAN. We shall have to take a brief recess since there is a vote.

(Thereupon, a brief recess was taken.)

The CHAIRMAN. The committee will come to order.

You may proceed, sir.

Mr. MACCRACKEN. Thank you, Mr. Chairman.

Mr. Chairman, in our concern for hunger, we see food as being an investment rather than as being in a giveaway or any other interpretation. Hunger seems to go from hunger to revolution, to war. The use of food in order to be able to help people try to help themselves, it seems to us to be an absolute mandate.

The CHAIRMAN. That is a fine slogan. I wish you could put it in force.

Mr. MACCRACKEN. I wish I could, too, sir, and I want to talk about the question of self-help and community development.

Mr. Chairman, my agency has been involved in this for over 10 years now and I do not know of any more difficult task in the world than to help people help themselves or to encourage people to feel that this is as important as we feel it is. We are working through Protestant Church communities wherever we are in operation and we are endeavoring to bring them into this full conscience.

We have a partnership going. We have a partnership going. I wish it were a 50-50 partnership.

I listened with great interest to the testimony of this day. This is a challenge for us that we just plain cannot duck. We shall continue to work on it, sir, to the best of our ability.

My final comment, sir, is that I notice in Monsignor McCarthy's statement about audits, but he was comparatively gentle in his statement.

There are five separate auditing functions on Food for Peace at the present time. We have no objection to audits, sir. But we are spending so much time in trying to end audit in the villages Monsignor McCarthy has referred to that I would concur in his statement.

The CHAIRMAN. What is wrong with the audit? It is Government property.

Mr. MACCRACKEN. Yes, and from the time the food leaves the port in the United States, it is 100 percent physically accountable by the voluntary agency concerned down to complete American standard auditing that it has been consumed by the appropriate person in the appropriate area, the appropriate amount, in the appropriate month. We are doing our level best, sir, to meet these standards and strictures. But when you are operating in areas where you have illiteracy, where you have communications and road difficulties, where you are beset by Great Lakes freezeups, by ship companies going bankrupt, by Government commodities that are held at ports because of lack of inland transportation, and once you get it into the inland transportation area in your distribution system, doing this two, three, four times removed from your American citizen staff, it becomes extremely difficult, sir.

We are so conscious of this that in India some years ago, while they were rioting in the streets of New Delhi for food we reduced our food program in India 50 percent because we could not control it to our satisfaction.

This is the type of thing I am talking about, sir. Not one audit, not two audits, not three audits, but a series of five audits.

Going back into history we are accountable on anything that any audit team finds that they feel, even with the best of intent, did not get fulfilled to the letter of the law, a single pound anywhere in the entire world, we are fully accountable for. This we find extremely difficult to fulfill as though we were going to make a distribution within the United States where we would be in a far better position to be able to conform to the audits.

(The complete statement of Mr. MacCracken follows:)

Mr. Chairman, my name is James MacCracken, and I am executive director of Church World Service in the Division of Overseas Ministries, National Council of the Churches of Christ in the United States of America. I am accompanied by Mr. Melvin B. Myers, CWS director of material resources program. I would call attention to the statement of my colleague, Dr. Henry McCanna, as it supplements our statement. Church World Service, in representing the humanitarian and social concerns of the 30 constituent denominations of the National Council of Churches, conducted during the past year programs of relief, disaster response, rehabilitation, and self-help development in 37 countries of Asia, the Middle East, Europe, Latin America, and Africa. These programs express the concern of American Protestants who speak through us to refugees, victims of disaster, and the hungry and homeless without regard to race, creed, or geographical location. We are in close fraternal relationship with and support the Division of Inter-Church Aid, Refugees and World Service of the World Council of Churches, whose headquarters are in Geneva, Switzerland.

During the year just past Church World Service has touched upon the lives of some 7 million of the world's needy with food, clothing, medicines, and developmental projects. While we might feel a certain pride in that accomplishment, we confront another fact: in that same year, in those same countries, the population grew by 28 million persons.

Last June the policymaking general board of the National Council of Churches adopted a resolution on world hunger. Population was a major emphasis in the body of that resolution:

"We see a tremendous urgency in matters of hunger and food, in relation to our Christian faith, to our concern with human values, to prospects for the world's food demand and supply during the next several years, and to basic economic and social development. * * * The explosive population growth, in contrast with generally slow increases in agricultural production, points toward more widespread human suffering from hunger in the years ahead."

In calendar year 1965, CWS shipped or distributed 215 million pounds of titles II and III commodities under Public Law 480 to 26 countries. The distribution is largely through institutions—schools, orphanages, hospitals, and clinics—and in self-help and developmental projects using food as work incentive. We have been participating partners in the Public Law 480 program from its very inception. We are currently sending overseas the four billionth pound of CWS relief supplies, which include food, clothing, medicines, and agricultural machinery.

This national council resolution speaks with firm conviction and in sweeping statements of famine in today and tomorrow's world. Although it recognizes that the role of the churches is quantitatively small by comparison with the size of commercial and governmental activities and that primary responsibility for the hungry man is that of governments, the churches' role is of special significance. It is a multiplier by many times its actual size, of the efforts of both this and other governments. The voluntary agencies have pioneered for more than a hundred years in programs which only within the last decades have been formally recognized and adopted by governments and intergovernmental bodies. These church efforts represent, in our judgment, the essence of the democratic process at work, and the humanitarian interests of the American people.

Voluntary agencies such as Church World Service respond to hunger, disaster, and acute human need in a different manner than government-to-government aid programming. For example, title I commodities purchased by an overseas government are normally made available in the marketplace in that country to those who can afford to buy. The purchasing government in many instances do not, or are not ready to utilize this food in broad programs of social welfare for those unable to purchase. It is to these needy—the landless unemployed, the orphaned, the aged, the sick, the malnourished preschool child, the expectant mother—that the voluntary agencies must speak in ever-increasing measure.

The general board of the national council also asked our Government to change its agricultural policy from that of restriction to one of full production. If the hunger needs of the world are to be met this is imperative. We recognize that we cannot fill the needs of the world but our agricultural products will stimulate agriculture in the developing areas.

We are sure that American farmers and other agricultural technicians will be glad to help mount a program of economic development. Mission personnel of the churches are ready to be utilized increasingly in this new program.

As stated in the national council resolution, we urge that a consultation be called as soon as possible by the President and the Congress of all groups in this country interested in the production and distribution of agricultural products.

Church World Service has recently cooperated in making a survey of Protestant church-related endeavors attacking the root causes of hunger. The findings are conclusive evidence of the relevance of the churches. Exclusive of the value of shipments of either Public Law 480 foods or other materials, this survey shows an annual expenditure of at least \$14 million, largely for project grants and the fielding of specialized personnel in 83 countries directed to feeding and attacking root causes of hunger. In 1965 these Protestant mission boards and related agencies shipped or purchased overseas more than \$2 million in food, exclusive of Public Law 480 commodities.

It is evident that with or without the notable and valuable partnership of this Government under present or future legislation, the national council and Church World Service in particular will continue to act on the disaster of humans engulfed by hunger.

For many years Church World Service has been dedicated to helping people to help themselves in programs of self-help and community development. We are gratified and appreciative of President Johnson's strong challenge in this regard. We pledge our best efforts to use our resources responsibly to this end as we strengthen our commitment to combat famine in our time.

Mr. Chairman, the national council resolution summarizes eloquently:

"People now dimly realize that, for the first time in history, the capabilities and techniques exist to prevent the warping of lives and the deaths caused by hunger * * *. Only a coordinated program, recognizing the interrelationships of aid and trade and development and attacking the causes of hunger and enlisting the knowledge, will, and resources of every nation and of all the relevant agencies of government, commerce, industry, the universities, the press, the churches—indeed every major human activity—will suffice * * * thankfully

recognizing all that has been done, it is our conviction as Christians and as citizens of the United States that responsibility now lies on the people of this country to take every step we can, in partnership with all others who will join, to mount a massive, unified attack on this enemy of human decency, of life itself. The universal human conscience will not permit us to be silent nor fail to offer every skill and strength we have. Here lies the opportunity for humanitarian statesmanship ' ' ' "

The best interests of everyone concerned in government, private industry, voluntary agencies and those who will themselves be helped, will be served by a new, strong, comprehensive, and imaginative American Government program. The drama of stark hunger demands an integrated attack encompassing all of the complex and varied efforts now taking place in food production, utilization of resources, population problems, literacy training, public health work, and agricultural training.

Anything less than a full-scale attack, involving the best and cooperative efforts of governments, intergovernmental agencies, private industry, and the voluntary agencies will fall short of adequate response to the needs of man in our time.

Thank you, Mr. Chairman.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA

RESOLUTION ON WORLD HUNGER ADOPTED BY THE GENERAL BOARD ON JUNE 3, 1965

I. The broad context of economic and social development

We see a tremendous urgency in matters of hunger and food, in relation to our Christian faith, to our concern with human values, to prospects for the world's food demand and supply during the next several years, and to basic economic and social development. Food is and will continue to be a key issue, and even more so if the United States continues a policy of relatively decreasing production in agriculture. Unless the United States, with its outstanding capacities and world responsibilities, develops new concepts of larger production for programs related to world needs, the predicted widespread, acute famine in some areas of the world in the next few years will become more grim. Even more important is U.S. cooperation in helping other nations to develop their own food production and supplies. Both in the sharing of food and in concerted efforts to improve food production, it is imperative that the United States works closely with other countries in building up the already existing international programs and agencies. We must address ourselves as churches and as a nation to these and to larger related concepts and programs, even as we take first steps such as embodied in the resolution of world hunger.

2. While specialized emphases can be useful in the various sectors of development, the largest need, in our judgment, is better integration of the interrelated sectors in an overall strategy of development, particularly in view of the new international focus through the United Nations on trade and development.

3. Manifold human needs confront the whole human family. These needs can be met basically and soundly only through fundamental world economic and social development. Such development comprises a highly complex set of inter-related factors, involving all dimensions of life such as the economic, social, political, demographic, cultural, even the military, and most profoundly the moral and spiritual. This process must also be internationally conceived with all nations willing to participate taking upon themselves both corporately and individually the fullest possible cooperative initiative and responsibility. Further, these problems are so vast that no limited campaign or crusade can be expected to resolve them, although such efforts can call attention to some issues and to the fact that they demand basic, long-term, substantial commitment for the foreseeable future. Some of the more optimistic leaders in this field predict that, if we substantially increase what is now being done in economic and social development, and deal adequately with vast population problems, we may possibly look forward to a world relatively free from hunger, poverty, illiteracy, and obviously conquerable diseases by the end of the 20th century. But such a goal will demand considerably more commitment by all the nations of the world than is presently even in prospect, both in time concept and in magnitude.

4. All the above considerations urgently demand a strategy of world economic and social development. From the past 20 years of experience it is becoming clear that the vast complex of interrelated international realities demand a concerted, strategic approach by the international community and by each nation in cooperation. The World Council of Churches through its Commission of the Churches on International Affairs has called for such strategic thinking and has set forth some major elements of it. We feel that the time has come for the National Council to Churches to devote study in depth and in breadth to further strategic thinking in this vast field of world economic and social development. We further hold that such undertaking must be done in fullest possible cooperation with the responsible leadership of other religious groups. We have begun this process. Meanwhile, as one of the first steps, we adopt a resolution for education and action on world hunger.

II. The situation with respect to world hunger

1. Two billion persons (two-thirds of the world's population) live in areas of nutritional deficiency. An estimated half of these, 1 billion human beings, suffer daily or recurrent crippling hunger. The explosive population growth, in contrast with generally slow increases in agricultural production, points toward more widespread human suffering from hunger in the years ahead. Other unfavorable factors are the prejudice of cultural patterns, the pressures of trade and finance, political instability in Asia, Africa, and Latin America, natural disasters, and the sheer complexity of concerted international action on a problem where no nation acting singly can find a solution. Time is running out.

2. Initial but limited steps are underway to meet the problem. The United Nations Food and Agriculture Organization has been sponsoring a freedom from hunger campaign to awaken the conscience of mankind. It publishes World Food Survey and has started a small experimental world food program. A first World Food Congress has been held and a second planned for 1967 or 1968. The U.N. Population Commission reports the explosive population pressures and prospects which show the desperate need for international and cooperative national programs of assistance on population problems.

3. In this country the U.S. Government has made substantial contributions in recent years toward the world food supply through various mutual aid measures, sales for national currencies, and donations to the needy. In addition, the U.S. Government through its foreign aid program has been spending considerable sums in rural and agricultural technical assistance; and it has supported modestly the various related U.N. programs. The United States still confronts the problem, however, of shifting the emphasis in domestic agricultural policy from restriction of acreage and production and from surplus disposal toward full utilization of agricultural productive capacity for world food needs. In the business sector production of fertilizers, seeds, and farm machinery has been expanding along with steady growth in the food processing and service industry.

4. The churches and voluntary agencies (the World Council of Churches, the Roman Catholic Church, the National Council of the Churches of Christ in the U.S.A., the members of the American Council of Voluntary Agencies for Foreign Service, and many other groups) have been expressing their mounting concern for the hungry and conducting sizable relief and related self-help programs.

5. All these steps, however—intergovernmental, governmental, business, and voluntary agency—are fragmented and inadequate. Great though the advance has been in technical skills and productive capacity, the growth in population and in need races ahead. This tragic paradox is the heart of the problem, for, despite all that is being done, it seems that our very ability to conserve and enlarge life itself only causes more misery in the end. The situation is threatening to get out of hand. On this our gaze is fixed; and to this the attention of the nations of the world and their determined will must be turned.

6. People now dimly realize that, for the first time in history, the capabilities and techniques exist to prevent the warping of lives and the deaths caused by hunger. The freedom from hunger campaign started a framework which, if expanded and developed, would enable the whole world to join in turning the tide. Only a coordinated program, recognizing the interrelationships of aid and trade and development and attacking the causes of hunger and enlisting the knowledge, will, and resources of every nation and of all the relevant agencies of government, commerce, industry, the universities, the press, the churches—indeed every major human activity—will suffice. We do not pretend to suggest that U.S. resources alone can meet more than a fraction of the need. Neverthe-

less, thankfully recognizing all that has been done, it is our conviction as Christians and citizens of the United States that responsibility now lies on the people of this country to take every step we can, in partnership with all others who will join, to mount a massive, unified attack on this enemy of human decency, of life itself. The universal human conscience will not permit us to be silent nor fail to offer every skill and strength we have. Here lies the opportunity for humanitarian statesmanship, so to join forces as to reverse this drift toward disaster and do together what none can do separately. Men and women everywhere in all their varied pursuits, oppressed by the bleak prospects of the cold war, should embrace with relief and joy the affirmative purpose of moving toward the elimination of hunger from the world in a new cooperative enterprise.

7. For Christians the issue is clear and final. For us the issue is sharpened by the fact that for the most part the world's resources lie in areas where Christians predominate, and the world's needs in areas where Christians are fewest. For Christians the holy gifts of knowledge and scientific skill and the needs of our neighbors lay a mandate on our conscience to which only one answer is possible. Yet we know that we are not alone either in pity or in anger at this misery. The time has fully come when the peoples and governments of the world must, together, take sides for man against the pain and death caused by our failure to use our knowledge aright, and to order our affairs so that human need and resources can go hand in hand.

8. From a material point of view, the role of the churches is small by comparison with the size of commercial and governmental activities in food and agriculture. In fact, the weight of decision clearly lies with government. Initiative by governments is essential in the marshaling of cooperative action.

III. The resolution

1. The National Council of the Churches of Christ in the U.S.A., therefore, calls on the U.S. Government, acting through the President and the Congress, to take the initiative promptly in cooperation with other governments and international agencies for international action which will move toward making freedom from hunger a reality, along the lines of the following proposals:

(a) Declare as a matter of high policy that the United States is prepared to make the elimination of world hunger a major objective of our Nation working with other governments and intends to work with other governments and organizations to this end. Include as the principal components of this policy (1) that peoples everywhere should be urged to produce abundantly the basic staples of life, with appropriate regard for nutritional needs; (2) that such staples should be accessible to all without regard to race, color, creed, or politics, or to cold war considerations; (3) that family planning must be emphasized as of equal importance with food production; (4) that the dominant framework of action should be international and/or regional, since no single nation can be truly self-sufficient; (5) that special additional measures must be taken to meet the food needs of the hungry until such time as world agricultural production is greatly increased and the balance is in sight between population growth and food supply; and (6) that along with expansion of agricultural production, industrial and economic growth must take place if the world is to be fed.

(b) Seek, in concert with other nations, to have a comprehensive and effective international undertaking to determine, on a country-by-country and regional basis what can and should be done to meet world food needs both for the short run and the long run. This undertaking might focus upon a specially designed international conference of governmental and nongovernmental representatives and it should, in any case, include the fullest possible use of FAO, its responsible bodies, the continuing freedom from hunger campaign, and the next World Food Congress. Qualified representatives from all sectors of human activity with interests in food, agriculture, fisheries, and population problems should be included: public and private; business and voluntary agency; production, processing, transportation, industry, commerce; education; finance; and the mass media.

(c) Shift the present emphasis in U.S. domestic farm policy from one of restriction and surplus disposal, to one of utilization of agriculture productive capacity, increasingly directed toward world nutritional needs.

(d) In recognition of the necessity of family planning as an integral part of the present paradoxical situation, increase support of governmental and

private programs in this field, utilizing new means that now exist, which from the point of view of technology and cost, may provide the opportunity of checking the population growth.

(e) Expand international programs in agricultural production, extension services, food processing and distribution, as well as in general education. There is need to expand training facilities at home and abroad, and to adapt more of our courses in higher institutions to the needs abroad, not only for the training of the experts, but for young people of the United States interested in service abroad, both in governmental programs like the Peace Corps, and also under nongovernmental auspices including religious agencies.

(f) Strengthen U.S. support of the U.N. Food and Agriculture Organization, the U.N. Population Commission, and other related international agencies in fulfillment of the objectives of the currently proclaimed International Cooperation Year, the World Food Congress of 1963, and other related efforts. Support in a much more substantial and significant way the renewed campaign for freedom from hunger being carried out through FAO through 1970. The world food program, started in 1963 for a 3-year trial, should be continued and expanded very greatly if it is to make a major contribution toward meeting world hunger needs. We urge that UNFAO develop further its role as a central clearinghouse of information as to world nutritional needs and plans and progress toward meeting them.

(g) Revise basic legislation, including Public Law 480, to authorize the provision of more food of more varied character for an adequate diet for those who do not have enough now, to stimulate agricultural production, including the conservation and development of fisheries, everywhere for the longer run and to relate these objectives to the broad considerations of economic development and trade policy. Provisions should be made to enable trained personnel in Government service to serve abroad under national and international auspices for prolonged periods of time, without losing their seniority pension rights or other benefits.

(h) As the first step toward U.S. participation in such integrated action on a world scale, convoke a preliminary consultation in Washington, also of governmental and nongovernmental representatives from as many related fields as possible, to prepare for consideration at the international conference, outlines of requirements and resources, with particular reference to U.S. capabilities, U.S. agricultural policy in relation to world needs, and consideration of Public Law 480.

(i) Should international agreement lag unduly, proceed with whatever action may be feasible on these matters, in the conviction that the needs of the hungry are so urgent as not to permit delay, and that others will come to a similar conviction as the situation deteriorates.

2. With respect to the churches, the council :

(a) Authorizes its president, in company with other council and church leaders, to present these proposals to the President and the Congress.

(b) Calls upon its member churches and their full constituency, lay and clerical, to support these proposals by letters to the President and the Congress, and by other means, and to review their overseas activities to the end of increasing, to the greatest extent practicable, efforts to help meet world hunger.

(c) Urges the members of the churches to volunteer and give of themselves in preparation and service for the manifold tasks involved in eliminating hunger with a sense of Christian commitment in fulfilling one of the moral obligations laid upon the Christian community today.

(d) Requests the World Council of Churches similarly to call upon its member churches to urge their governments to participate in this initiative, and to take all practicable actions in their own church programs to share in the enterprise.

(e) Urges the division of overseas ministries to press on with its analysis of U.S. church programs abroad with the view of making recommendations as to how the churches may, more effectively and more ecumenically, play their proper role in meeting the needs of the hungry.

(f) Authorizes the division of overseas ministries to enter into consultation and negotiation with representatives of the Roman Catholic Church, for the purpose of more effective and ecumenical Christian relief, welfare, and service activities throughout the world, including joint operations where

appropriate. In this connection, close coordination should be maintained with the World Council of Churches in its current discussions with representatives of the Vatican on these and related matters. Appropriate coordination with churches not members of the national council and with Jewish and other voluntary agencies, is also encouraged.

APPENDIX I. RELEVANT NCCCUSA POLICY BACKGROUND

1. General board action of June 4, 1958, "Ethical Goals for Agricultural Policy."
2. General assembly action of December 9, 1960, "Ethical Issues in the International Age of Agriculture."

The CHAIRMAN. Thank you very much, Mr. MacCracken.

Do you wish to make a statement also, Mr. Myers?

Mr. MYERS. No, sir, I am accompanying Mr. MacCracken.

Mr. MACCRACKEN. Mr. McCanna has a separate statement, sir.

The CHAIRMAN. We shall have a brief recess again for another vote.

(Thereupon, a brief recess was taken.)

The CHAIRMAN. All right, Mr. McCanna.

Proceed, sir.

STATEMENT OF HENRY McCANNA, DIRECTOR, COMMISSION ON THE CHURCH IN TOWN AND COUNTRY, DIVISION OF CHRISTIAN LIFE AND MISSION, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA, NEW YORK, N.Y.

Mr. McCANNA. My name is Henry McCanna and I am the director of the Commission on the Church in Town and Country of the Division of Christian Life and Mission of the National Council of the Churches of Christ in the United States of America. I am also a member of the board of trustees of the American Freedom From Hunger Foundation, Inc., and on the executive committee of the Committee on the World Food Crisis. My statement is supplementing the testimony of my colleague from Church World Service.

I shall not give all of it, I shall file it for the record with your permission, and speak to one or two points.

The CHAIRMAN. That will be satisfactory.

Mr. McCANNA. In 20 years of experience as pastor, seminary professor, and council administrator in working with the rural people of this Nation I can assure this committee that the only frustration of rural people is that they have never been permitted an adequate opportunity to express their full moral fervor in sharing their food and especially knowledge with the rest of the world. There is a readiness to assist in the reconstruction of the rural areas of the world. An excellent example of this practical idealism is found in the film just released by the U.S. State Department's Agency for International Development, "A Simple Cup of Tea." This film demonstrates how a farmer from Colorado, Mr. Ben Ferguson, effectively aids farmers in East Pakistan.

The concern for adequate food is central in the Christian faith. Our founder teaches us to pray "Give us this day our daily bread," and our supreme final judgment will in part be based on our faithfulness in the feeding of the hungry. Moreover, our Lord raised a question at one point in His teachings, "if a man asks for bread, will you give him

a stone?" Should we be so foolish as to give a stone rather than bread in our day, we need not be surprised should the stone be hurled back for our destruction. Nor can we be content to merely make available the food and technical assistance necessary to sustain and enhance development. There must also be adequate means for securing the dignity of the people involved. We debase our assistance if it is paternalistic, because as such, it not only causes resentment in the recipients, it demeans our own motives.

Again and again as I talk with farmers, churches, and farm groups, there is expressed a deep desire to mount an all-out assault on hunger. There should be provision for citizen participation in international programs and the creation of a Farmers Corps, such as the Peace Corps, especially making it possible for retired farmers to serve.

May I say parenthetically, Mr. Chairman, that oftentimes we get enamored of the dynamism of youth. This is all well and good, but recognizing the pattern of the culture of rural people not only in this country but in the countries of the world, there is much to be said by the respect shown for men who have spent a lifetime in the soil and who can command the respect of their experience and their years as they go about in technical assistance such as Mr. Ben Ferguson. So I would stress the fact that we make much better use of our older farmers, particularly our retired farmers, in such a people-to-people assistance program.

One further emphasis of the resolution is that of as soon as possible convening in Washington a U.S. consultation, such as the World Food Congress of 1963, of all governmental and nongovernmental groups concerned with world hunger. We need to get a clear picture of exactly what each group can and will do to resolve this crisis. This committee, in consultation with other committees, can be of great help in expediting these concerns.

Christian stewardship will not allow for one small segment of God's children to keep only for themselves the majority of the world's food and fiber resources simply because of the accident of birth. Neither can it ever be justified that this Nation has provided in the past 10 years an amount of foreign aid only equal to what it costs us to maintain and even increase our own standard of living. We must be delivered from the perversions of our privileges and be strengthened in our sense of stewardship so that our power to share shall at least equal our power to destroy.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, very much.

(Mr. McCanna's prepared statement is as follows:)

Mr. Chairman, my name is Henry McCanna and I am the director of the Commission on the Church in Town & Country of the Division of Christian Life & Mission of the National Council of the Churches of Christ in the United States of America. I am also a member of the board of trustees of the American Freedom From Hunger Foundation, Inc., and on the executive committee of the Committee on the World Food Crisis. My statement is supplementing the testimony of my colleague from Church World Service.

The town and country areas of the United States include all of the food producers and agricultural service groups that have made possible our present affluence. These same people account for 40 percent of the 40 million members of the 30 constituent denominations of the National Council of Churches. The extent and effect of world poverty and hunger in contrast to U.S. affluence has indeed caused Americans to be deeply disturbed. The principles of Christian stewardship must prevail in all aspects of our affluence.

In 20 years of experience as pastor, seminary professor, and council administrator in working with the rural people of this Nation I can assure this committee that the only frustration of rural people is that they have never been permitted an adequate opportunity to express their full moral fervor in sharing their food and knowledge with the rest of the world. There is a readiness to assist in the reconstruction of the rural areas of the world. An excellent example of this practical idealism is found in the film just released by the U.S. State Department's Agency for International Development. "A Simple Cup of Tea." This film demonstrates how a farmer from Colorado, Mr. Ben Ferguson, effectively aids farmers in east Pakistan.

Today we are hearing the call for help from our brothers around the world, and we must be involved with greater intensity in the common venture of bringing all the earth under control, otherwise, we turn loose the horsemen of war, famine, pestilence, and death.

Churchmen have become involved in cooperative and conservation efforts and a variety of world help programs. This has always been understood to be one aspect of Christian vocation.

Rural Life Sunday will occur on May 15. This "Rogation" emphasis is an ancient celebration and dates back to A.D. 450. This year's theme, "Crisis in the Countryside," arises from the need to strengthen natural, spiritual, and personal resources, to seek God's blessing on the productivity of the earth that all the hungry be fed.

The concern for adequate food is central in the Christian faith. Our Founder teaches us to pray "Give us this day our daily bread," and our supreme final judgment will in part be based on our faithfulness in the feeding of the hungry. Moreover, our Lord raised a question at one point in His teachings, "If a man asks for bread, will you give him a stone?" Should we be so foolish as to give a stone rather than bread in our day, we need not be surprised should the stone be hurled back for our destruction. Nor can we be content to merely make available the food and technical assistance necessary to sustain and enhance development. There must also be adequate means for securing the dignity of the people involved. We debase our assistance if it is paternalistic, because as such, it not only causes resentment in the recipients, it demeans our own motives.

On June 3, 1965, the general board of the National Council of Churches adopted a resolution on world hunger. This resolution calls on the U.S. Government, acting through the President and the Congress, to take the initiative promptly in cooperation with other governments and international agencies for international action which will move toward making freedom from hunger a reality. Among the suggestions of this resolution is the necessity for a multilateral undertaking, including conferences and studies by all governments and groups concerned with world food needs, and a clear recognition that the problem of food is inseparably linked with the control of population. Another emphasis is the absolute need to shift to a full utilization of U.S. agricultural productivity. Again and again as I talk with farmers, churches, and farm groups, there is expressed a deep desire to mount an all-out assault on hunger. There should be provision for citizen participation in international programs and the creation of a Farmers Corps, such as the Peace Corps, especially making it possible for retired farmers to serve. One further emphasis of the resolution is that of as soon as possible convening in Washington a U.S. consultation, such as the World Food Congress of 1963, of all governmental and nongovernmental groups concerned with world hunger. We need to get a clear picture of exactly what each group can and will do to resolve this crisis. This committee, in consultation with other committees can be of great help in expediting these concerns.

This Congress of the United States of America now has for its consideration the type of creative food and aid legislation that can fulfill both the expectations of Americans and our friends overseas who desire to be of mutual assistance.

Christian stewardship will not allow for one small segment of God's children to keep only for themselves the majority of the world's food and fiber resources simply because of the accident of birth. Neither can it ever be justified that this Nation has provided in the past 10 years an amount of foreign aid only equal to what it costs us to maintain and even increase our own standard of living. We must be delivered from the perversions of our privileges and be strengthened in our sense of stewardship so that our power to share shall at least equal our power to destroy.

Thank you, Mr. Chairman.

**STATEMENT OF BERNARD A. CONFER, EXECUTIVE SECRETARY,
LUTHERAN WORLD RELIEF, NEW YORK, N.Y.**

Mr. CONFER. Mr. Chairman, my name is Bernard A. Confer. My office is in New York City. I am the executive secretary of Lutheran World Relief, a nonprofit agency which gathers and distributes material relief supplies and engages in other projects of social service and economic development overseas. Lutheran World Relief is supported by the Lutheran churches in this country with a combined membership that exceed 8½ million persons. Since its organization in 1945, Lutheran World Relief has shipped to 41 countries commodities valued at more than \$173 million, of which 52 percent has been donated by the U.S. Government. Forty-eight percent represents gifts from private sources, mostly members of our churches.

Since the time opportunity was afforded in 1950 to expand its distribution of food through the use of substantial amounts of Government surplus commodities, Lutheran World Relief has participated with appreciation in the development of broader programing overseas. In most cases the U.S. Government reimbursed the expense of ocean freight. From the start, and continuing today, our organization has welcomed the decision of Government to make available surplus foods to bring relief to needy people abroad. Lutheran World Relief and the National Lutheran Council have on a number of occasions taken official action to commend the Government for its policy directed to sharing America's resources with those who are in want.

We understand that this committee is giving consideration to proposals for giving new directions to international food and agricultural policies of the United States. We welcome the proposal that the President has made to the Congress that the United States give leadership in a war against hunger. We are appreciatively aware that a number of Members of the Congress have spoken out for programs that point in the direction of a world that is free from hunger.

Despite the substantial contributions made by the United States in the past 20 years to meet human needs beyond our frontiers, and efforts on the part of other countries as well, the gap between the rich nations and the poor nations increases menacingly every year. The grim prospect before us is that within the next 20 years hundreds of millions of people will face the threat of outright starvation.

Even today the scarcity of food is becoming increasingly grave in parts of Asia, Africa and Latin America. Population growth is outstripping the achievements of mankind in producing foodstuffs and delivering them to the places where they are needed.

The Food and Agriculture Organization of the United Nations, with supporting documentation supplied by agencies such as UNICEF, the World Health Organization and UNESCO, has issued warnings of the impending famine. FAO reports indicate that hunger and malnutrition are, at their roots, the result of poverty and a vicious circle of underproduction, underemployment, and underconsumption, and that balanced economic and social development must be the long-term goal.

The problems of this world faced by this committee are of awesome magnitude and of great complexity. In making these observations

today I need to point out that Lutheran World Relief has only limited competence. Even so, I am bold enough to think that you may be interested in our observations in view of our involvement in programs on four continents and our experience over the last 20 years.

Christian teaching fosters a deep concern for human values. We of the churches see a tremendous urgency as we look ahead to a world in desperate need of more food. Certainly the proposal is to be welcomed that Congress declare it to be the policy of the United States "to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries." I also welcome the particular emphasis on assistance to those countries which are determined to help themselves.

I do want to register grave concern about the interpretation of section 306 of S. 2933 which reads:

The programs of assistance undertaken pursuant to this act shall be directed toward the attainment of the foreign policy objectives and national interest of the United States.

There is a danger, it seems to me, that "foreign policy objectives and national interest of the United States" may be defined so narrowly as to allow this proposed legislation, if adopted, to be forged into an instrument for waging the cold war. Food for the hungry should not be used as a bribe for purchasing adherence to our political aims, an adherence which may be transitory at best. I believe that the purposes of this legislation and the long-term national interest of the United States will best be served by a posture of a concern for the hungry whatever the political complexion of their governments may be. It may be helpful in the future administration of this legislation if the committee's report would underscore an intent to interpret "foreign policy objectives and national interest" in such terms as to reflect the traditional concern of the American people for those who are in need, whoever they may be.

It seems to us that the approach of the United States to a world of growing food needs should be at least three-pronged:

1. Assistance to other countries in economic and social development should be intensified, with particular emphasis given to increasing food production and building up distribution facilities.

2. Foreign aid programs should give special emphasis to decreasing the rate of population growth.

3. During the period other countries are striving to bring food production into balance with population, increased agricultural production in the United States should be used against hunger abroad as an interim measure.

In this context Lutheran World Relief welcomes the proposed change of policy, away from the concept of surplus disposal, to one of intelligent use of America's agricultural capabilities to meet pressing food needs abroad. It should be emphasized, however, that the other two prongs of the approach outlined above are more important and promise more long-run benefits than does the sharing of American-grown food.

In this connection I would like to commend officials of the Agency for International Development for the manual order sent to oversea

missions April 13, 1965, which gave a clear call for greater priority to the problems of food supply, malnutrition, and population increase.

A rising commitment of American skills and technology is needed for more rapid agricultural progress abroad. Experience has shown, however, that hunger cannot be overcome by increasing agricultural output alone. Usually the people who are the hungriest are those who do not have the money to buy the food they need. Increased general productivity is essential if buying power is to be increased so that people will be enabled to buy both more and better food. Agricultural progress needs to be linked to fundamental world economic and social development.

At least as important as attention to agricultural progress is a forthright approach to the population problem. Population trends indicate problems ahead that are awesome. We welcome the leadership of the President toward more effective and more substantial aid in the area of population limitation. Even so, I wish the policy of our Government might be stated in more direct terms and that the United States might provide more stimulation and leadership in this area.

At the close of this statement I am appending documents that are being distributed by official boards of the Lutheran churches which support Lutheran World Relief. They state clearly that God calls on men and women to be responsible parents, and they stress the value of family planning and conception control in promoting the well-being of the family.

I certainly hope that an increased call on American agricultural productivity to meet world needs would not be used as a crutch to justify delay in attacking in a forthright manner the problem of spiraling population. To delay would only postpone the day of decision. Keeping in mind that citizens look to Government to exercise good stewardship of our Nation's resources, I must in all candor say that I would be very hesitant to see our Government undertake an increased food donation program, even for combating hunger, unless it straightforwardly strives for progress in the control of population growth. Advance in this field is essential to sound economic and social development, to political stability, and to world peace.

The CHAIRMAN. Would you make that obligatory on the recipient country.

Mr. CONFER. I would be hesitant at this time to make it obligatory.

The CHAIRMAN. Why?

Mr. CONFER. In our own country, you know, it has only been in the last few years that Government officials have spoken out for this sort of thing. Some other countries are even further behind than we are. Eventually, perhaps after the 5-year period, maybe it should be obligatory.

The CHAIRMAN. You are taking such a positive attitude now, I do not see why you should hesitate to make it obligatory.

Mr. CONFER. May I say that I think this population problem is a very complex problem. As I talk to my friends in other countries, particularly Asia, but also Africa, I find that it is a lot more complex than I ever dreamed before I talked to these people, that it is not only sometimes custom and traditional but even religion and even

the mores of the community that are involved. I think I can summarize it best to say, Mr. Chairman, that it is high time we got into this field and that we are already very late.

I was pleased no end to see in the Times last week an article that indicated someone in the administration had released definite figures on how much the United States is spending currently in this field. We have known that there have been expenditures through the years, but this is the first time. I have ever seen the actual figures showing the progress that is being made currently. I think it will take some negotiation, persuasion, leadership, and stimulation and I only wish that, just as Mr. Bell this morning so eloquently talked about stimulation and leadership in the agricultural production field, Government officials would feel in a position to use this same kind of terminology in tackling population growth.

The CHAIRMAN. The only reason I asked the question was because of your positiveness in desiring it. I think hunger—in fact, these two go together.

Mr. CONFER. Yes, they do.

The CHAIRMAN. They are handmaidens. Unless something is done and done quickly, we will never be able to feed the world—that is, all countries combined will not be able to feed the world.

Mr. CONFER. I agree with you there a hundred percent.

Senator MONDALE. Will the chairman yield?

The CHAIRMAN. Proceed.

Senator MONDALE. Yet even assuming the best, most sophisticated and adequate population control programs, as your testimony implies here, we will have a very serious and growing food problem for the foreseeable future. It will be much worse if there are not those programs. But we have these billions of people here now who are going to have families and who have families and are going to be fed. In the meantime, the revolution of new medical knowledge is causing longer lives. That is adding much to the gross population, just as the increase in the survival of new-born babies—both are very, very important.

Mr. CONFER. May I say I did not know of the amendment that was proposed to your committee yesterday until I came here this morning and heard your own references to it. I was trying to contemplate my own position on it as the other gentlemen testified. Thus, I have not given it much consideration.

But after thinking of it since this morning, I am inclined to think that it would be too early in the day to make this a requirement, although I certainly go along with your proposal to make other cooperation in self-help a requirement.

I assume that in projecting plans for the export of American food in increasing amounts the Government expects that the bulk of this food will reach people in the developing areas through marketing channels. Even so, there is bound to be a call for large amounts for free distribution or use in food-for-work projects. Since it is evident that the need for such substantial shipments will continue for many years to come, we in Lutheran World Relief believe that the best policy will be for the U.S. Government to negotiate directly with governments of recipient countries for the distribution of such foods in their respective countries. It is with the government of the receiving

country that primary responsibility rests for the long-range planning and execution of general or public programs of relief, supplied from abroad, for its citizens. The interposition of voluntary agencies in the process of getting U.S. Government gifts to those who need them is normally justified only in an emergency or in a transitional situation. This principle has particular force when religious agencies are involved.

History has demonstrated that the voluntary agencies can best fill a role that is supplementary to that of government. Governments properly take a mass approach to relief problems. Voluntary agencies have shown particular competence in administering smaller programs aimed at pockets of need.

A wider role for voluntary agencies is frequently urged on the basis that the governments in overseas areas are incapable of organizing effective relief programs, or that graft and corruption are so deeply ingrained in their national life that our Government cannot be assured that the commodities would reach persons who really need them. This allegation, which has been made frequently in our presence, Lutheran World Relief rejects as a generalization which is insulting to the peoples concerned, harmful to U.S. relations to their countries, not in the best interest of either donor or recipient land, and dangerously misleading as a guide to future policy. Of course, there is a certain amount of graft and corruption everywhere, including in our own country. There is also a degree of it in the programs of the voluntary agencies, though quite contrary to their wishes and beyond their control. Competent and responsible administrative procedures in this field are developed best in the course of experience, for which most receiving countries have had little opportunity in the past. We believe that the U.S. Government would do well here to engage in long-range planning, making available to the governments concerned experts in social welfare. Such experts could help to establish and administer relief distribution and self-help projects, and to foster the development of indigenous voluntary agencies.

Without criticizing anyone for the record of the past, and indeed applauding both Government and the voluntary agencies for what has been accomplished in partnership, Lutheran World Relief continues to hold the view that the trend toward increased identification of Government with voluntary agency programs should be halted in the interest of bringing back into sharp focus the now blurred line of distinction between the respective roles of private and public agencies and strengthening each in the process. We think that the voluntarism that has developed in our country is much to be cherished. We think the further development of voluntarism needs fostering. We think the voluntary agencies serve America's and their best interests when their programs reflect the free-will gift of their private supporters.

The need for more food among most of the people of the world represents a challenge that cannot be met successfully by any one country or small group of countries. The combined efforts of many nations are required. On a number of occasions the National Lutheran Council has gone on record favoring increased U.S. par-

ticipation in multilateral efforts. Particularly we would hope to see the United Nations development program expanded and the work of the Food and Agriculture Organization strengthened.

In closing, Mr. Chairman, I take opportunity to commend the Congress and the administration for their research and study and planning that has been directed to the problem of the food shortages in our world. As you set directions for the years to come, we in Lutheran World Relief are very appreciative for the evidence that you place high importance on human values. Humanitarian considerations deserve to be given an important place in international planning.

(The appendix to Mr. Confer's statement is as follows:)

STATEMENTS ON FAMILY PLANNING

LUTHERAN CHURCH IN AMERICA

Adopted by its second biennial convention in 1964 as part of its statement on marriage and family:

"1. Marriage is that order of creation given by God in love which binds one man and one woman in a lifelong union of the most intimate fellowship of body and life. This one-flesh relation, when properly based on fidelity and love, serves as a witness to God's grace and leads husband and wife into service one of the other. In their marriage, husband and wife are responsible to God for keeping their vows and must depend upon His love and mercy to fulfill them.

"2. God has established the sexual relation for the purpose of bringing husband and wife into full unity so that they may enrich and be a blessing to each other. Such oneness, depending upon lifelong fidelity between the marriage partners and loving service one of the other, is the essential characteristic of marriage. Marriage should be consummated in love with the intention of maintaining a permanent and responsible relation. Continence outside of marriage and fidelity within marriage are binding on all.

"3. Procreation is a gift inherent in the sex relation. In children the one-flesh idea finds embodiment. Children bring great joy to marriage and reveal how God permits men to share in His continuing creation. Married couples should seek to fulfill their responsibilities in marriage by conceiving and nurturing their children in the light of Christian faith.

"4. Husband and wife are called to exercise the power of procreation responsibility before God. This implies planning their parenthood in accordance with their ability to provide for their children and carefully nurture them in fullness of Christian faith and life. The health and welfare of the mother-wife should be a major concern in such decisions. Irresponsible conception of children up to the limit of biological capacity and selfish limitation of the number of children are equally detrimental. Choice as to means of conception control should be made upon professional medical advice."

THE AMERICAN LUTHERAN CHURCH

The Commission on Research and Social Action has authorized official use of a statement which reads in part:

"4. To enable them the more thankfully to receive God's blessing and reward, a married couple may so plan and govern their sexual relations that any child born to their union will be desired both for itself and in relation to the time of its birth.

"5. In God's providence, and as a result of the power He gave man to subdue the earth and have domination over it (Genesis 1 : 28), man has developed various means by which a married couple may control the number and the spacing of the births of their children. The means which the married pair uses to determine the number and the spacing of the births of their children are a matter for them to decide with their own consciences, on the basis of competent medical advice, and in a sense of accountability to God.

"6. So long as it causes no harm to those involved, either immediately or over an extended period, none of the methods for controlling the number and spacing of the births of children has any special moral merit or demerit. It is the spirit in which the means is used, rather than whether it is 'natural' or 'artificial,' which defines its 'rightness' or 'wrongness.' 'Whatever you do, do all to the glory of God' (I Corinthians 10:31) is a principle pertinent to the use of the God-given reproductive power.

"7. Scripture recognizes that a couple may wish for a limited period to practice marital continence as a religious expression, but cautions against its prolonged practice (I Corinthians 7:5). Continence in the marriage relationship, however, when its sole purpose is the selfish avoidance of pregnancy, is equally wrong as is the use of contraceptives toward this same selfish goal.

"8. An unrestrained production of children without realistic regard to God-given responsibilities involved in rearing children 'in the discipline and instruction of the Lord' (Ephesians 6:4) may be as sinful and as selfish as indulgence of the lusts of the flesh as is the complete avoidance of parenthood. God does not expect a couple to produce offspring at the maximum biological capacity. The power to reproduce is His blessing, not a penalty upon the sexual relationship in marriage."

THE LUTHERAN CHURCH—MISSOURI SYNOD

Concordia Publishing House has distributed a pamphlet entitled "God's Plan For Parenthood," which reads in part:

"The responsible use of the power to create includes providing for the needs of children born. Children are entrusted to parents for loving care in all needs of life. God commands parents to rear children in His nurture and admonition. Parents provide for all physical needs of children. This includes health, clothing, housing, food, and education. The emotional life of children is shaped to a large extent by the mental health of parents and by the emotional climate of the home. The health of the parents may provide another factor to be weighed in the decision. All these needs may indicate some limit on the number of children in a family. Family circumstances may guide to a spacing of children for more adequate care. There is no convenient law that makes decisions about limitation or spacing of children easy. The redemptive activity of Christ in the Christian life moves the married couple to manage all gifts of God, including procreation, out of love of Him.

"The methods of conception control are not governed by moral law. The advice of a medical doctor is helpful in reaching decisions. The 'right' or 'wrong' of preventing conception depends on decisions made as Christians acting in response to God's new life in Christ.

"Parents are responsible to plan their vocation of marriage and parenthood. As intelligent human beings, they will want to acquaint themselves with the best information available. The parish pastor is a helpful counselor to searching couples. In prayerful response to God who has reclaimed us as His own by the Spirit through the work of Christ Jesus, responsible decisions can be made.

"This is God's plan for parenthood. When the selfish desire of man dominates, God's plan can be denied. Knowledge of conception control is abused and becomes sinful when employed for promiscuous relationships outside marriage. Conception control may also be misused within marriage, for selfish reasons or to avoid the responsibilities of parenthood. But the possibilities of misuse do not make conception control itself improper."

The CHAIRMAN. I notice from your statement that quite a large amount of the food that you distribute is distributed by your own church people.

Mr. CONFER. Yes.

The CHAIRMAN. And as I recall, about 52 percent you get from the Government and 48 percent is your own. That is a far cry from what we hear from CARE and other organizations where the amount distributed from the Government amounts to about 85-95 percent.

Mr. CONFER. This is a concern we have expressed in our own church circles and in voluntary agency circles, also, from time to time, and before this committee.

The CHAIRMAN. Are you distributing all that you are capable of distributing with the force you have now?

Mr. CONFER. Of food?

The CHAIRMAN. Yes.

Mr. CONFER. We are with some of the commodities that the Government gives us, like wheat and corn, but in the case of powdered milk, we could use twice as much as we are getting now and use it effectively.

The CHAIRMAN. Thank you.

Senator MONDALE. I was interested in one observation that you appear to be making here. That is that you seem to be viewing the present title II distribution effort, in which voluntary organizations are taking Federal surplus foods and distributing them with some concern, in that you feel we ought to be moving in the direction of trying to train and develop responsible public officials in the recipient countries to administer the distribution of these programs.

Mr. CONFER. I do, indeed. I think it is the job of the voluntary agency in this field to try to work itself out of a job.

Senator MONDALE. In other words, you would like to see the day come when most of the distribution of foods presently being done by voluntary agencies will actually be done government to government?

Mr. CONFER. I would hope the day would come when this would be a hundred-percent thing.

Senator MONDALE. Do most voluntary agencies agree with your view on that?

Mr. CONFER. No; I think most feel the other way.

Senator MONDALE. I think we have had some testimony calling for the enlargement of this program.

Mr. CONFER. That is what I am speaking to. We have noted over the years an increase by Government toward increasing their Federal subsidy through the voluntary programs. We feel in the long run this is not good for voluntaryism but, on the one hand, the motives of the agencies can be questioned, since most of their resources come from the Government.

On the other, they can be charged, whether they are or not, as being an arm of Government.

Senator MONDALE. Assuming you had your way, what role, if any, would you see remaining for voluntary organizations in the food distribution program?

Are there special areas where they are especially qualified, in your opinion, to do what is required?

Mr. CONFER. I think hitting at smaller pockets of need is where they have a particular competence. But in the case of nationwide programs, I do not see that they have much more competence than government-to-government programs would have.

This does not mean we have never been in a nationwide program. We have. But I am speaking in general terms now and to everything general, there is an exception.

We really regard this as serious, that there is a trend toward more Government subsidy and, as you heard earlier in the day, there was testimony given looking toward increasing Government subsidy.

We think in the short run, this might have advantages, but in the long run we would seriously question it. I think a case can even be

made that it would be undermining the work of voluntary organizations.

Senator MONDALE. Do you have an association of voluntary organizations who are administering this program or handling surplus programs?

Mr. CONFER. We have an American Council of Voluntary Agencies which has about 40 members. This council is mainly to try to draw us together, exchange ideas, and develop common fronts where we can.

But they do not actually handle these programs as such. The members themselves do that.

Senator MONDALE. What I am getting at is the fact that we have now heard from several voluntary agencies. We get different slants, different ideas, different suggestions. I think many of them are sound. Would it not be helpful if you could get together and agree on what you think is important, what changes you think are necessary?

Mr. CONFER. We have a problem there. Normally, as was the case 2 years ago, we had some witnesses representing the American Council of Voluntary Agencies present testimony for the council as a whole. This year, to do so did not seem practicable, since there are differences within the membership.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Is that all?

Mr. CONFER. Yes, sir.

The CHAIRMAN. Well, I thank you very much.

There is one more witness, Mr. Weiner.

Mr. Weiner, we have another vote. We shall be back to hear you in a minute.

(Thereupon, a brief recess was taken.)

The CHAIRMAN. The committee will be in order.

Mr. Weiner?

STATEMENT OF LEON N. WEINER, FIRST VICE PRESIDENT, NATIONAL ASSOCIATION OF HOME BUILDERS, WILMINGTON, DEL.; AND EDMUND N. WISE, COUNSEL FOR INTERNATIONAL HOUSING, NATIONAL ASSOCIATION OF HOME BUILDERS

Mr. WEINER. Senator Ellender, Mr. Larry Blackmon, who is president of the National Association of Home Builders unfortunately had to catch a plane for the west coast. He is a builder of homes and apartments in southwest Texas and other parts of the country.

So I am taking his place.

My name is Leon N. Weiner. I am from Wilmington, Del., and I am first vice president of the national association. With me today are Mr. Edmund Wise, our counsel for international housing, and Mr. John J. Linnehan, who is our director of governmental affairs division.

In previous years, we have submitted our views on legislation similar to that which you are presently considering. The National Association of Home Builders is the trade association of the homebuilding industry, with more than 45,000 members organized in 396 local and

State affiliated associations in all 50 States, in Puerto Rico, the Virgin Islands, and the District of Columbia.

Many of our members have participated in international housing programs, and many more are interested in participating in future international programs. It is our belief that the wide experience and research that both our association and our industry members have developed over the years can be of considerable assistance in future international housing programs.

Our purpose in testifying before the committee today is to discuss the opportunities which the proposed Food for Freedom Act provides for combating the ancient enemies of mankind, hunger and lack of shelter. The President of the United States in his message to Congress proposing the new Food for Freedom Act eloquently stated the need to provide adequate food and housing for people in the less developed areas of the world. He pointed out that—

When men and their families are hungry, poorly clad, and ill housed, the world is restless and civilization exists at best in troubled peace.

The principal purpose of the new program will be to put the United States on a course designed to make maximum use of its resources to lead the world in a fight against hunger. It must be agreed that the less developed nations must produce more food if any realistic progress against hunger is to be made. We understand that the main emphasis of this bill is to encourage the less developed countries to provide the food required to sustain themselves. However, there will be sufficient funds generated under this act to do more.

Therefore, we must not overlook related opportunities provided under the old Public Law 480 program and the newly proposed Food for Freedom Act. One such opportunity of vast significance is the use of foreign currency generated under these programs to construct needed housing in the less-developed countries.

Under the old Public Law 480 program, significant amounts of foreign currencies were accumulated from the sale of surplus foods which became available for a variety of economic development projects in certain less-developed countries. Specifically, as of February 10, 1966, \$156,172,000 was available in 21 countries. Cooley loan funds under section 104(e) of the Public Law 480 program are now available for housing and such funds will be available under section 304(e) of the proposed Food for Freedom Act. We would hope that this committee, in considering this bill, will make clear in the law and its legislative history the necessity and desirability of utilizing Cooley loan funds for housing.

There has traditionally been considerable misunderstanding about the role of housing in economic development. In recent years it has become generally recognized that housing is an important means of raising the productivity of the labor force which, in turn, is an essential factor in the economic development of an underdeveloped country. No longer is private homeownership viewed as merely a reward resulting from the effective economic development of a country, but rather we consider it a basic ingredient in a successful economic development program. Further, it is well known that the private ownership of property is a significant stabilizing factor in less developed countries.

As a consequence, meaningful programs to construct housing can do much, we feel, to promote democratic change.

The consequences of our failure to help provide housing are incalculable. There is a staggering housing deficit in the world's less developed nations and areas. It is estimated that in 1960 the housing deficit in the less developed areas was over 22 million units. Since 1960 this deficit has increased and it is estimated that by 1975 it will increase to almost 28 million units.

While assistance by U.S. Government and international sources can only begin to satisfy the existing need, there are several programs which comprise an important beginning. For example, the Inter-American Development Bank grants loans to foreign countries for housing and the establishment of savings and loan systems. AID assists in developing savings and loan systems, as well as providing guarantees for housing projects. The guarantee program, a program in which private U.S. homebuilders can participate, has been very limited and administratively frustrated in its operation. The Cooley loan program, likewise, is a very limited program.

There have been only constructed under the Cooley loan program three housing projects—all in Latin America (two in Peru and one in Colombia, totaling less than the use of \$1,700,000).

In addition, a project has been authorized for \$1 million to be constructed in Bolivia. Housing has comprised less than 1 percent of the Cooley loan funds used under title I of the Public Law 480 program and the Cooley funds, in all, total less than 6 percent of the uses under title I.

The CHAIRMAN. Do you know what other funds are used under the Cooley Act other than those generated from counterpart funds?

Mr. WEINER. I do not know that there are any others.

The CHAIRMAN. You depend solely on the Cooley funds; that is, foreign currencies?

Mr. WEINER. Yes.

The CHAIRMAN. There are no other currencies involved?

Mr. WEINER. That is my understanding of it.

Mr. WISE. Would this be dollar funds?

The CHAIRMAN. That is what I am talking about, dollars.

Mr. WISE. U.S. Government dollars.

The CHAIRMAN. Who puts up the dollars if dollars are needed?

Mr. WISE. There would be no U.S. dollars used for local costs. If there are U.S. dollars, the private builder himself would put them up.

Mr. WEINER. It would be the entrepreneur that would put them up.

The CHAIRMAN. I see.

Mr. WEINER. It would be accurate to say that housing has simply not received assistance under the Cooley loan program.

Interestingly enough, one of our association members, a really active, interested person, is solely responsible for all the existing projects. Willard Garvey, of World Homes, Inc., located in Wichita, Kans., has successfully completed the three existing projects and is responsible for the fourth project that has been approved. Mr. Garvey has negotiated for a Cooley loan in Taiwan and is planning to build houses in India in connection with a large industrial project. Unfortunately, Mr. Garvey's experience has not been repeated. In spite of

his example, other builders have been deeply discouraged by the existing administrative hurdles in trying to develop projects. While it remains the fact that the great bulk of housing that must be constructed in the less developed areas will have to be done with the resources of the countries themselves, much more effective use can be made of existing sources of outside assistance.

In 1964, Congress emphasized the need to stimulate private enterprise and to alter the dismal record of the past in this field. It expressed its belief that the removal of the 25-percent restriction on Cooley loans would permit a major expansion of the private enterprise program. The Congress strongly recommended in 1964 the use of loan funds for housing developments by U.S. firms. Unfortunately, we have found this direction has not been followed. Apparently, much stronger direction must be given by the Congress to require the use of Cooley funds for housing and to educate the foreign countries in the importance of this use.

Under the new program an effort will be made to move from foreign currency to dollar loans. This is a desirable objective as we see it. However, Congress should take effective action to require that a sizable amount of the existing and yet to be accrued local currencies is made available for private enterprise use in building houses. The great shame is that enormous quantities of money have been permitted to accumulate when the money could have been used for urgently needed housing. At the present time there exists an amount of local currencies equivalent to over \$156 million. In the Near East and south Asia region alone there is over \$130 million. The AID in the Near East and south Asia region does not grant Cooley loans as such for housing. One Cooley loan in India included funds for housing only because there was invested over \$1 million in an industrial facility. In Latin America very few funds exist now but the equivalent of over \$3 million will soon be available in Chile. However, in AID the Latin American region utilizes the funds for housing only when other uses are not available.

To assure that Cooley loan funds are used for housing, we recommend that the statutory requirements relating to the use of Cooley funds, under the Public Law 480 program and the Food for Freedom Act be made perfectly clear. This objective can be accomplished by amending section 304(e) of title III of the act to require that 25 percent of Cooley loan funds be set aside for private home construction. We would like to suggest that the committee report express its intent that these funds be committed by AID for home construction in all four of its geographical regions.

We feel that private enterprise has a key role to play in giving effective assistance to less developed countries. While it is true that no one program will meet the enormous needs for housing in the world's less developed areas, every program that can help must be utilized to the maximum extent possible. Passage of time and lost opportunities have already made the situation worse. We hope that the Congress will not only make a commitment toward helping to feed the hungry in this bill, but also to assist in housing them. This association and its members repeat their desire to participate fully in this effort, and to help make this program a realizable one.

(The proposed amendment is as follows:)

SUGGESTED AMENDMENT TO SECTION 304(e)

The following language should be added at the end of the subsection: **[";"]**: *Provided*, That not less than twenty-five per centum of foreign currencies available under this subsection shall be set aside for loans for private home construction."

The CHAIRMAN. Thank you, sir. We shall take the matter up when the bill is considered.

Mr. WEINER. Thank you.

The CHAIRMAN. Is there anybody else to be heard?

(No response.)

The CHAIRMAN. The committee hears none.

This concludes the hearings on S. 2932 and S. 2933, except for additional testimony by the Secretaries of State and Agriculture and the head of the AID program, Mr. Bell.

Permission will be given to persons who desire to file statements for the record. The record will remain open until Friday, March 11, at 12 —, for the filing by any person who desires to file statements for or against these two bills I have just mentioned.

The committee will stand in adjournment until tomorrow at 10 in order to consider S. 2934, known as the Community Development District Act of 1966. The witnesses will be Victor Fischer, Walter Hastie, and William B. Saunders, president of the W. B. Saunders & Co.

(Whereupon, at 4:55 p.m., the hearings in the above-entitled matter were concluded.)

(Additional statements filed for the record are as follows:)

STATEMENT OF HON. GAYLORD NELSON, A U.S. SENATOR FROM THE STATE OF WISCONSIN

I welcome the opportunity to submit testimony to this distinguished committee on the world food crisis and proposed measures to meet it. The bills now before you—S. 2993, introduced recently by the President in his message on food for freedom; S. 2157, the proposed International Food and Nutrition Act, which I am cosponsoring with Senator McGovern and others; and S. 2826, the proposed World Hunger Act, introduced early in this session by Senator Mondale—all represent thoughtful responses to the threat of famine brought on by the growing gap between world population and food production.

Last fall I was a Senate delegate at the 13th Biennial Conference of the Food and Agriculture Organization (FAO) of the United Nations. The statements of all the experts at the FAO meeting made it abundantly clear that we are facing a growing major world food crisis.

The picture painted by experts of the race between population growth and food production is simply staggering. The population statistics speak for themselves:

In 1850 there were 750 million people in the world.

Today there are 3.3 billion.

In 2000, if present trends continue, there will be 7.5 billion—more than double the present population on this already overcrowded globe.

These figures, though already familiar to many, bear repeating. They give us a measure of the immensity of the task before us. And equally awesome are some of the other statistics underlying the growing food shortages in the underdeveloped world. Eighty-five percent of the projected world population increase will come from the underdeveloped countries of Asia, Africa and Latin America, and these are the countries which are having the most difficulty supporting their present populations. Although food production has increased in these countries in recent years, the modest gains which have been so laboriously achieved have

been outstripped by population growth. Since 1960, food production in Asia, Latin America, and Africa has been growing at the rate of 1 to 2 percent a year. Yet, during the same period, populations have been growing at a rate of 2 to 4 percent. In Latin America alone, food production per capita has declined nearly 10 percent in the last 5 years.

Already we have seen food riots in India. We are in the process of increasing our food shipments to that nation to avert the threat of massive famine brought on by a recent drought and generally inadequate food production trends. It is quite possible, however, that several million people might die of starvation in India, despite outside food aid and the situation seems destined to get worse as India's population increases by the projected 200 million in the next 15 years.

If we are to avert the mass starvation predicted for the 1970's by many experts, we must take steps now to reverse present population and agricultural production trends. We must balance the world food-population equation or face what one observer has called "the greatest disaster in the history of the world." We are at a point where the experts' warnings are not overly alarmist projections, but rather cold, sober, and inescapable conclusions from the facts, which we ignore at our own peril.

Fortunately, there is a growing consensus in this country and elsewhere concerning the reality of the world food crisis, its long-term character, and the types of measures required to reduce its impact. It is generally conceded that the only long-range solutions available involve slowing down population expansion and increasing agricultural output in the developing regions. It is further recognized that food aid from the United States and other agriculturally advanced nations is, at best, only a stop gap measure designed to prevent, as much as possible, mass starvation and to speed economic development. Food aid is a vital stopgap, and we need to increase it in the years ahead, but that alone will not solve the problem.

This growing consensus is reflected in the President's proposed Food for Freedom bill. The President has recommended legislation that retains the best provisions of Public Law 480, which undergirds the very successful Food for Peace program, and that will—

Make self-help an integral part of our food-aid program.

Eliminate the "surplus" requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize greater food-aid shipments than the current rate.

Increase emphasis on combating malnutrition by authorizing the Commodity Credit Corporation to finance the enrichment of foods.

This is a sound approach.

The emphasis on self-help in the proposed Food for Freedom Act is a significant and needed departure from Public Law 480. A firm consensus has arisen regarding the paramount need for this provision. It is widely recognized that the developing countries must make monumental efforts to increase their food production or export earnings with which to purchase needed food, if there is to be any chance for mankind to win the war against hunger. Food aid is not and cannot be the major weapon in this war. It can help to meet emergency food needs, and it can be used to stimulate vitally needed economic development projects. But it would be disastrous for developing nations to become overly dependent upon this form of assistance, using it as a crutch to the detriment of their own agricultural development. For, as the President warned us in his food-aid message, "the time is not far off when all the combined production on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed."

The end of the surplus concept in food aid is an equally important change. Current farm programs are rapidly eliminating the surpluses in our warehouses. As the Secretary of Agriculture pointed out recently, within a few years available stocks of most agricultural commodities will have declined to a level no higher than needed for an "ever-normal granary." Moreover, an effective food-aid program cannot depend on whatever commodities may be in surplus but must be geared to meeting specific food needs in the developing areas. An effective program, for example, must place increased emphasis on commodities with special nutritional values.

Fortunately, our current farm programs can be adapted to encourage farmers to produce the amounts and types of food needed in the food-aid program. The administration bill would provide that the commodities to be furnished would

be those determined to be available by the Secretary of Agriculture, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover. This approach should assure that unwanted surpluses will not be produced, and that farm income will not be deflated.

The food aid and technical assistance programs proposed by the administration promise to benefit our own economy as well as those of the hungry nations. As more of our 57 million idle acres are brought into production, American farmers will benefit greatly. So, too, will the industries associated with agriculture, such as those producing fertilizer, farm machinery, pesticides, seed and feed and other inputs needed to increase agricultural production here and abroad.

The long-range implications of self-help in the proposed food-aid program promise even greater and more lasting benefits. For experience has shown that helping the developing nations to increase their agricultural capacity will, paradoxically, increase our own export markets. Studies of previous food assistance programs, including Food for Peace, show tremendous returns flowing back to our economy from economic development abroad. Japan was once the recipient of our food aid and is now our largest foreign market for agricultural commodities. She buys from us each year more than we granted her during several years of the postwar period. A Department of Agriculture study of exports to 54 developing nations which have received Food for Peace aid indicates that, for every 10-percent rise in per capita income, their purchases of U.S. agricultural products have increased 16-percent. These and other available statistics should banish any lingering fears among American farmers that building up foreign agriculture is detrimental to their economic well-being.

My own State of Wisconsin has certainly benefited from past Food for Peace efforts. During a Governor's Conference on Food for Peace held in Wisconsin in 1964, Wisconsin leaders saw clearly the vital importance of food-aid program for the State's dairy industry when they were informed that it provided the largest single outlet for utilization of the huge quantities of dairy products purchased by the Commodity Credit Corporation. There is every reason to believe that in the years ahead food aid will provide an increasing market for Wisconsin dairy products, and that, as the economies of the hungry nations are strengthened, new commercial markets for these products will be created.

"A livable world cannot long exist in which two-thirds of all human beings never get enough to eat and the remaining third are overfed." These words, spoken by Dr. Roger Revelle, director of the center for population studies at Harvard University before the House Agriculture Committee, sum up the urgency of the world food crisis. Should the world community fail to provide the technical assistance and food aid which the developing nations require in order to adequately meet their food needs, we shall all share the consequences. The whole world will then have to cope with widespread famine and epidemic, and the instability and international conflict that will inevitably result from these conditions.

The primary responsibility for averting disaster will have to rest with the developing nations themselves. They must exert enormous self-help efforts in building up their agricultural capacity. But the agriculturally advanced nations—particularly the United States—must supply them with the assistance needed to help themselves. We have the technological manpower and know-how to make a magnificent contribution to worldwide war against hunger. I am sure that the deliberations of this committee will help to assure a viable strategy for waging this massive war.

STATEMENT OF ROBERT N. HAMPTON, DIRECTOR, MARKETING SERVICES, NATIONAL COUNCIL OF FARMER COOPERATIVES

I am Robert N. Hampton, director of marketing services, National Council of Farmer Cooperatives. The national council is a nationwide federation of farmer business associations which are engaged in the marketing of agricultural commodities or purchasing of farm production supplies or both, and of State cooperative councils. The membership includes many of the major federated and regional farmer cooperatives of the country. The organizations making up the council are owned, controlled, and financed by farmers as the off-farm departments of their farm business operations.

The National Council of Farmer Cooperatives strongly supports the principles of use of food aid to encourage self-help in foreign agricultural development and the eventual replacement of soft currency sales by dollar exports of U.S. farm products. We believe such programs offer our best hope that U.S. assistance can effectively promote economic growth and political stability in the hungry nations whose internal dissensions pose such a threat to a stable and peaceful world.

Our support for vigorous programs in developing foreign commercial markets for our products is also reflected in the following current policy statements of the council:

"FOREIGN ECONOMIC AID

"The national council recognizes that many areas of the world have great need for economic development and for the encouragement of a free and competitive enterprise system which we believe will accelerate such development. We also recognize the desirability of both public and private assistance in alleviating suffering and in initial encouragement of productivity gains which will permit continuing economic growth through private capital investment.

"We urge that in such efforts it be the policy of the United States to encourage maximum self-help within countries and that our major emphasis be in helping the people of such countries to assume increasing responsibility for their own economic progress.

"To this end, we support a program of technical assistance designed to promote economic progress. We believe that the major effort of foreign aid programs should be directed toward this goal. Primary emphasis should be given to institutional as well as technological adaptation to existing conditions through development of cooperative and other appropriate private economic activities.

"We urge that all U.S. agencies and farmer cooperative interests encourage development of cooperative activity abroad in every appropriate way, as a most desirable way of organizing and financing self-help programs. Maximum efforts should be made in exporting U.S. farmer cooperative know-how, and in some instances, investment capital to foster foreign cooperative development."

Public Law 480: The National Council of Farmer Cooperatives recommends:

"1. That Public Law 480 (Agricultural Trade Development and Assistance Act of 1954) be continued as a mechanism for aiding exports of farm commodities and that sufficient funds be provided to implement effectively the objectives of the act;

"2. That expansion of Public Law 480 funds be based upon activities designed to expand longrun commercial sales and to aid sound economic growth of developing foreign countries. Many developing areas of the world today may be important future markets for U.S. farm products."

We believe the principle of encouragement of maximum self-help by developing countries, through the use of food aid, is the only practical long-range solution to world food needs. It fits the realities of both economic and political considerations. Further economic growth abroad, with appropriate emphasis on agriculture, can undoubtedly result in broader markets for U.S. products, both farm and industrial, in many areas of the world. The experience of Japan as a nation which has grown rapidly in food import requirements along with growth in food and industrial output, is a notable example of these potential markets for U.S. food and fiber.

The national council supports the program of S. 2933, which represents a further step in U.S. efforts to offer constructive guidance in programs of economic growth for the developing nations. Though our knowledge of the conditions required for rapid economic development is still limited, it is improving, and we should work in cooperation with the nations assisted to make most effective use of approaches which are known to contribute to growth processes.

One major principle which should be emphasized is that of the urgent importance of agricultural development as a base for further industrial and trade growth. Many poor nations have to some extent avoided the hard, complex problems faced in improving a primitive agriculture, in favor of industrial construction or other activity which gives more immediate or apparent results. However, complex as the requirements are for an advancing agriculture—technical improvements, a marketing system with appropriate incentives, credit, educational programs, and the other institutional and cultural changes often needed—the difficult problem of agricultural development must be dealt with if the world is to be properly fed so that further industrial growth can then take place.

Growth of foreign markets for U.S. agriculture has been greatly stimulated by the joint government-industry market development programs carried out under title I, section 104(a) of Public Law 480. We strongly endorse the past emphasis given to these activities for developing new commercial markets for U.S. agricultural products.

The need for strong development programs is especially evident in all markets which represent new uses in foreign consumption patterns, as in the upgrading of demands toward the higher quality or specially processed foods in which the United States has special advantages. The Council recommends that the wording of section 304(b)1 of S. 2933 be strengthened to make clear the continued high priority of the so-called 5 percent development funds, to be administered on a cooperative basis with industry trade groups as under Public Law 480. We continue to encourage strong participation by commodity groups in these programs, to give added assurance that market objectives are realistic and of the first priority.

We support the elimination of the surplus concept of Public Law 480 in favor of the broader authority of the Food for Freedom proposals. This also is sound from both political and economic standpoints. Such a broadened approach will gain world recognition as evidence that we can encourage economic development plans based on food needs rather than U.S. surpluses. At the same time, it will gain added recognition for the tremendous productivity of American agriculture, by stimulating additional output of products in other, nonsurplus categories, to meet world demands.

By permitting diversion of our farm output efforts to production of crops in which we have greatest comparative advantages, we can increase income opportunities for U.S. farmers through serving these new markets, at the same time relieving other surplus pressures on income. We urge, moreover, that welfare of farmers be fully considered along with public welfare in administering provisions of "Food and Fiber Reserve" proposals as well as the Food and Agriculture Act of 1965 provisions which can have such great effects on marketing stability and prices. If food output is allowed to increase faster than it should to meet requirements of this program, if excessive supplies should accumulate, or if such reserves are handled in ways disruptive to orderly marketing, American farmers' incomes will again suffer. Such an eventuality would create added pressures in our entire rural society and be to the long-run disadvantage of the American public as well.

The key to the success of this legislative program lies in the ability with which U.S. administrators can effectively stimulate and require foreign agricultural development programs which will give results. Although a 5-year Food for Freedom program should give added inducement for foreign governments to be more aggressive in designing sound long-range plans for developing their agriculture and their economy, provisions for periodic review of their performance and their cooperation are vitally important. While a dependable guideline for such measurement, such as minimum annual productivity increase, will be difficult to apply on a year-to-year basis, we believe that greater efforts should be made to insure that food aid is being properly used and with reasonable effectiveness in terms of long-term benefits. However, broad discretion must obviously be left to the administering agencies in determining to what extent the most appropriate and effective efforts are being made.

While food, monetary and technical assistance are of great importance, we should at no time lose sight of the fact that appropriate incentives and institutions are of crucial importance in economic growth. The large share of Russian farm output which is produced on very small, private garden plots is dramatic proof of the power of personal economic incentive, as is the entire success story of American agriculture.

We welcome the recognition by the Agency for International Development that cooperatives are one of the best and most democratic institutions for encouraging and maintaining proper incentives for farmers, and also represent private enterprise at its best in many other activities. Cooperative self-help offers not only immediate economic benefits but a foundation for the development of the types of democratic activities and institutions which have served Western societies so well.

We strongly endorse all efforts of AID and of other agencies to stimulate wider use of all forms of private enterprise abroad. In its report of last year, the Advisory Committee on Private Enterprise in Foreign Aid pointed out the

special merits of private investment programs abroad, especially in terms of their special contributions in organizational and management skills, innovation and in risk capital. The committee said that the most effective pressure which will encourage private enterprise abroad "is to help increase the resources and capabilities of the private sector so that it may provide its own justification for an expanded role."

We urge that renewed efforts be made to involve other nations in sharing this major world effort to fight hunger and to increase world trading opportunities to the benefit of all. The United Nation's world food program's budget of some \$275 million is small compared to the Food for Freedom effort and it provides one means for a multilateral approach to world food problems. However, a special appeal must be made to those countries which can produce food beyond their domestic needs and which stand to benefit most in sharing the world markets resulting from specialization and upgraded diets as underdeveloped economies are strengthened.

It is unrealistic to discuss world food needs without recognizing that effective worldwide measures must also be taken in population planning. Extreme pressure of population on land resources in many areas complicates tremendously the effort to reach a marginal excess of food supply over minimum needs which will permit a badly needed takeoff point in capital accumulation and economic growth. Though not a part of this program, the United States should intensify its efforts to make available every possible assistance in the field of family planning programs to countries which can and will use such help. We applaud the more aggressive efforts in this direction indicated by recent announcements of the Agency for International Development.

In summary, the threatened pressures of world famine and political chaos are great incentives toward adoption of a more comprehensive program of food aid. Of equal importance is the opportunity that sound programs of economic development, based on full recognition of agriculture's priority in such programs, offer for increased exports for the United States and an expanded international trade to the benefit of all.

We strongly support the intent of this bill to use U.S. food aid as a tool toward more effective self-help programs which will relieve acute world hunger and thereby contribute to political stability; to continue strong, active programs of foreign market development for U.S. farm products; and to make use of our food producing capacity in other than surplus items to accomplish these objectives.

STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Mr. Chairman and members of the committee, we appreciate this opportunity to make known to the committee our views on proposals that the United States lead a worldwide war on hunger through expanded food aid and development of food production abroad, particularly in the developing countries.

First, we would like to state that there can be no doubt that the rate of population growth in many developing countries is in excess of the current rate of increase in the capability of these countries to furnish adequate diets for their people. Many of the very competent witnesses who have appeared before this committee have shown this to be true beyond any question.

The record of these hearings indicates that, unless immediate steps are taken to expand food aid to many of the developing countries and, as a longer range project, to aid them in upgrading the level of their agricultural production, hunger, malnutrition, and starvation will be quite widespread.

It thus appears to have been adequately demonstrated that, in the absence of determined efforts, which apparently can be implemented best and most aggressively by this country to make available more food supplies and to implement better agricultural production practices in the developing countries, extreme hunger, malnutrition, and starvation will be the order of the day.

We, therefore, are in general agreement and support of the proposed legislation authorizing the war on hunger.

We wish to commend the Congress for the original passage of Public Law 480 and its reenactment on several occasions in recent years. Through this program, this country has been able to share its agricultural abundance with needy nations and in addition to pave the way for opening up more foreign markets for the produce of our farms.

We feel that Public Law 480 has been of considerable value and can be of even more value in providing expanded outlets for agricultural commodities produced in this country, including dairy products, and that through its use we shall in time be able to develop better and larger foreign markets for dairy products.

We believe the payment-in-kind program has been very helpful and that it should be continued and expanded both in quantities and in the number of dairy products that can be disposed of under this program.

We hope it would be possible to develop the payment-in-kind program in such way as to minimize many uncertainties that now affect the program, particularly in respect to time periods involved and dairy commodities affected.

As we understand the matter, the lack of protein, and in particular animal protein, is one of the major food element deficiencies in many of the developing countries. For this reason, it is our view that dairy products can aid materially in furnishing needed supplies of the most scarce food elements needed to improve the diets and fight malnutrition in the developing countries. This is particularly true in respect to children, nursing mothers, and the like.

While we are, as stated, in general agreement with the stated reasons for the war on hunger program, it should be noted that some factors need to be very carefully considered and guarded by the appropriate congressional findings and legislation.

As we understand the matter, an important feature of the war on hunger program will be the efforts of the United States to aid developing countries to increase their food production. This, of course, seems to us to be a very worthwhile, long-term goal.

But we should also make it very clear indeed in the development and conduct of this program that the American farmer, who has responded so well to please for increased production during past emergencies, does not find himself in the position of having markedly expanded his output and later on finds that the need for such expanded output no longer exists and no commercial markets are available for it at reasonable prices to producers.

This means to us that the U.S. Department of Agriculture must very carefully project the requirements, both short and long run, for commodities that would be required for expanded food aid and agricultural production in developing countries. Further, we think this phase of the matter should not be charged against the farm price support program conducted under the Agricultural Act of 1949.

Many of the proposals before this committee provide for the accumulation of reserves of food commodities to assure adequate supplies for both foreign and domestic needs. We think it is imperative that Congress decide what the level of these reserves should be.

We further think that, in the event of the establishment of food reserves, which we think desirable, the Congress assure that these reserves will not be released on the commercial market in a manner to depress prices to agricultural producers. We think this authority, as stated, should be spelled out by the Congress and that reserves should not be permitted to be used to depress the market price to our farmers.

Also we think it is of paramount importance that operations under the war on hunger program not be considered as superseding or taking the place of the price-support program authorized by the Agricultural Act of 1949. We think that this is of great importance not only under current circumstances but also under the circumstances of increased production that no doubt will be called forth as the war on hunger program develops.

Current proposals before this committee would eliminate the "surplus concept" to which operations under Public Law 480 have been related previously so that, in the war on hunger, commodities not in surplus could be procured for disposition under each program.

Undoubtedly this provision will give the administration much more flexibility in planning for and furnishing food aid to developing countries. However, it is our considered opinion that the Congress should provide appropriate guidelines or criteria to be used by the Secretary of Agriculture in implementing this new concept.

We think it is also important that legislation provide for some assurance to the American public of stable and reasonable prices. For several years we, in company with our colleagues in the dairy industry, have recommended that

the Congress pass legislation which would authorize payments to producers, particularly for milk used in butter. Such legislation would be available to assure consumers of stable and reasonable prices even though, as a part of the war on hunger program, prices to producers might have to be considerably higher in order to provide an adequate supply of milk and dairy products for our own public and to contribute milk and dairy products to the war on hunger program.

We urge your consideration of the suggestions advanced in this statement in the development of legislation to implement the war on hunger.

STATEMENT OF C. L. MAST, JR., PRESIDENT, MILLERS' NATIONAL FEDERATION,
CHICAGO, ILL.

My name is C. L. Mast, Jr. I am president of the Millers' National Federation. The membership of the federation includes some 85 to 90 percent of the flour milling capacity of the United States and almost 100 percent of flour exports. We appreciate very much this opportunity of expressing our views on this important proposed legislation.

The federation has followed and actively supported Public Law 480 since its passage in 1954. It was also one of the first cooperators with the Department of Agriculture Foreign Agricultural Service in the market development program authorized under section 104(a) and has continued as one of the cooperators since that time. It has associated itself with the special statement on market development presented today before your committee by the Honorable Clifford Hope of Kansas.

It believes that the achievements of Public Law 480 over the past decade are something to be proud of and have been beneficial not only for the United States but for a large part of the world. By means of the Public Law 480 provision for voluntary agencies' participation, it has been possible to introduce food products effectively into many areas of the world. The result is a growing acceptance of such products in the commercial market and we believe this type of program should be continued.

The federation also supports the general objectives of the Food for Freedom program now before the Congress. On many specific points such as dropping the word "surplus," encourage self-help, shift emphasis to dollar credit sales, etc., there would seem to be widespread agreement. The alternative legislative approaches being proposed for dealing with this program, however, raise questions about several points that we believe should be clarified. Whichever legislating procedure the Congress decides to approve—i.e., (1) extending and amending Public Law 480 to take into account the general objectives and new emphasis of the Food for Freedom Act or (2) enacting new basic legislation and including in it many existing provisions of Public Law 480—we believe it most important that certain provisions and language that are now in Public Law 480 as amended be included in the 1966 legislation. Accordingly, we wish to direct your attention to the following points:

1. *Public Law 480, section 104(a).*—The language of section 104(a) of Public Law 480 should be continued in whatever bill is enacted. This language has been developed over the years and is based on much practical operational experience by industry cooperators working on market development programs. The moneys acquired under the 2-percent conversion should be earmarked for the purposes of 104(a). In addition, the 2 percent should be based on each transaction.

We also believe that it could be further improved at this time by additional language or congressional request that foreign currencies arising from the 5-percent set-aside shall be cumulative and retained for market development purposes and that amounts not convertible under the 2-percent provision may be used when and as necessary for helping to promote commercial market sales efforts in such countries. Many U.S. commercial sales under the global marketing requirements have been lost due to the lack of some special assistance needed at the time of sales that could have been provided from the use of local currency funds.

2. *U.S. usual market dollar sales.*—The protection and encouragement of U.S. dollar sales as part of the global marketing requirements in sales agreements for foreign currency needs more attention and clarification in whatever bill is approved. At the outset of Public Law 580 administration, usual or normal

marketing was interpreted as marketings of the United States, but in 1958 an amendment was made to Public Law 480 to the effect that marketings by any friendly country were sufficient to satisfy the requirement. The result of this action has lost us many dollar sales.

There are numerous examples of Public Law 480 title I agreements in which the United States received largely or only foreign currency for its commodity sales while friendly countries took over most or all of the commercial or dollar trade requirement. This has been done by special subsidies, bilateral agreements, and other devices to gain a competitive advantage over the United States for the dollar trade business in such countries. There are many ways the United States could meet this type of unfair competition in negotiating sales agreements and we urge the Congress to give special attention to this point.

3. *Public Law 480, section 104(e).*—We recommend that the language of section 104(e), commonly called Cooley loans, be retained in full in whatever bill is enacted. This provision has been very helpful in encouraging U.S. private industry to participate in the economic development of many countries. With the proposed emphasis on self-help under the Food for Freedom program and the great need for more local plant and distribution facilities, especially for handling the expanding food needs in most countries in the years ahead, we believe that this provision can be most helpful. Administrative procedures are in effect under the present act and continuity of operation would seem to be most desirable.

4. *Self-help and encouragement of consumer food distribution facilities.*—An important feature of the Food for Freedom program is the emphasis on self-help. So much needs to be done in most developing countries that even the encouragement of self-help will require guidelines and priorities. Increased food production and especially yields per acre is a very important factor but, of course, it may require many years to show much effect.

Another factor that we believe to be very important and likely to show more immediate results is the development and improvement of local distribution and consumer food processing industries. Current losses and waste of existing food supplies occur in most developing countries due to lack of storage, handling, and distribution facilities and inadequate food processing plants, particularly for low-cost basic food products such as bread or pasta. Imported supplies frequently cannot be used to meet urgent needs because adequate local facilities are not available.

Private enterprise both in the developing country and the United States can do much to help meet this gap if the investment climate is favorable and if some special emphasis or priority is given to these types of activities under the Food for Freedom, Public Law 480, and AID programs. To date, only limited progress has been made in this important area of activity and we believe that it should receive more attention under this legislation.

5. *Reserve stocks.*—The U.S. flour milling industry recognizes the need for the maintenance of adequate stocks of all agricultural commodities to meet domestic and export requirements. The Secretary of Agriculture has available to him the information required to make sound determinations as to what these various supply levels should be, taking into consideration the factors set forth in the bill, although specific congressional guidelines as to the size of the carry-over of each commodity would be helpful.

In the case of wheat and other major crops, it would seem to be unnecessary and undesirable for the Commodity Credit Corporation to acquire commodities other than through its normal price-support operations. The reserve of any commodity should consist of the total available supply in all positions, regardless of ownership. A wheat reserve should be large enough to eliminate the possibility of shortages, in total or by classes of wheat, taking into consideration projected demand, weather conditions, and other factors.

Stocks of wheat held by the Commodity Credit Corporation have declined substantially in recent years. Most persons would agree that this has been desirable, in that the former huge volume of Government-held stocks have increased Federal costs, depressed prices, and added uncertainty to the operation of the wheat market. We feel strongly that it would be undesirable to require the CCC to build or maintain under its control a set-aside or stockpile of wheat of any particular volume. In addition to the problems we have faced for many years, we add the possibility that actual shortages of wheat could be created in the market in an effort to build up a CCC reserve or to accomplish some other objective.

S. 2826 would permit the Secretary to purchase, process, exchange, or package any agricultural commodity or product thereof. These products, including flour, could also be stored and sold at such times, for such uses, and at such prices as the Secretary determines to be in the national interest.

We are unable to understand why the Secretary of Agriculture needs any additional authority to maintain adequate supplies of most food products, particularly wheat flour. So long as the Secretary exercises reasonable judgment in assuring adequate wheat supplies, the milling industry can convert it to flour to meet any possible demand. Furthermore, the authority to stockpile any food or fiber product could easily be used for purposes other than meeting consumer needs. The key to an adequate supply of flour is an adequate free supply of wheat.

We also find it difficult to understand why the Secretary should be granted authority to disregard the adequate guidelines on price support, acreage allotments, and so forth, laid down by Congress through the years in agricultural legislation, except under emergency conditions which have been specified by Congress.

With respect to those wheat stocks now held by CCC or which may be acquired under existing authority, it is essential that the Department establish and announce the conditions under which this wheat will or will not be released on the market.

WASHINGTON, D.C., March 11, 1966.

HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry,
Senate Office Building, Washington, D.C.

DEAR SENATOR ELLENDER: I am submitting herewith the views of the Rice Millers' Association on S. 2933, the Food for Freedom Act of 1966. Will you kindly include our views in the record of hearings by your committee.

The Rice Millers' Association, which represents 98 percent of the rice milling volume in the Southern United States, supports S. 2933, but requests certain modifications in the measure. The specific recommendations and comments we wish to make are as follows:

PROTECTION FOR SMALL BUSINESS

The Rice Millers' Association requests that S. 2933 be amended to require that in exercising authorities conferred under the act, the President shall take appropriate steps to assure that small business has adequate and fair opportunity to participate in sales through private firms.

The complexity of regulations and the nature of buying procedures which have been allowed under Public Law 480 sales in the past have discouraged and in many instances made it impossible for small exporters to sell rice under Public Law 480 agreements. As a consequence, over 90 percent of rice sales under Public Law 480 are handled by two large export firms. Inasmuch as Public Law 480 sales have accounted for 25 to 60 percent of rice export sales during the past few years, the absence of appropriate opportunity for small businesses to participate in such sales has given large export firms excessive and undue control over all the rice export market.

To protect against such control, and to foster the interests of small exporters, substantial modifications of buying procedures are required. We would not suggest that the Congress at this time specify buying procedures, but we do suggest that the Department of Agriculture be directed to promulgate appropriate and reasonable procedures which will allow and foster small business participation. It is further recommended that a small business officer be established in the Department to consult with small exporters and develop and institute regulations which will give small exporters a fair opportunity to participate in sales under the act.

TRANSITION TO DOLLAR SALES—TITLE 1, SECTION 103(b)

We question whether a complete transition from foreign currency sales to dollar sales can be achieved in a 5-year period. This may be possible in some instances but in our opinion it is not possible in many cases, notably in the case of India. There is not much to lead us to believe that India can acquire the

ability to pay dollars for its monumental food import requirements within the foreseeable future. In our opinion, this paragraph should be modified to exempt India and countries in like circumstances.

SAFEGUARDING USUAL MARKETS—TITLE 1, SECTION 103 (C)

In reference to the matter of safeguarding usual markets for U.S. products, we want to point out some disturbing tendencies in respect to rice that are developing. Rice is a higher priced product in world markets than other cereal grains. We detect a growing tendency of certain food-deficit countries to sell some of their rice for cash in the world market, and to use U.S. wheat obtained under foreign currency agreements to compensate for food requirements in the country. In our opinion, this export of readily substitutable commodities represents a circumvention of congressional prohibitions against reexport of Public Law 480 commodities. Such substitution produces additional competition for U.S. rice in dollar export markets. This substitution has been noted or strongly suspected in the cases of Public Law 480 agreements with Pakistan, Egypt, and Brazil, to name a few. It is recommended that the Congress adopt language to make the matter of commodity substitution a greater consideration in future foreign currency programing. We recommend that countries receiving commodities under S. 2933 not be allowed to export products that are freely substitutable in their diets with commodities being received under S. 2933.

NUTRITIONAL ENRICHMENT

We support the provision in title II, section 203, for nutritional enrichment of foods distributed under the title. Rice can be successfully and inexpensively enriched. All rice that is distributed under the domestic school lunch and welfare programs is enriched. Moreover, rice can be an economical and readily acceptable carrier for protein supplementation of diets in underdeveloped countries.

We recommend that Congress direct that in carrying out objectives of title II, that priority be given to use of accepted and preferred foods as carriers for nutritional enrichment to the maximum extent possible.

DURATION OF ACT

The association supports the proposal to enact the Food for Freedom program for a 5-year period. Long-range planning is important for both Government and industry in order to do the most effective job achieving objectives of the act.

ELIMINATION OF SURPLUS CONCEPT

We favor the proposal to eliminate the surplus concept for title II of S. 2933. Title II refers to famine and emergency relief, foreign school lunch programs, and feeding of needy people. Rice is barred from these aspects of present Public Law 480 programs because it is not in CCC inventory, despite the fact that rice is the food in greatest demand and need in these programs. This has resulted in necessity to supply rice substitute products for such purposes. These substitutes in many cases are repugnant to traditional rice eaters, and frequently create ill will rather than goodwill for the United States. The availability of rice in these programs would make them more effective instruments of U.S. policy.

Thank you for your kind consideration of our views. We shall be happy to present any elaboration desired.

Respectfully submitted.

THE RICE MILLERS' ASSOCIATION,
J. P. GAINES,

Executive Vice President.

STATEMENT OF ROBERT L. MARTIN, CHAIRMAN, BOARD OF TRADE OF THE CITY OF CHICAGO

We at the Chicago Board of Trade believe it is impossible to overestimate the importance of the issue of world hunger and starvation. Along with world survival in the nuclear age, the crisis of world food is one of the two transcendent issues of our time. All other problems we face are secondary by comparison.

During the past several years we have watched the ever-widening recognition of the seriousness of this problem. This recognition has resulted in the proposed legislation which you are now considering.

We join in commending the spirit and purpose of that legislation. In a humanitarian sense, it is absolutely essential. We can do no less. From the standpoint of our position in the family of nations, it is of the greatest importance.

Beyond that, we are in agreement with the approach taken by the legislative proposals now before you. The world food crisis can be finally resolved only by the development of increased agricultural capacity in those nations where the food gap exists. This development must be accompanied by a corresponding development of the essential storage, transportation, distribution, and marketing facilities. The Chicago Board of Trade, as you may know, has cooperated to the maximum in this great cause. We plan to participate even more extensively in cooperation with other private agencies, and public agencies as well, as the program develops.

We agree that expanding use of American agricultural production will be necessary for world food needs, at least over the short-term future. And we agree, of course, with the emphasis accorded to the use of private channels of trade in connection with the programs.

Feeling, as we do, that the problem of world hunger is of such critical importance, we applaud the administration's decision to meet it squarely, and now. We would like to be able to endorse all of the administration's proposals but, unfortunately, we cannot.

We have studied the so-called food and fiber reserves bill which was introduced at the same time and we have sought the best advice we could obtain as to the practical effect it would have. In discussing it, we have talked with men from many different phases of agriculture, with farmers, and grain elevator operators, with food processors and feed dealers. We have carefully read the statements of those who have spoken for the bill, and we have considered it from the standpoint of our own experience in problems related to marketing agricultural commodities.

It is obvious, of course, that the establishment of reserves of agricultural commodities does have a surface plausibility. And that plausibility is enhanced if the reserves are proposed at the same time we consider extensive new commitments to deliver food to nations across the seas. But our study of this bill leads us to conclude that it lacks some of the most important essentials of a proper plan for reserves. It is neither necessary nor directly related to Food for Freedom, and it would be a mistake to treat it as if it were.

If it is determined in the national interest that reserves are needed—and this may well be the case—then we should have them. But we must look at the problem with our eyes wide open. There are significant disadvantages to the present bill.

First, reserve stocks are very expensive. Grain storage costs eat up the value of the reserves themselves in 6 to 8 years. We know that our recent surpluses have cost billions to store. They would cost no less if they were called reserves rather than surpluses. It is primarily for this reason that the law now directs the Secretary of Agriculture to dispose of our present stocks.

Second, we all recognize that large Government stocks have a depressant effect on commodity prices, and, consequently, on farm income. Commodity Credit Corporation selling policies can greatly aggravate that effect. That is one reason why it is so important to insulate reserve stocks from the market. As President Johnson emphasized in his great agricultural message of February 4, 1965:

"The President should be authorized to determine the levels of commodity stocks required and to take actions to insulate these stocks from the market so that they might be preserved for time of emergencies."

The present reserves bill is flatly contrary to this policy. Under it, reserves would be neither "insulated" nor "preserved." They would, on the other hand, be subject to sale by the practically unfettered judgment of the Secretary of Agriculture. The bill is bereft of guides or standards, and even the Commodity Credit Corporation sale price—the key element in determining market effect—is not provided for other than by reference to present law.

Third, this bill is not based primarily on national security or emergency relief. Again, in his February 4, 1965, agriculture message, President Johnson spelled out his understanding of the main purposes of the reserve as "for national security, for emergency relief purposes, and for domestic economic stabilization."

In line with this priority he proposed that the "costs incurred in maintaining that part of our commodity stocks designated as reserves should be separated from the cost of farm price and income support programs." But there is no such allocation in the present bill. Nor is the argument even made that the reserves called for here are needed for our defense in the nuclear age or that they are essential to our commitments in the world food crisis. It is notable that this bill is supported only by those who are continuing to administer our agricultural surpluses rather than those responsible for mobilization or civil defense.

It is important to recognize this bill for what it is. It is a bill to give the Secretary of Agriculture effective administrative control over commodity prices. A reading of the bill itself and all of the statements in support make this plain.

As such, it is a far cry from President Johnson's stated objective in the 1965 agriculture message:

"I am asking the Secretary of Agriculture to so utilize the Commodity Credit Corporation as to make the free market system work more effectively for the farmer. We must encourage the private segment of our economy to carry its own inventories, bought from farmers, rather than depending on the Government as a source of supply. We must urge the private sector to perform as many services as possible now performed by Government agencies."

It is equally far from another goal of the same message: "Our objective must be for the farmer to get improved income out of the marketplace with less cost to the Government."

In our judgment, this bill would institutionalize surpluses and invest the Secretary of Agriculture with vast new powers in domestic commodity markets. The "management" of commodity prices would be enshrined in permanent legislation.

There are current examples of what this would mean. At present, the Commodity Credit Corporation, for whatever reason, is engaging in heavy sales of corn. This drives the price down and reduces farm income. More importantly, perhaps, it prevents price from performing its essential function: proper allocation of resources.

Beyond that, recent Commodity Credit Corporation sales have driven down the price of some of our commodities at a time when the world grain economy would have paid more because the grains were in great demand. Typical of world wonderment is the following comment received recently from the London correspondent of a leading Canadian grain firm:

"The disposal policy of the United States in wheat and some other commodities bewilders the amateur and amazes the professional. If it comes to Public Law 480 sales, it really does not matter whether the price level is higher or lower, any way it is a gift; but why the United States sold to cash markets wheat and other commodities so much under what would be the real world market price is something which we hoped, but hoped in vain, to get explained by the U.S. authorities."

It is our feeling also that establishment of a permanent reserve at this time would forfeit one of the great opportunities presented by rising world food requirements. If we do not freeze our agricultural programs as they are, we may be able to withdraw gradually the burdensome and expensive production controls with which it has been necessary to support farm income. We should not disregard the prospect that production controls may be unnecessary in the future. Commodity prices may rest firmly on the broad base of a supply balanced by world demand.

For these reasons, we urge that the subject matter of the reserves bill be deferred for the present. Even the Presidential message on Food for Freedom has noted that it would be unlikely that any commodity would have to be purchased to build up a reserve during this year. At a minimum, the serious policy issues presented by the reserves proposal should be considered separately on the basis of hearings devoted to those issues primarily.

The reserves bill refers to the interests of consumers, and the interests of consumers are of vital importance. If those interests are threatened by unfair or excessive commodities prices, then it is of immediate concern to the Congress and the Nation. It is, I might add, also of immediate concern to the Chicago Board of Trade. But, in support of this bill, there has been no mention, much less demonstration, of unfair or excessive commodities prices.

Nor has there been any real effort to establish a direct relation between the reserves bill and the essential world food legislation which is the subject of

these hearings. Thus, in our view, the provisions for commodities reserves are separable from the main business at hand.

We would urge that the committee proceed to the complex and enormously important crisis in world food. In that task it has our wholehearted support.

STATEMENT OF ROBERT C. WOODWORTH, CHAIRMAN, AGRICULTURE COMMITTEE, AND
WALTER B. GARVER, MANAGER, AGRICULTURE DEPARTMENT, CHAMBER OF COM-
MERCE OF THE UNITED STATES

The crisis in the world food situation is a challenge to every thoughtful American in terms of its threat to orderly, civilized life and to peace between nations and peoples.

The national chamber supports the principle of additional feasible programs to use American agricultural capacity, and institutional and technical know-how to help meet this growing world food crisis.

In this general area the national chamber favors cooperative efforts in the extension of economic and technical assistance to friendly countries of the free world as instruments of U.S. foreign policy to strengthen the security of the United States and other nations of the free world through responsible political freedom, social progress, and individual endeavor.

Such assistance will achieve the desired results only if there is a reasonable degree of social responsibility and economic and political stability within the aided countries.

Even so, these goals cannot be realized by the United States alone. A greater portion of any expanded assistance burden can now be assumed by other industrial nations. Other free world nations should share increasingly in bearing these responsibilities. (The willingness of Americans to make sacrifices to meet the problems of world hunger is conditioned on a similar willingness of other peoples to share the burden.)

In terms of principles of international morality there is appeal in using our agricultural capacity to meet the worst aspect of a food crisis. This is in contrast to present policies of holding back capacity and restraining production. It does not take too much imagination to sense that for people who are hungry and starving such U.S. restraints are inhuman and seemingly "indecent" international behavior.

In spite of this general support the members of the national chamber are apprehensive on several points about the current trend toward ambitious agricultural programs to meet the crisis. Some of them would seem to reverse domestic agricultural policy aimed at restraint and containment. Some imply that the wraps are to be taken off and that all-out agricultural production is to be generally encouraged in order to meet vastly expanded markets supposedly to be created by greatly expanded food assistance.

The people of this country are willing to make some sacrifices in this humanitarian cause. This is supported by their innate morality. But even leaving the question of morality aside, the face this Nation presents to the rest of the world is an urgent reason for supporting the consideration and projection of programs to reduce the crisis as an integral part of the U.S. foreign policy.

Such expansion is not a practical probability. To imply that it is, creates unwarranted expectations in agriculture. Exaggerated expectations of such aid are likely to be overcapitalized, especially in commodities not likely to be needed or involved in the aid. This can only damage the stability of U.S. agriculture.

We are apprehensive also that the magnitude of the needs to meet the world food crisis may lead to programs so large and ambitious that the costs and burdens on Americans will destroy their willingness to support more modest measures.

Another apprehension of our members is the risk that programs, even if they are within the limits of humanitarian sentiments and tolerable costs, may exceed the ability of the aided countries to absorb the aid effectively. No matter how urgent the needs, there are limits to the ability of some countries to unload, warehouse, process, and distribute food relief so that it will do the most to alleviate hunger and famine. For this reason some appropriate proportion of the food aid should be in the form of technical assistance, and institutional and technical personnel to prevent such bottlenecks and their consequent frustration of the objectives. Probably capital assistance will also be needed to provide sufficient

distributive structures to enable the food aid to be most effectively absorbed and utilized.

Yet another apprehension is the danger that the food aid may be given in such magnitudes as to cripple or destroy the incentives and capabilities of the agriculture in the recipient countries to develop and carry their optimum share in meeting food needs.

The basis of the rising food crisis is the population explosion in heavily populated areas of the world. This problem is a greater challenge to world order than the food problem itself. Effective solutions to that problem are, of course, beyond the scope of food and agricultural programs as such.

However, much can be done to avoid famine and acute hunger; progress can at best be only temporary and fleeting in the context of the larger problem of burgeoning populations. Little will be gained if millions of people are kept alive and nourished long enough to contribute further to the geometry of population expansion. While in nature animal life is kept in check by a fluctuating balance between sustenance and survival, the conscience of the world's people will no longer accept starvation and death as the balance wheel for human population. This means that extraordinary measures are urgently demanded.

The national chamber's support of additional programs to meet the world food crisis is conditioned by criteria which programs should be required to meet if they are to be reasonably effective. These criteria are:

1. *Population explosion.*—Aid, either as food or other agricultural assistance, should be given only in exchange for a deliverable commitment and performance by recipient countries to take appropriate steps within their power to bring excessive population growth under restraint.

In the absence of such measures the food needs will continue to grow larger. Neither the United States nor any other country can be reasonably expected to meet the food needs of a continuous and rapid growth in the number of starving or hungry people. In fact, the United States cannot be expected to stand indefinitely as a net supplier of food relief even if the population and the food needs in the recipient countries do not expand.

2. *Self-help.*—U.S. food relief supplies to meet the food crisis should be given only to recipient countries who agree to take on and carry out positive and measurably effective programs to increase their own agricultural development and capacity to feed themselves, or to otherwise develop their economies so as to produce goods and services exchangeable for food and from other countries.

In some countries the most effective help from the United States can be, rather than food relief shipments, technical know-how and institutional leadership, as well as capital for agricultural development. In many critical areas the needs are for both additional relief food and agricultural development. New or expanded programs by the United States should provide that wherever possible the direct food help will be converted into the development of increased agricultural capacity within the recipient country.

Essential to such conversion are technical and social research within the countries or areas involved, as well as research by this country required for optimum agricultural development. This research ranges all the way from plant breeding, agronomy, and soil and water management to research in social and cultural patterns and customs influencing adaptation to change, and qualifying readiness to organize for commercial production and marketing. Parts of such programs need extension workers and other educational personnel. This may require increases within the United States in the number of people trained in these abilities.

3. *The private sector and free markets.*—Programs for foreign food relief, other agricultural assistance, and other types of economic development should place the maximum feasible reliance on the private sectors of our own economy and the private sectors of the recipient countries. This means heavy reliance on, and encouragement of, private capital and free, competitive market transactions. It means purchase of food supplies in open markets and their distribution wherever possible in open commercial markets in the recipient countries. For other agricultural and economic development assistance it means primary reliance on the skill and knowledge of nongovernmental research and educational institutions, and on the resources of private enterprises and organizations.

There are enough things that governments will have to do without burdening them with functions and responsibilities which experience has well proved can be more effectively performed by competitive market systems.

4. *Terms of international trade.*—Along with all these programs for food relief, agricultural assistance, and economic development there must be further progress in widening the scope of international trade. The beneficiary countries cannot realize the full fruits of such aid unless their economic development emphasizes growth in the goods and services for which they have the greatest comparative or relative advantage in terms of human, physical, and social resources, and are able to exchange them for food or other goods and services in international trade.

It is only by orderly expansion of the economies of the problem countries that higher planes of living and greater purchasing power permitting higher standards of living can be achieved. In many situations this will improve markets for U.S. agricultural products and international trade.

In summary, these four criteria are advanced by the national chamber as standards by which the Nation's food relief, agricultural assistance, and other economic help can be administered to achieve the most for this Nation's efforts.

Even this Nation does not have unlimited resources to devote to meeting the needs of these world problems. In terms of the magnitude of these problems even our resources are relatively scarce. Therefore, our investments made under these programs should be put where they will bring the greatest return in meeting the larger interests of the American people. Such investments should be concentrated in countries and areas where the potential for growth and progress is most promising and most likely to develop. They should be made where the expected return on public money is the most promising return in terms of the goals and objectives.

WASHINGTON, D.C., March 11, 1966.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture,
U.S. Senate, Washington, D.C.

DEAR MR. ELLENDER: The Chamber of Commerce of the United States recommends rejection of S. 2932 which would authorize the Commodity Credit Corporation to acquire and maintain reserves and dispose of agricultural commodities as determined by the Secretary of Agriculture.

Passage of S. 2932 would increase the level of Federal activity in commodity and market operations in competition with private industry. The provisions in this bill would authorize the Commodity Credit Corporation for the first time to acquire by purchase or trade stocks of non-price-supported commodities; and to process or package these commodities or their products for consumption.

This bill would also provide an unwarranted expansion of the powers of the Secretary of Agriculture to manipulate production levels, Government stocks, and market prices without adequate guidelines or specific limitations established by Congress.

It would for the first time authorize the Secretary to determine—

What constitutes "fair and reasonable prices" to consumers;

How much to increase acreage allotments and marketing quotas on price-supported commodities without regard to limitations prescribed by Congress in present laws;

The types of commodities to be acquired by CCC;

The quantities, dates, prices, uses, and locations of all commodity acquisitions and disposals by CCC, subject only to the provisions of the Food for Freedom Act of 1966 (proposed legislation).

There is adequate authority under current statutes to permit the Secretary of Agriculture to help bring about desirable adjustments in production, carryover and market development programs without the additional authorities proposed in S. 2932. The Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, section 32 of Public Law 320, 74th Congress, and related amendments and statutes, including the Food and Agriculture Act of 1965, provide the needed flexibility with necessary guidelines prescribed by Congress.

The Secretary of Agriculture now has sufficient latitude to adjust the levels of acreage allotments, marketing quotas, price supports, diverted acreage and other land retirement measures which, coupled with the responsive forces of free markets, will produce adequate total supplies of agricultural products. Therefore, the enactment of a commodity reserve program as provided in S. 2932 is unwarranted.

We respectfully request your favorable consideration of our views and that you include this letter in the record of the committee hearings.

Cordially,

DON A. GOODALL,
*Legislative Action General Manager,
Chamber of Commerce of the United States.*

STATEMENT OF ROBERT EDWARDS JONES, DIRECTOR, WASHINGTON OFFICE, DEPARTMENT OF SOCIAL RESPONSIBILITY, UNITARIAN UNIVERSALIST ASSOCIATION

The Unitarian Universalist Association—Department of Social Responsibility, wishes to record its support of the Food for Freedom legislation currently before this committee of the Congress. The President and framers of this legislation deserve credit for presenting an imaginative, innovative program. They could have been content with a mere extension of the present Food for Peace program (Public Law 480), but instead they have examined the current program and sought to improve it, both in its humanitarian mission and in its economic utility, with an eye to the long-range needs and capabilities of the developing nations as well as the welfare of our own.

The concern of Unitarians and Universalists for feeding and caring for the hungry, the homeless, and the destitute of the world has been most manifest in the years since World War II and its distressing aftermath. The Unitarian Service Committee, organized in 1940, ran homes for refugee children in southern France after the fall of France and before the Germans occupied all of that country. Precious quantities of powdered milk and wheat flour from the United States, administered by the service committee, kept alive several thousand children, many of them Jewish refugees from nazism, as well as refugees from the Spanish Civil War.

In postwar Europe, the Universalist Service Committee did important feeding and rehabilitation work among adolescent displaced boys and girls in the British Zone of occupied Germany. Most of these programs were phased out by the early 1950's though the program for Spanish refugees continues at Toulouse, France, where food, clothing, and medicines for the sick and elderly and educational scholarships for the young are still provided.

In recent years the merged Unitarian Universalist Service Committee, Inc., has conducted a series of nutrition seminars, first in Turkey, and then in several Latin American nations—Bolivia, Chile, Peru, Uruguay, and last summer in Haiti—in which local personnel are taught to cope with nutrition problems by balancing diets and better utilization of food resources they have.

Our support for the food-aid program of the United States goes back directly to 1950 when delegates to the annual meeting of the American Unitarian Association endorsed "such measures as may be necessary to the end that all surplus food now or later in the possession of the Federal Government be sold or given, as soon as feasible, to those in need, whether in this country or in other parts of the world."

Our support as religious people was based then on "a fundamental teaching of Jesus that we should love our fellow men as ourselves, and therefore those who have abundance are under obligation to God for utilizing what they have as His stewards for those who are in need." Our delegates observed in 1950 that, "There is in the world an appalling amount of hunger and suffering."

Again, in 1958, the American Unitarian Association, urging economic assistance to the underdeveloped countries, also resolved that "we urge the Governments of the United States and Canada to send surplus foods to underdeveloped countries through the United Nations."

This year, again, the attention of our denomination is drawn to this problem. Our churches are currently voting on a proposal on world hunger and population control for the consideration of the general assembly of the Unitarian Universalist Association in May.

We view several innovations in the President's proposal as especially helpful: Elimination of the "surplus" requirement and new emphasis on nutrition, the building of an adequate American food reserve, and encouragement of self-help and spurred agricultural development in the underdeveloped nations.

Perhaps the most significant improvement in the new legislation for Food for Freedom is that of dropping the "surplus disposal" tag of nomenclature from the food-aid program. Even the churches, as can be seen from our own 1950 and 1958 resolutions, were long wedded to the "surplus" concept.

In spite of conscious efforts on the part of the Kennedy and Johnson administrations to move away from this concept, the idea has persisted that America was engaged merely in disposing of surplus food and this has tended to negate the very real humanitarian thrust of the Food for Peace program.

I am sure that now the program has proved its great utility and its value, we no longer need to placate those forces which narrowly conceived of the program as a convenient means of cutting down America's farm surpluses. It is a sign of maturity that we can go beyond this limiting concept and place the emphasis where it properly belongs, making it possible for a wider variety of commodities to be shipped abroad, thus building a better nutritional balance in the recipient countries.

To argue for the humanitarian approach is not to jettison practicality. The bill has the great merit that it appeals both to our humanitarian instincts and to enlightened self-interest.

To argue for the humanitarian approach does not mean we should not be hard-headed about this problem. Certainly the administration bill is hardheaded. It realistically places a premium on self-help efforts in the recipient countries, thus looking ahead to the future when America's food reserves may not be ample enough to take care of the needs of a burgeoning world population.

It calls for increased capital and technical assistance to those developing nations which demonstrate a desire to increase their farm production.

It will mean a continued expansion of markets for American agricultural commodities, eventually making better customers for the American farmer.

It holds the promise of "unleashing" American farmers so that they may put back into production acreage now in reserve.

We are particularly impressed with the new emphasis on combating malnutrition as well as hunger and starvation. For many millions in the world lead blighted lives because they did not receive balanced diets when they were children. As President Johnson has said:

"We now recognize that food deficiencies are most serious in infants, the pre-school age, and to a lesser degree, school-age children. Not only does malnutrition result in high death rates and widespread disabling diseases, but research has now established that it produces permanent retardation of mental as well as physical development."

Secretary of Agriculture Freeman has estimated that in the developing nations of the non-Communist world some 171 million children under 6 years of age and 98 million between the ages of 6 and 14 suffer seriously from malnutrition. Lack of proteins and vitamins among infants and youngsters is critical.

Therefore it is encouraging to note that under the new legislation, the kinds of commodities sent abroad will be better fitted to particular needs over there, rather than be limited by the kinds of foodstuffs we hold in surplus, thus making possible shipment of commodities with special nutritional values.

A great deal of stress is being placed by the President and the sponsors of food legislation in the Congress upon self-help and encouragement of the less developed nations to make renewed efforts to increase agricultural productivity. This is good but we would caution that there will be for some years to come, recurring crises of famine and near starvation in some of these countries which will require us to take emergency humanitarian action.

It is well to remind our friends in India that they must do more to increase fertilizer production and to increase the yield of their farms. But, literally millions of people in that country are right now facing the prospects of starvation if massive emergency aid is not forthcoming.

The United Nations Food and Agriculture Organization reported on February 11:

"India had two successive bad crops in 1962 and 1963 and was visited by the worst drought in recent history in 1965, affecting severely the summer crop of that year and the winter crop yet to be harvested.

"Seven large states have been severely hit. The total population in the badly affected areas is about 100 million, of whom at least 5 to 6 million are expected to be placed on emergency relief works; 15 to 20 million children (1 to 14 years) are in an especially vulnerable position. It is expected that the present crisis, which is already assuming famine proportions, will progressively worsen during the next few months."

That is the stark reality which has to be met today in India. Proper attention to food production and population control may avert future crises of this sort but we need to do everything possible now to meet this crisis. We must use title II of our present Public Law 480 to send emergency donations to India.

It has been estimated that such a donation program might cost the United States about \$1 billion, or less than 10 percent of the estimated cost of the war in Vietnam this year. This would necessitate additional appropriations by the Congress.

The situation in India is not going to be met by reliance on title I of Public Law 480 wherein the Indians pay for the grain and the shipping charges as well with their own currency, and partially in U.S. dollars. If the grains being sent to India now are to reach the hungry in time, a crash effort must be made to resolve shipping and unloading bottlenecks. India must more than double its port capacity and improve its internal transportation and distribution. We could assist by providing automatic unloading equipment such as blowers.

We urge that members of this committee and the Congress and administration do all within their power to avert a great human disaster in India.

At this moment some 100 million Indians, including 20 million children under 11 years of age, are in distress for lack of food. Some 11 to 12 million of these people are literally living in the shadow of death, stalked by the danger of starvation.

These figures are staggering and perhaps beyond our imagination. But we dare not minimize the peril.

It is hardly necessary to belabor this committee with statistics on the need. A succession of competent witnesses from Government, farm organizations and industry have amply supplied this information. Suffice to say that we in the West who enjoy this abundance of food and fiber face an uneasy, even frightening prospect, as two-thirds of mankind looks hungrily at the rest of us. We are long used to the division of the world into the "haves" and the "have nots," into the developed nations and the underdeveloped, or if you will, developing nations. Now a new category of world division has entered our vocabularies—the "diet adequate" countries and the "diet deficit" countries.¹

We are faced by two-thirds of the world which never gets enough to eat, which as the late President Kennedy said, "goes to bed hungry every night." In this two-thirds of the world, food production has fallen behind population growth at an alarming rate so that whereas the less developed countries were exporting 11 million metric tons of grain in the prewar 1934-38 period, they were by 1964, importing 25 million metric tons of grain.

Population in this diet-deficit two-thirds of the world is increasing at the rate of 2.1 percent annually compared to 1.3 percent in the diet-adequate one-third of the world.

There is an obvious connection between dwindling food supply and exploding population but hardly a whisper of this is found in the official administration testimony on this bill and the President, though demonstrably concerned, has not chosen to incorporate any specific remedies in this legislation. We feel, however, that it is appropriate to couple a concern with population control and food supply in this bill.

We, therefore, think there is a great deal of merit in an amendment which Representative Todd of Michigan has introduced which would provide that "not less than 15 percent of the currencies received" from sales of food for foreign currencies be used "for financing programs emphasizing maternal, child health and nutrition, and family planning services, and research activities related to the problems of population growth." These currencies would be reserved and be made available at the request of the recipient country.

Also, we endorse an additional amendment sponsored by Senator Yarborough of Texas which would add the provision of "family planning services" to the factors that the President shall take into account as demonstration of self-help efforts on the part of the recipient nations. This would represent an important strengthening of the purposes of this legislation.

Let us, while there is still time, take the measures necessary to arrest this accelerating population growth in the underdeveloped, food-deficit nations. For it will be of no avail to provide the food and nutritional aid these countries so desperately need if there is not a corresponding effort made to bring population growth under control.

Whether 15 percent of currencies should be set aside or 5 percent as Senator Tydings of Maryland has suggested, we are not ready to say, but it should be stressed that a very significant policy step would be taken by the United States

¹ Designations supplied by U.S. Department of Agriculture study, Food for Freedom, February 1966.

if the Congress would speak its mind in this fashion. It would signal to the world that we mean to help in a massive way to solve this food-population problem.

The President has said that "a balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine." This bill should help provide that balance.

The massive use of American farm surpluses to feed the hungry, begun in 1954 during the Eisenhower administration, has received tremendous impetus under the administrations of the late President Kennedy and of President Johnson. It is appropriate to look back to the beginnings of the Food for Peace program initiated by President Kennedy to recapture, if we can, the idealism motivating this program.

Senator McGovern of South Dakota, in his book, "War Against Want," recalls campaigning with Kennedy in his State in 1960 and how speaking to 50,000 farmers at the national plowing contest, Kennedy was not at ease with his prepared manuscript dealing with price supports and supply management and the crowd reaction was indifferent. However, 2 hours later at Mitchell, S. Dak., speaking without a note, the youthful candidate for President from the East, electrified a farm audience with a moving appeal:

"I don't regard the * * * agricultural surplus as a problem," he said. "I regard it as an opportunity * * *. I think the farmers can bring more credit, more lasting good will, more chance for peace, than almost any group of Americans in the next 10 years, if we recognize that food is strength, and food is peace, and food is freedom, and food is a helping hand to people around the world whose good will and friendship we want."

It is that spirit that animates our support of this legislation.

WASHINGTON, D.C., March 9, 1966.

HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: As a professional organization serving over 16,000 members who are active in all phases of public health work, the American Public Health Association would like to support the principles contained in the Food for Freedom legislation which has recently been the subject of hearings by your committee.

We believe your committee will be interested in our policy statement on the population problem, which was adopted by the governing council of the APHA in October 1959 and revised in 1964. Briefly, the statement points out that: "In many areas of the world substantial population increase means malnutrition and outright starvation. In other areas it may mean increased stress in family life, reduction of educational opportunity, and the retardation of the industrial development on which a Nation's rising standard of living depends. No problem—whether it be housing, education, food supply, recreation, communication, medical care—can be effectively solved today if tomorrow's population increases out of proportion to the resources available to meet those problems." (A copy of the complete statement is enclosed.)

"In large sections of the world, high illness and death rates resulting from malnutrition constitute a severe handicap to social, political, and economic progress. These deficiencies are most damaging to children in the age range of 6 months to 5 years." These facts are pointed out in a resolution, adopted by the APHA Governing Council last October, which urges "international agencies, Government agencies, private agencies, and industry to give increased emphasis to the nutritive value and the acceptability of foods supplied through Food for Peace and other programs designed to supplement the nutritive needs of people throughout the world." Our association further believes that "shipment of food based solely on surplus availability neither meets critical needs for health nor contributes adequately to problems of needed food resources." (A copy of the complete resolution is enclosed.)

It would be most appreciated if the views of the American Public Health Association could be included in the record of your hearings on S. 2157, S. 2826, and S. 2933.

Yours truly,

BERWYN F. MATTISON, M.D.,
Executive Director, American Public Health Association.

[From the American Journal of Public Health, December 1959]

POLICY STATEMENT

The following policy statement was adopted by the Governing Council, American Public Health Association, at its 87th annual meeting in Atlantic City, N.J., October 21, 1959.

THE POPULATION PROBLEM

There is today an increase of population which threatens the health and well-being of many millions of people. In many areas of the world substantial population increase means malnutrition and outright starvation. In other areas it may mean increased stress in family life, reduction of educational opportunity, and the retardation of the industrial development on which a nation's rising standard of living depends. No problem—whether it be housing, education, food supply, recreation, communication, medical care—can be effectively solved today if tomorrow's population increases out of proportion to the resources available to meet those problems.

The patterns of family life directly affect human health and individual capacities. Serious public health problems are posed when family size impairs ability to sustain a healthful way of life, when childbearing may affect adversely the health of the mother and her offspring, when the cultural and spiritual aspirations of the family are frustrated by sterility.

The interplay of the biological, ecologic, cultural, and economic factors that operate to produce population change is not adequately understood. Especially lacking is scientific knowledge concerning human fertility. However, the healthful effects of family planning and spacing of births has been recognized by leaders of all major religious groups, as well as by leaders in medicine, welfare, and public affairs. Several methods are now available for the regulation of conception, one or another of which may be selected as medically appropriate, as economically feasible, or as consistent with the creed and mores of the family concerned.

The public health profession has long taken leadership in defeating disease, disability, and death. It must now assume equal leadership in understanding public health implications of population imbalance and in taking appropriate action.

The American Public Health Association, retaining cognizance of the principle of religious freedom by all religious groups as expressed, for example, in the first amendment of the Constitution of the United States, believes therefore that—

1. Public health organizations at all levels of government should give increased attention to the impact of population change on health.
2. Scientific research should be greatly expanded on (a) all aspects of human fertility; and (b) the interplay of biological, psychological, and socioeconomic factors influencing population change.
3. Public and private programs concerned with population growth and family size should be integral parts of the health program and should include medical advice and services which are acceptable to the individuals concerned.
4. Full freedom should be extended to all population groups for the selection and use of such methods for the regulation of family size as are consistent with the creed and mores of the individuals concerned.

[From the American Journal of Public Health, December 1964]

POLICY STATEMENT ON POPULATION

The following statement was adopted by the Government Council of the American Public Health Association, at the 92d Annual Meeting in New York, N.Y., October 4, 1964.

Since adoption of the 1959 policy statement on population by the American Public Health Association, public concern over world and national population problems has accelerated more than has public action to solve them.

In the United States, an increasing number of official health and welfare agencies have instituted programs of family planning to reduce the incidence of unwanted pregnancies, illegal abortions and maternal and perinatal mortality

and morbidity. Governing bodies, from the Congress of the United States to town councils, have voted to make family planning information and services available, but millions of Americans are still denied such help as a part of the health or welfare services provided them from tax funds.

Although both tax and private funds are supporting research on reproduction related to birth and population control and remarkable advances in contraceptive technology are emerging, the National Academy of Sciences has clearly indicated how great are the unmet needs in research and training.

Governments of developing nations are officially recognizing rapid population growth as a serious deterrent to improved well-being of their people. Increasingly, they are adopting national policies and initiating national programs of family planning. To implement these programs, many seek technical assistance which remains difficult to obtain from governmental sources.

These events call for added leadership by the public health profession in understanding and acting upon public health implications of rapid population growth. The American Public Health Association, therefore, believes it important to reaffirm its 1959 policy statement, dedicates itself to intensified study and action on population problems and urges that—

1. Federal, State, and local governments in the United States include family planning as an integral part of their health programs, make sufficient funds and personnel available for this purpose, and insure such freedom of choice of methods that persons of all faiths have equal opportunities to exercise their choice without offense to their consciences.

2. Federal and State Governments, foundations, universities, and other research institutions give higher priority to the need for more research and training on all aspects of population problems.

3. The United States expand its technical assistance in population programs to those nations requesting it and urge efforts by the World Health Organization and other appropriate international agencies to do likewise.

NUTRITIVE VALUE OF FOOD DISTRIBUTED ABROAD

In large sections of the world, high illness and death rates resulting from malnutrition constitute a severe handicap to social, political, and economic progress. These deficiencies are most damaging to children in the age range of 6 months to 5 years. The surviving children afflicted by malnutrition in early childhood are more susceptible to injury from infectious diseases and may be irreversibly retarded in development. The continued prevalence of such conditions detracts seriously from the prospect of world peace.

The major forms of malnutrition are reasonably well identified as a basis for corrective action and scientific guidance in education, agriculture, and food practices. The lack of good quality protein foods is a dominant factor, followed in importance by deficiencies of vitamin A, iodine, iron, and other nutrients. Shipment of food based solely on surplus availability neither meets critical needs for health nor contributes adequately to problems of needed food resources.

The American Public Health Association urges international agencies, government agencies, private agencies, and industry to give increased emphasis to the nutritive value and the acceptability of foods supplied through Food for Peace and other programs designed to supplement the nutritive needs of people throughout the world.

(Adopted by the governing council of the American Public Health Association, October 20, 1965.)

STATEMENT OF WALLACE J. CAMPBELL, PRESIDENT, FOUNDATION FOR COOPERATIVE HOUSING

Mr. Chairman and members of the committee, it is an honor to appear before your committee once again. It is particularly pleasing to appear here in support of President Johnson's proposal that "the United States lead the world in a war on hunger."

Perhaps I should introduce myself to any new members of the committee. I am president of the Foundation for Cooperative Housing but I am appearing at the request of the committee in my personal capacity. For 25 years I was

assistant secretary of the Cooperative League of the U.S.A. and was its legislative representative at the time this committee was hammering out the legislation for Public Law 480.

At that time there was a strong coalition of farm and religious organizations interested in the legislation. The farm groups worried that the tremendous surpluses accumulating in the United States threatened to destroy the normal market for American agricultural products; the religious civic and relief groups wanted to find a more effective way to use American agricultural capacity to feed the hungry and starving in the free world. The coalescence of these forces, working with your committee, helped to enact Public Law 480.

As chairman of the committee which organized CARE in 1945, and as a member of its board of directors, I had taken part in policymaking decisions to experiment in the use of agricultural surpluses to meet food crises in Europe and the Middle East prior to Public Law 480.

In the years since Public Law 480 was enacted, CARE developed a program to use these great agricultural resources to feed 35 million hungry men, women, and children around the world.

Of the \$759 million worth of relief, self-help, and medical supplies distributed by CARE during the last 20 years, well over \$500 million, one-half of a billion dollars, has been in foodstuffs distributed by CARE to the world's needy under Public Law 480.

CARE's most dramatic program is one in which we are now feeding 28 million children a simple lunch each day of the school year. The school lunch program not only makes the difference between chronic malnutrition and sturdy growth, but it also increases the child's ability to learn more quickly and later to take his place as a responsible citizen of the world.

It is interesting, indeed, to see on the walls of schoolhouses in the Punjab and Madras, in Ecuador and Colombia, in South Korea, and in so many other countries, signs in Hindi, Punjabi, Tamil, Hangul, Spanish, and other native languages, telling the parents, and the children alike, that the school lunch is contributed by the people of the United States through CARE. It touches one's heart very deeply to help serve one of these school lunches in such a far away country as India or Ecuador and to see how gratefully the gift of American abundance is received.

Here are a few specific items about the dramatic accomplishments CARE has been able to achieve in partnership with the U.S. Government and host governments overseas under the Food for Peace program. Since the enactment of Public Law 480, CARE has received through June 30, 1965, a total of 5 billion pounds (repeat 5 billion pounds) of commodities made available by the U.S. Government for distribution to the needy in 55 countries.

CARE is supported basically by the voluntary contributions of private individual U.S. citizens. But it has also received substantial support through funds contributed by the "host" governments to help pay the costs of internal transportation and the personnel to handle school lunch feeding programs. This is a move to encourage other governments to share costs with CARE and the U.S. Government in this important humanitarian effort.

Early in its operations, CARE drew away from the straight "dole" type of program involving large family feeding and established a pattern of operations involving local institutions mainly for school lunches.

During the year ending June 30, 1966, CARE is operating in 32 countries and will handle about 1 billion pounds of commodities. Increasing emphasis is on the feeding of children. Of approximately 35 million recipients involved in these CARE lunch programs, 28 million are school-age children receiving school lunch programs. An additional one and a half million children between the ages of 1 through 6 will be receiving good nourishing food in those crucial years when infant mortality is abnormally high.

In the current famine situation in India, CARE has undertaken a very substantial additional burden. Its established program calls for school lunch distribution in a total of 12 of the 15 States in India. In addition, CARE will take care of approximately two and a half million more of the hungry, including very young children aged 1 through 6, and pregnant and nursing mothers.

In meeting emergencies and in keeping up with well-established commitments supported by contributions from other governments, CARE has found one major obstacle. That is the lack of any guarantee that commodities will be available

for any extended period of time unless they are "in surplus." In many cases it has not been possible even to make firm commitments because of shortages which develop in various commodities. This has been particularly critical in the need for milk powder for the feeding of children. The new legislation before you, the Food for Freedom Act of 1966, should make it possible to overcome this deficiency.

I have spoken in detail only about CARE but I would like to point out that there are a number of other great voluntary organizations which are conducting school lunch programs and other relief operations, using for humanitarian service the agricultural abundance of the United States.

The great potential of Public Law 480 must have been in the committee members' minds at its adoption; but I doubt if many others in the Congress were aware of the impact it would have on the food needs of the world; and what great rewards in friendship and understanding it would bring to the United States while it was fulfilling an important economic function for American agriculture.

President Johnson has presented to Congress through this committee a proposed war on hunger which would take the next step. The President recommends that we abandon the concept of "disposal of agricultural surplus" and substitute a positive concept of an international war on hunger, with the United States taking the lead. There are several important implications in the change that I would like to stress to this committee.

The first is that Congress restate the purpose of this program so that the United States can move aggressively and constructively against malnutrition and starvation not only with actual surpluses, but also with authority to purchase commodities to supplement nutritionally the commodities which are in surplus. In other words, this will make available those foods that are needed regardless of whether they are in surplus or not.

The legislation also intends that the United States work with other principal agricultural nations to form a combined undertaking to supplement U.S. resources through contributions and sales of commodities from the "have countries," helping to solve the food crisis of the "have-not countries."

We should move forward on two fronts: bilaterally in U.S. programs and multilaterally through the U.N. Food and Agriculture Organization, the World Food program, and the programs of self-help for nations that are not now producing enough food to meet their own needs. A program devoted only to charity, without self-help, could eventually impoverish the people and the nations concerned. But an active program providing agricultural and technical assistance, organization techniques in cooperative purchasing and marketing, additional production of fertilizer and insecticides, an aggressive program of modern agriculture, can help pull many of these countries onto their own feet in a dramatic new program of agricultural expansion.

This self-help program will in no way endanger the market for U.S. farm production. Secretary of Agriculture, Orville Freeman, testified before this committee last week that by 1980 full agricultural production in the United States can no longer meet our foreign agricultural commitments; and that by 1985 we cannot fill the gap between increasing food needs and increasing population without substantially increasing food production overseas. "The disaster can be averted in only one way," Freeman said, "by greatly accelerating the expansion of food production within the hungry nations themselves." This emphasis on self-help for nations with agricultural deficiencies is the key factor in our new war on hunger.

For 18 of the last 20 years, U.S. agricultural policy has focused on persuading our farmers not to raise so much food. Only during the war in Korea did we try to turn on the forces of production and we learned how hard it is to get a quick response in increased agricultural production. Korea taught us an important lesson: the need for adequate reserves of food for emergency situations.

President Johnson's new proposal indicates one other lesson: we must tune up U.S. farm production to meet our own food needs for the American population which will double by the year 2000. The legislative proposals before you provide for stepping up American food production to meet international needs so that this same production can meet our domestic needs when the American population increase brings more mouths to feed in the United States.

Let me give a specific example of the food need. For years dried skim milk has been a surplus item. Public Law 480 enabled the use of "mountains" of

milk to feed school children all around the world. But the United States and world market for milk has been increasing at the same time. For the last 2 years the great voluntary agencies of the United States, including CARE, Catholic Relief Service, Church World Service, Lutheran World Relief, and others, have not been able to get enough dried skim milk to meet their commitments to relief programs overseas. I don't need to tell members of this committee how long it takes to increase milk production. There is actually quite a crisis in the international relief program growing out of this shortage of milk powder in the United States. Actually, we require new incentives in increased price supports for dairy products if we are to meet the need for our own food needs as well as our foreign commitments. There should also be an agricultural policy statement which would assure the American dairy farmers that there will not be another cutback as production rises, thereby creating more losses and maladjustments in American agriculture. It is my belief that the proposed legislation will make this important move possible.

Between November 1960 and January 20, 1961, I helped to put together the task force report on Food for Peace which Murray Lincoln, as chairman of President-elect Kennedy's task force, prepared for the new President. The task force report contained many recommendations which are features in the proposed legislation and in the President's message on the war against hunger. The task force urged dropping the concept of "surplus disposal" and the substitution of a positive and aggressive program to meet the world's needs in a Food for Peace program. The task force report recommended authorizing the Secretary of Agriculture to purchase in the open market the necessary nutritional supplements to the commodities going into the donation programs carried forward by the great U.S. voluntary organizations.

It recommended a long-term program in this field rather than an emergency of "crisis" approach. It emphasized the need for helping the recipient countries to help themselves with their own agricultural production programs. And it recommended long-term credit sales for U.S. dollars of commodities. This would supplement the contributions and sales for local currencies. The task force report also highlighted a proposal made by the then Senator Humphrey that binational foundations be set up to develop programs using funds accumulated under sale for local currencies for extended programs of education, health and agriculture.

Now may I present to the committee three specific proposals which I feel should be added to the Food for Freedom Act of 1966.

1. The first proposal is for the use of cotton in overseas programs. As the committee well knows from the figures before it, cotton is a very large surplus item. Not much use has been made of cotton in the welfare programs of the voluntary agencies. This committee will remember that a great forward stride under Public Law 480 was an amendment authorizing the processing of wheat into flour for the overseas programs. This has led to uses of wheat far beyond the former potential of the voluntary organizations.

There is a great unfulfilled need in hospitals, orphanages, old-people's homes and other institutions around the world for cotton bed sheets and pillow cases and bandages. There are hospitals in many sections of the world which have to keep a hospital bed empty while the sheets are being washed, or the patient must lie with open sores on a mattress instead of a sheet. Sometimes a patient can have a sheet under him but no sheet over him. A hospital that can have all of the beds supplied with two sheets at the same time and replacement sheets while dirty sheets are laundered is very rare. The same is true, or probably worse, of pillow cases. Pillow cases with slits cut in the bottoms and sides can also serve as a garment for a child.

If U.S. cotton were made available and authority given to process it into sheets, pillow cases and bandages by using American textile workers, this would provide benefits to American agriculture, to American labor, and most important of all, this would provide improved sanitation practices in hospitals, orphanages, nursing homes and other institutions overseas.

2. The second specific proposal which needs consideration and emphasis is improved housing and environmental sanitation.

As this committee knows, the Food for Peace program has demonstrated great resourcefulness in creating "food for work," whereby agricultural commodities were used to pay major costs of road construction, irrigation, reforestation, school construction, and other programs. CARE and other voluntary organiza-

tions, as well as the AID program itself, have carried forward very dramatic programs in these fields. In a few cases "food for work" has been used to help people build their own homes. The need for improved housing and living conditions is tremendous and the opportunity for using both "food for work" and reinvestment of local currencies could open a great new field for assistance overseas.

President Johnson, in the opening lines of his message "War on Hunger," declared:

"Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter. These are the essentials of peace and progress. But in the world today, these needs are still largely unfulfilled. When men and their families are hungry, poorly clad, and ill housed, the world is restless—and civilization exists at best in troubled peace."

I would urge on this committee and the administration a detailed examination of the needs and possibilities of using Food for Peace as a way to create new and sanitary housing in all parts of the world.

3. The third important proposal is in regard to the food distribution systems and facilities for the war on hunger. In India, for example, the ports have reached a saturation point and there just are not the facilities for moving food into India fast enough to meet the needs of the famine which faces her today. Ingenious devices are being developed on the scene but these are not adequate.

India does not have a distribution system in the sense that we have a distribution system in the United States. Assistance needs to be provided both in the form of technical assistance and loans to create a system of storage, transportation, and distribution which will eliminate the delays and waste which now face the people charged with that responsibility for getting goods to people fast enough to prevent starvation.

A small simple illustration of this logistic need is one which CARE faces in many Indian communities where we must bring in pumps and water pipes to provide clean water for preparing the milk from milk powder to feed hungry children.

In the 20 years of work at CARE, we have learned some philosophical and psychological lessons as well as some economic ones. When we launched CARE in 1945, it was our aim to help people by preventing starvation in war-torn Western Europe. As the immediate crisis eased, it became apparent to us that just to help people was not enough. Actually, straight charity can be harmful to a beneficiary if applied for too long a time; so we launched an important program of self-help. We were proud of this concept and many of us felt we had achieved the ultimate. There is, however, one important further step at least, and that is to help people by teaching them to help each other. This truly cooperative approach, used very effectively in our own country, can be the basis for the creation of self-sufficient, independent, friendly nations.

There have been many hours of testimony devoted to the technical aspects of this legislation. Witnesses have gone out of their way to prove that this proposed legislation is in the self-interest of the United States. This is, in fact, true. But in today's world self-interest alone is not enough. Public Law 480 turned out to be not just a device for agricultural surplus disposal but it became one of the great humanitarian measures of all history.

The "war on hunger" which the President proposes and for which there are a number of proposed bills before you, can move us even further forward in the quest to save ourselves by helping others to save themselves.

STATEMENT OF MRS. GRACE McDONALD, EXECUTIVE SECRETARY, CALIFORNIA FARMER-CONSUMER INFORMATION COMMITTEE, SANTA CLARA, CALIF.

The legislation which you are considering at these hearings may well be strategic in laying the foundation for world peace through the conquest of hunger malnutrition, starvation, disease, and premature death—the present fate of the people of half the world.

Having actively pursued this objective, as the California Farm Research and Legislative Committee since the United Nations Food Conference was held at Hot Springs, Va., in May 1943, we urgently ask your affirmative action on S. 2157 as a vital step in closing the gap between the "have" and "have not" nations, a gap which is accelerating at an appalling rate.

The authors of S. 2157 have amassed facts and figures and placed in the Congressional Record in the two sessions of the 89th Congress the unhappy story of the deterioration of the world food and fiber supply and the inability of nations lacking adequate resources to build their economy to take advantage of world technological and scientific knowledge without substantial assistance.

This assistance can come only through subordination of national, sectional, and regional interests to a world program in which every nation member of the United Nations and/or the Food and Agriculture Organization of the United Nations; its special agencies; our Federal, State, and local government bodies; in fact, the entire citizenry of our financially powerful Nation are committed.

Such commitment on the part of the United States has ample precedence. Starting with the 1943 Hot Springs Conference, already referred to, our country actively sponsored and participated in the World Food Conference held in Washington, D.C., in June 1963, chaired by no less an agricultural authority than Secretary of Agriculture Orville L. Freeman. Our committee officially participated in this Conference representing both our own State department of agriculture and Gov. Edmund G. Brown, in addition to our quarter of a million members of affiliated organizations.

Carrying out the resolutions adopted at this Conference, our committee at its 25th annual meeting luncheon in Fresno, June 12, 1965, unanimously supported a world-oriented freedom from hunger program in contrast to any unilateral U.S. policy. This "statement of policy" is attached and we ask that it be made a part of these hearings. May I add that our committee and those who officially signed the "policy statement" did so on a nonpartisan basis. And we believe that this bill with its far-reaching objectives, should likewise be considered without regard to party alinement.

The ability of our farmers, using every established technological and scientific method to increase output per unit, is recognized in section 1(b) of S. 2157 which states:

"The purpose of this Act is to provide for the use of the excess production and capacity of American agriculture and food industries and insofar as possible, in cooperation with other nations, to eliminate human hunger and malnutrition throughout the world, to assist underdeveloped nations in increasing their own production of food and other human requirements, and to encourage other developed nations to participate in a united effort to eliminate want as a potential cause for international disputes, aggression, or war."

In carrying out this all-out U.S. production momentum, however, the position of our committee is very specific; namely, that there must be no interference with commodity marketing agreements which have been in operation since 1937, whose function it is to stabilize production in relation to domestic and foreign demand with an adequate reserve so that our family-operated, efficient, commercial enterprises may survive the devastating toll of price collapses because of overproduction for the profit of nonfarmer corporations.

The position of our committee is that contributions of food are of value only in emergency situations, such as earthquakes, drought, and so-called acts of God. Food contributions, however, when used to pay for labor engaged in projects such as construction of schools, hospitals, roads, are part of an economic development program and thus valid.

Returning to the subject of assisting underdeveloped nations to increase their productive capacity, it would be folly to assume that such nations have the means to finance construction, from their own taxable resources, of such essentials to economic wealth as modern harbors, transportation systems, irrigation systems, packing and processing plants, or in some instances even simple tools, improved seed, an adequate amount of fertilizer (pending construction of their own fertilizer facilities), sprays, or personnel to teach proper cultural, harvesting, and marketing practices.

S. 2157 envisages expansion of the U.S. Peace Corps to provide trained personnel but FAO, WHO, and other experts, who are multilingual, are required to plan and supervise in conjunction with departments in the nations who become parties to these development programs. Not only the facilities of an enlarged rural technical assistance program under the Agency for International Development is required, but the financial commitment of the U.S. Government to adequately maintain the "operating costs of any United Nations agency with objectives and programs implementing the purposes of this Act" (sec. 2(E) of S. 2157.

We fully concur with sections 3 and 4 of S. 2157 which propose that the "President may designate a director of the international food and nutrition (food for peace) program, create such advisory groups, and promulgate regulations governing the administration of this act as he deems advisable * * *" except that we believe "may" should be changed to "shall," the Congress, in our opinion, being the proper representative body to express the will of its constituents. In view of the rapidly expanding population of the world, with special emphasis on the gap between food and fiber production and economic growth within the underdeveloped nations, a mandatory world program cannot be put off, and this means that the United States must immediately and fully participate in the programs being promoted by the various special agencies of the United Nations.

Section 4 provides the machinery through which this may be accomplished, namely, that the Congress recommends to the President that he negotiate with other nations, "through his Ambassador to the United Nations, for the expansion of the world food program of the United Nations to assume as much responsibility for world freedom from hunger as possible with the participation and support of the United States."

Especially important, according to our review of 23 years of effort to end the gap in food consumption and economic development between the have and have-not areas, is a firm commitment on the part of the Congress and the executive branch, to pay the United States' share of United Nations appropriate agency operating costs in proportion to our Gross National Product, now reaching toward the trillion dollar mark.

Section 2 of S. 2157 attempts to set this appropriation at \$500 million for fiscal 1966-67 as a base, adding necessary amounts to meet the need through fiscal 1975.

We believe that an additional section is needed which would include cooperation with private agencies—freedom from hunger committees; business, church, labor, farm, and community groups, so that all efforts toward international economic development may be coordinated, as vaguely outlined in section 3 of S. 2157.

We realize that S. 2157 was originally introduced on June 17, 1965. During the insuring period there has been a growing awareness on the part of the American people, the Congress and the President, of the need for coping with world hunger. The legislation introduced in the House of Representatives by Lynn E. Stalbaum, H.R. 12375, which we supported at hearings now being conducted by the House Committee on Agriculture, suggests additional programs which we believe have merit. They are:

An optimum program for each underdeveloped nation undertaking its own self-help plan;

A farm credit system and promotion of a sound land tenure plan;

Development of resources from the sea as well as from the land.

Thank you for making it possible for committees such as ours to place before you at so early a date in this session of the Congress, our views. We hope that you take favorable action on S. 2157 and the urgent need for an international food and nutrition program speeds floor action on this bill.

(The policy statement referred to above is as follows:)

FOR INTERNATIONAL COOPERATION

We live in a world of breathtaking scientific achievement and international communication. The use we make of our heritage will determine the future of the human race. The forces we set in motion have the potential for a world rich in abundance, friendship, and the enjoyment of an ever-expanding culture. Negatively, they have an equal potential for ghastly annihilation.

The United Nations, founded 20 years ago as a world mechanism for peace and cooperation, has survived localized conflicts.

"Even today" the late Prime Minister of India, Jawaharlal Nehru said shortly before his death, "between countries which are opposed to each other in political or other fields, there is a vast amount of cooperation."

"Little is known, or little is said, about this cooperation—but a great deal is said about every point of conflict, and so the world is full of the idea that the conflicts go on and we live on the verge of disaster."

"Perhaps it would be a truer picture if the cooperating elements in the world today were put forward and we were made to think that the world depends on cooperation and not on conflict * * *."

The year 1965 has been proclaimed "International cooperation year." Under the guidance of U.N. Secretary General U Thant, the United States along with all members of the United Nations, and all the people of the United Nations world, are called upon to rededicate themselves to this "assignment of the century."

There is no greater contribution which can be made to this dedication than that of freeing the world from hunger through strengthening the Food and Agriculture Organization of the United Nations, now building economic development through agricultural productive improvement wherever people are malnourished.

There is no greater responsibility than the creation of community, State, National, and international involvement through the freedom from hunger campaign launched in 1961 as the nongovernmental core of this worldwide undertaking.

Assembled here under the auspices of the California Farm Research and Legislative Committee for its 20th anniversary observance of the founding of the United Nations, we, officially representing a cross section of rural-urban organizations and people as individuals, hereby rededicate ourselves to the task of carrying forward with all possible zeal, the peace-keeping objectives of the United Nations along with its educational, scientific, health, and food and agriculture functions through the freedom from hunger campaign, under the leadership of the American Freedom from Hunger Foundation; the sponsoring committee of the California freedom from hunger campaign; and the "grass roots" mobilization rapidly developing through the Northern California Freedom From Hunger Committee.

STATEMENT OF R. HAL DEAN, PRESIDENT, RALSTON PURINA COMPANY,
ST. LOUIS, MO.

Mr. Chairman, members of the committee, my name is R. Hal Dean. I am President of Ralston Purina Company, a St. Louis based diversified corporation operating domestically and internationally in the food and feed industries. In our last fiscal year our sales totaled \$954,770,000.

We are involved in the production of food both from the land and from the sea. Our principal areas of land operations are the United States, Canada, Mexico, Central and South America and Continental Europe. We are represented in 23 countries of the world with manufacturing and distribution facilities. We have smaller ventures in the Middle East, the islands of the Indian Ocean and Africa.

In our sea food operations we have fishing fleets in waters all over the world, and sea food plants or stations on four continents.

While our company is widely diversified both functionally and geographically in the food and feed industries, the efforts of each of our six operating divisions ultimately lead to the same objective, the production of food. The largest part of our business revolves around the manufacture and distribution of animal and poultry feedstuffs.

We appreciate very much, Mr. Chairman, this opportunity to appear at these hearings and to relate briefly some of our experiences in the production of food around the world.

Our experience convinces me that the emphasis of this proposed Food For Freedom Act of 1966, which recognizes the necessity for extending self-help to the local agricultures in emerging nations, is eminently sound and practical in meeting the challenge of world hunger. We agree that the key to victory over hunger in all nations is self-help. This Bill, I believe, if enacted into law, would enable The United States, through a combination of the strengths of private enterprise and government programs, to promote self-help in nations that need it urgently.

There is no easy solution for private industry, government or international agencies in promoting agricultural self-help in developing countries. We cannot paint another country, which has its own unique geographic, political and economic characteristic, with the American free enterprise brush and expect another United States of America to emerge.

In each case it is essential that the country's specific problems be identified and that self-help program be applied through broad concepts and fundamentals. Ingenuity is a way of life in domestic industry; it is a matter of survival in international business and the key to the solution of the challenge of world hunger.

I am completely convinced that the free enterprise system is the necessary major ingredient in any formula which offers the promise of real success in meeting

the challenge of world hunger. In my use of the term "free enterprise" I include all business organizations based on the profit system, the small and large independent business proprietorships; the cooperative groups which are formed for the purpose of bringing savings, and thus profit, to their members; and all business corporations.

Our free enterprise system cannot be picked up and transplanted in a developing country, and it need not be. It has such strengths in its flexibility that its greatest effectiveness comes when it is adapted, not adopted in each country. This enabled it to be addressed directly to the peculiar problems of that nation.

I would like to outline very briefly and in an over-simplified manner an example of what I mean. Our company's International Division several years ago moved into the South American nation of Colombia. The need in that country for more and lower cost meat, milk and eggs was obvious. Our first move was to establish a mill to produce balanced animal feed rations. A sales organization was formed at the same time, led by our own technically oriented people. They were given the dual responsibility of teaching the local salesmen to become sort of extension service specialists to the farmer, while also developing a commercial feed dealer distribution organization of Colombian businessmen.

Very soon after production and distribution of our feed product was under way, it became evident that we were competing for raw materials, specifically corn, with the human population. The heaviest usage of corn in Colombia was to feed the people. A small but previously nonexistent demand for a mixed feed ration upset the balance between production and consumption of corn. While our objective was to increase the abundance of food, we found ourselves temporarily in danger of throwing an imbalance into the food system.

We looked for a different carbohydrate source and investigated the local capabilities for producing milo. There was very little milo production at that time. There had been work through the scientists of private foundations, and to some extent by the Colombian government financed by United States funds, to develop soybean production in areas in the country. Leaders of these efforts found it easy to get Colombian farmers to grow the first crop. However, the farmers almost inevitably lost interest after the first crop because there was no market place where he could turn his crop to cash.

We were able to guarantee a cash market to the milo growers in the area of our plant. We augmented the previous work of the foundations and the government by employing agronomists, importing selected hybrid seed, and financing this seed to the farmers. We were successful in helping expand the milo crop.

The question might arise at this point as to the prudence of promoting and expansion of the milo crop in another country when there are grain surpluses in the United States. The simple answer is, there is a lack of foreign exchange in these countries to buy American grain.

In our Colombia situation, as a solution to the raw material supply problem was being worked out, other imbalances in distribution and production were being solved by adapting free enterprise techniques. Our sales organization, utilizing vast quantities of films, educational programs and other training devices produced by our own people in the Spanish language, taught farm management skills to the consumers of our animal and poultry feeds, and taught business management and marketing methods to our Colombian distributors.

It is this area that private enterprise companies like our own are able to perform our greatest service. The technical and operating knowledge in animal production and distribution which we have acquired in 72 years of experience in the United States is sorely needed in other countries. American agriculture not only has the opportunity but the *definite responsibility* to carry this knowledge into the developing countries. This responsibility is rooted in moral and political considerations, and in the long term survival of our own way of life.

I would like to emphasize here that agricultural self-help is *not* a threat to the United States farmer. I would simply refer to available statistics on world birth rates and food production estimates for the years ahead. United States farmers will have to produce all they can, and there will be sufficient and growing markets for their production.

Our International Division extension people have carried our Company's total program of good feeding, good breeding, sound management and careful sanitation, along with intelligent marketing and distribution techniques, into the far corners of every country in which we operate.

To show the scope of the education effort which private enterprise is able to generate, I would like to mention some specific figures. Since we have already

chosen Colombia as a case history, I will use figures which apply to that country. They are typical of those in all of the countries in which we operate. In 1958, at a time when we were getting started in Colombia, our education and extension efforts were just getting under way. We had a sales extension organization of seven people—a manager and six salesmen. After receiving training themselves, they conducted salesmen's training schools, dealer training schools and farmer training schools, which during the year were attended by 1,236 Colombians. In addition, there were countless individual contacts that all these people had with others.

This extension program of agricultural education has grown year by year. In 1965 such training was carried throughout the country by our expanded sales and extension organization of 23 people plus a dealer organization of 65 Colombian merchants. In 1965 this effort in education resulted in some 28,300 direct contacts with Colombians through the formal program.

Another facet of the education program includes the publication of a magazine specifically edited for each country. It is distributed through the dealer organization and brings educational information on the feeding and management of livestock and poultry to thousands of farmers in each country.

This broad and practical education program is typical of the unique ability of free enterprise to extend self-help to agriculture in other countries. The fact that it is profit motivated makes it all the more effective at all levels. A prime value is the development of people in each nation. Our Latin American organization of some 2,700 company employees includes only 14 Americans. Our dealer organization of some 600 merchants is entirely non-American.

The building of this kind of an international business organization may sound easy as it is recounted here. Let me dispel that impression. International business is a hard, tough, demanding proposition. The patience, ability, dedication and sacrifice it requires of the Americans who are involved eliminate all but the strong.

Getting back to our Colombian example, these educational efforts created new business opportunities for farmers in the expanded production of poultry and animals. The need for properly bred poultry strains immediately appeared. This led to the establishment of another new local industry, a breeding and hatchery operation to produce hybrid chicks.

With regard to cash markets for end products, and systems of end product marketing, we provided advice and education in establishing processing and marketing organizations which could absorb the increased production of poultry meat. In some other countries we have found it essential to participate at this level by way of equity in providing a cash market. In fact, we have engaged in enterprises as far reaching as a milk reconstitution plant coupled to a fish receiving station, and to simple restaurants specializing in chicken.

These experiences, I believe, illustrate in an over-simplified way the dramatic chain reaction effects which the adaptation of free enterprise techniques have in extending self-help to developing nations. In this case, stimulating influences were felt in grain production and distribution, poultry breeding and hatching, and poultry production, processing and distribution.

This is not to say that private enterprise does not have limitations in the implementation of self-help. In the Colombia example, bottlenecks at several levels of distribution arose because of inadequate transportation facilities and a lack of grain storage capacity. These are proper areas for government attention, and I am pleased to say that government programs are being and have been addressed to these problems in Colombia.

Program directors of The United States Government, non-profit foundations, and agencies such as FAO, have demonstrated their ability to mobilize science and to apply science to the problems of production in emerging countries. International financing is generally available for developing nations if they are realistically engaged in self-help programs in the production of foodstuffs. Certainly the availability of labor is not a problem in these countries. Yet I believe it is fair to say that the tremendous effort by government and non-profit foundations in mobilizing scientific know-how, money and manpower has produced results somewhat short of the objectives which these dedicated people themselves desire.

The point I would like to make again, Mr. Chairman, is one that I stated at the beginning; Free enterprise is the necessary major ingredient in any formula which would offer the promise of real success in meeting the challenge of world hunger. Free enterprise offers the motivation of a desire for profit. This gives a man a job. It develops new business and new industries. The profit incentive not only

provides cash markets but it also *develops* cash markets. Over a period of time it leads to improvement in the standards of living.

Within reasonable limits, private industry serves as the catalyst which makes the economy a self-adjusting unit. When one phase of production is out of balance, the profit motivation forces the development of a new distribution and a new cash market to accommodate the imbalance.

In summary I would like to say that I believe self-help for the developing countries in the production of foodstuffs is vital to the solution of hunger in the world. Not only does this course refresh the invigorate the local economy, it also develops the kind of thinking in the people which is essential for the self respect that repels communistic dogma. The efforts of government and private enterprise must be correlated and must complement each other to reach the common objective.

I do not believe that the Government in this legislation should undertake to assume any of the responsibilities of free enterprise. The Government's role as outlines in this proposed bill needs further clarification. With that exclusion, Mr. Chairman and members of the Committee, it is my belief that the broad aspects of this proposed Food for Freedom Act of 1966 embodies the means to help stimulate the kind of international self-help action which we have been discussing. I welcome this opportunity to voice my approval of it.

Thank you.

FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

WEDNESDAY, JUNE 15, 1966

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to recess, at 2:05 p.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, McGovern, Aiken, Cooper, Young of North Dakota, Boggs, and Miller.

The CHAIRMAN. The committee will please come to order.

It will be recalled that when we held hearings on the so-called food for freedom bill I indicated that we would have the Secretary of Agriculture, the Secretary of State, and the Administrator of our foreign aid program return after the House had acted. Now, I understand that Mr. Rusk can't be present and he will be ably represented by my good friend, Mr. Johnson, former Ambassador, and Mr. Gaud, of AID.

Now, I presume, Mr. Secretary, that you will proceed. I wish you would keep in mind the bill as it came from the House.

As you know, the House amended it somewhat. If you have any suggestions as to the action taken by the House, we would appreciate your views on that.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE—Resumed

Secretary FREEMAN. Mr. Chairman, if I may, I have a brief statement that I thought I might put into the record. It does make several suggestions for this committee's attention and it would perhaps expedite matters if I just read that statement with your permission, please.

The CHAIRMAN. You may proceed.

Secretary FREEMAN. The food for freedom bill, as passed overwhelmingly by the House of Representatives, is, in my opinion, a great step forward. There are a few points where we would suggest some change or modification but in general this bill does a notable job of providing practical means to expand agricultural trade, feed hungry people, and further world economic development.

I am particularly pleased to see that the bill incorporates two basic new principles which, to the best of my knowledge, have strong nationwide support. These are principles which I discussed with the committee when I met with you on this legislation back in March.

One of these new features is the emphasis on self-help.

Incidentally, the chairman of this committee has emphasized this point repeatedly over the years.

The last thing we want is for the food aid program to become a permanent dole. Food aid countries must use our assistance as a development tool, not a crutch. Thereby they will speed up the time when they can get by without assistance. This the new bill will help to bring about. It is our main target.

The other new feature is the elimination of the "surplus" concept. A few years ago there was valid reason for this concept. We had excessively large supplies of a number of farm commodities. We were looking for constructive ways to move them into world trade and Public Law 480 as originally constituted was a helpful answer. For all but a very few commodities, however, we have successfully cut the surplus to manageable size, and today we no longer live in a surplus agricultural economy. The new bill gives practical and forthright recognition to the need for programing available commodities as a self-help instrument, rather than the now outdated concept of programing surplus commodities.

In all my discussions of the food-for-freedom proposals—in and out of Congress—these two basic principles have commanded widespread support approaching unanimity. This is as it should be, for they are two of the most important building blocks in the proposed legislation. I sincerely hope and trust that this committee will give them the same strong approval that they have received up to now.

In general, the administration is highly pleased with the progress made in this legislation. What I am about to say about certain features is by way of constructive criticism. I think we are in close agreement as to the intent of the proposals I would recommend changing. My suggestions have to do with adjustments which I think will be beneficial in achieving our common purpose.

There are three areas in the bill which I would propose to change: One of these has to do with the definition of "friendly nations"; another has to do with the marking of food sold for local currency; the last concerns the number of years the act would be extended.

FRIENDLY NATIONS

We recognize the inconsistency of any program which would permit the United States to give food aid to a country which in turn deals actively with a country which is our enemy. We support the intent of the bill which is to keep this from happening.

The bill as drafted, however, poses certain tough problems in administration. It would be extremely difficult and sometimes impossible to determine which nations were selling or supplying materials that might move into North Vietnam and Cuba. We are not equipped to do this sort of policing—and, as we know, a law on the books that is not enforced is worse than no law.

Also, this language would set up restrictions upon other countries more severe than the restrictions we impose upon ourselves. We are able, under our own authorities, to supply food and medicines to Cuba if we determine it is in the national interest to do so.

We recommend that the law not include an absolute bar on selling food to a country which is selling or shipping materials to North Vietnam or Cuba, but that guidelines be laid down which would

require the President, in determining whether food is to be sold to a country under this bill, to take into account whether the country is selling or shipping materials to North Vietnam or Cuba and, if so, the quantity and nature of those materials.

MARKING OF FOODS

Another feature of the bill which we do not think is practical in actual application is the requirement that a foreign country must try to mark commodities bought for its own currency and identify them as made available on a concessional basis through the generosity of the American people.

Here again I do not question the intent of this feature of the bill. For many years, under certain of our food donation programs, particularly those of the voluntary agencies, bags and boxes of food have been clearly identified as gifts of the American people. And I think the effect has been good. These clearly marked gifts have served as tangible evidence of our Nation's generosity and have helped us to win friends around the world. This would continue.

But title I foreign currency sales under the new bill are far different in their operation from the donation program. For the greater part, title I products do not lend themselves readily to marking with a U.S.A. label at the foreign consumer distribution level.

As the committee knows, foreign currency sales account for the biggest part of the food aid program—over the years, about two-thirds. These products move overseas almost entirely in bulk. In the recipient country, they may be commingled with like products produced in that country and may completely lose their identity. This is frequently true of wheat and coarse grains. It is sometimes true of rice. It can be true of any commodity we ship. It would often be extremely difficult for a nation, no matter how cooperative it might be, to sort out and clearly identify those portions of its foods that originated under our foreign currency sales program.

Furthermore, we need to consider the fact that foods received by countries under foreign currency purchases are distributed mainly through their regular commercial channels. As part of our economic development support, we try to encourage efficient operation of these distribution channels. If the food distribution companies of these nations had to maintain two different sets of identities in the products they handle—one being homegrown food, the other under aid programs from U.S.A.—it would lead to inefficiencies rather than the greater marketing efficiency that we encourage.

I recommend, therefore, that lines 16 through 22 on page 6 of the bill be deleted. In its place I recommend there be substituted the requirement that the government of each recipient country, as part of each food aid agreement, will agree to publicize widely to its people, through the public media, the fact that it is receiving our agricultural commodities on a concessional basis through the generosity of the American people.

TIME OF EXTENSION

One third and final request is that the legislation be extended for 5 years.

We regard this as very important in attaining the goals of the new program, particularly the self-help feature.

What we will be doing in the new food-for-freedom program is to ask foreign countries to dedicate large amounts of their resources to agricultural improvement, much more than they have ever done before. Frequently this will require them to exercise an unusual amount of economic and fiscal courage. But there is a limit to how far any government can go. If we say to a country, "We will work with you on a 5-year basis," it can set up an effective long-range program in which it uses scarce foreign exchange to buy agricultural inputs and deliberately moves from buying food with soft currencies to buying with dollars. But if we say, "We can work with you only on a 2-year basis," the tendency will be to cut back on plans accordingly.

I think a 2-year program will definitely retard the attainment of our most basic goal, which is to encourage and assist aid nations to become trade nations. A 5-year program will help us reach that goal, faster and more effectively.

Therefore, we request that line 23 of page 25 of the bill be changed to read "December 31, 1971."

In this same context, we sincerely hope that the committee will preserve the existing payment provisions of long-term dollar-credit sales. This authorization, as now drafted, would enable us to sell agricultural commodities to eligible countries on government or private trade basis with payment periods up to 40 years and with interest at rates comparable to foreign assistance loans and grace periods of up to 10 years.

This provision is extremely important.

The CHAIRMAN. Does that apply to title IV as well as title I?

Secretary FREEMAN. Yes. There would be a combining of title I and title IV.

The CHAIRMAN. How can you justify that, Mr. Secretary? I will ask that of you now and also ask the Foreign Aid Administrator, because as I understand, this is to be cash sales for credit and if you make them on a period of 40 years with a 10-year grace, you might as well give the commodities to them.

I would like you to justify that.

Secretary FREEMAN. Well——

The CHAIRMAN. You and whoever else desires to speak to the question.

Secretary FREEMAN. Well, may I first off just finish the next paragraph which tries to do that, Mr. Chairman.

Many of the countries with which we are dealing are very poor by any standard. We expect them to improve their economies substantially over a period of time, but as our own development history shows, this process must be measured in terms of a number of years. If we expect to accomplish the transition from sales for foreign currency to sales for dollars over the 5-year period through December 31, 1971, as provided in the bill, we must offer sufficiently liberal credit terms to the poorer recipient countries. Some countries will not be able to achieve the transition to dollar sales if we hold out for harder terms which they cannot realistically accept.

A move to limit credit sales to a 20-year period would seriously hamper our efforts, and the efforts of developing countries, to make the transition to dollar sales by 1971. We should not jeopardize such a key objective of the bill.

An authorization permitting payment over a 40-year period does not mean that all sales will be on this basis. We know from experience with the current program that many will be for much shorter periods. But we do need this flexibility in order to tie in our own export sales objectives with the development objectives and repayment abilities of the countries that buy from us.

I would point out, too, that agricultural products require these 40-year export credit terms in order to be on a par with American industrial products which are sold under 40-year dollar loans under the current AID legislation.

These long-term AID dollar loans are used for providing foreign exchange for the import of a variety of nonagricultural commodities. In fiscal year 1965 the value of such loans was over \$400 million. U.S. commodities purchased for overseas use included fertilizers, petroleum, textiles, pulp, paper, and others. Like agricultural, these are consumable items. The credit terms they receive should be made available equally to agriculture—which, I am glad to say, the bill as it now stands would do.

Mr. Chairman, I think Mr. Gaud and maybe Mr. Johnson would want to respond to this as well, but I would want to reiterate if I may, first, the fact that this is a maximum does not mean that each loan or each sale will be made on that basis. We today are making many sales on a shorter term and at a higher rate of interest under current title IV. However, there are a number of countries who currently are carrying an extremely heavy debt load. Those countries, if they are going to cooperate with us to get their agricultural house in order, I think may very well need a longer term of credit, something up to that period, and if we are going to insist, as I think we must, that they invest adequately in agriculture and put into effect the self-help principles and back their proposals with their resources, as you have so effectively insisted they should over a long period of time, I think we need this kind of flexibility in order to bring to bear upon them the necessary kind of persuasion so we will get the action that I know you want to accomplish as well as we do.

The CHAIRMAN. Well, if you recall, under title I where we accepted repayment in soft currencies, we thought at one time that that was liberal. So later on we added title IV and we insisted that repayment be made not in 40 years but in 20 years with a 2-year grace.

Now, here after having this title in operation for at least 5 or 6 years, we are going to be a little more liberal with them, give them 10 years instead of the 2 years grace, and 40-year terms instead of 20.

Secretary FREEMAN. Might I comment on that, Mr. Chairman?

The CHAIRMAN. I wish you would because we want a lot of information as to how you can justify this.

Secretary FREEMAN. The countries to whom most of the title IV agreements have been made, with whom most have been made, have been by and large countries who have been in a stronger position in connection with their economy and felt that they could, and we insisted then that they should, as Congress said that we must, move to the dollar sales at that rate of interest.

Now, however, we have not, and frankly I don't think we could, consistent with the economic circumstances, do the same thing on a 10-year period as we have done in some, or 20-year period with, let

us say, India, given the current state of the debt load and the current problems of that domestic economy.

Mr. GAUD. Mr. Chairman, I wonder if it is clear that under this bill which we are considering now, we would not change or interfere in any way with the terms that we are now giving to the title IV countries. They would continue to be 20 years, 2 years' grace.

Secretary FREEMAN. Or maybe 10 years, 2 years' grace.

**STATEMENT OF WILLIAM S. GAUD, DEPUTY ADMINISTRATOR,
AGENCY FOR INTERNATIONAL DEVELOPMENT, U.S. DEPARTMENT OF STATE**

Mr. GAUD. Or maybe less. We would not soften any of the terms to those countries which can afford to pay on harder terms. The only purpose—

The CHAIRMAN. Would you name those countries?

Mr. GAUD. Sir?

The CHAIRMAN. Put the names—

Mr. GAUD. Any country which is credit worthy, which is able to buy on title IV terms, will continue to have to buy on title IV terms after this law is enacted. The only purpose of this provision is to set minimum terms to be paid by countries which cannot afford to pay on a title IV basis, which are now paying in local currency, and which will be shifting over gradually to paying us in dollars. As they start paying us in dollars, they cannot take on the tough title IV terms, and therefore the provision is for somewhat softer terms for those countries. But the administration will apply this authority in such a way as to insist on as hard terms as possible, title IV terms whenever possible, and, indeed, move over a period of years as many of these countries as we can to buying food on commercial terms.

The CHAIRMAN. Well, we thought that was going to be done under the present law.

Mr. GAUD. That is right.

The CHAIRMAN. But you didn't do that.

Mr. GAUD. We had more—quite a number of—

The CHAIRMAN. I mean AID now. For instance—

Mr. GAUD. Yes.

The CHAIRMAN. You sold corn, as I remember, feed grains, to Israel and charged them three-quarters of 1 percent interest which was never intended under this law, but yet you did it. It is such things as that that make me, I know, as chairman of this committee, suspicious, that if we give you carte blanche in this act, you are simply going to use it as you desire.

Mr. GAUD. Well, I think our record on moving countries to title IV is pretty good. As far as the foreign-exchange capabilities of these countries make it possible, we have been moving them on and we have been hardening the terms and this is the proposition here, Mr. Chairman. There is no suggestion, there is no idea in anyone's mind, that we would interfere with the existing title IV terms.

The CHAIRMAN. Now, in respect to title I sales, we own the currencies. We have something to say about them.

Mr. GAUD. That is correct.

The CHAIRMAN. But how about the credit sales under title IV?

Mr. GAUD. Well—

The CHAIRMAN. How would we control that? If we have 40 years' credit, 10 years' grace, without paying? I am just wondering about our control there.

Mr. GAUD. Our practice—well, yes. I can only cite the practice that we follow in our aid development loans today.

The CHAIRMAN. You mean dollar aids?

Mr. GAUD. Sir?

The CHAIRMAN. Dollar aids?

Mr. GAUD. The dollar loans we make under AID today. In those cases where we sell commodities to these countries, we retain—we provide in the loan agreement that we are to have a say in the way in which those local currencies are spent. The local currencies which are realized from the sale of commodities which we sell to those countries. So that we exercise a control over the disposition of the proceeds in that way.

The CHAIRMAN. Well, I am informed that that is not so. It is charged that the language is not so written in title IV that you feel you can have a kind of control. That is why I am asking the question. And I wish you would point it out because if it is not in the law, we expect to put it in there.

Mr. GAUD. Well, that is fair enough. And I would like to take a look at that. I wasn't aware of the fact that that was not permitted under the existing—under this statute here. We have that authority under the AID bill and I think it is something we should have.

The CHAIRMAN. Well, what I would like to see is a requirement to that effect. You wouldn't object to that, would you?

Mr. GAUD. Yes. In some cases we might.

The CHAIRMAN. All right. Why would you object?

Mr. GAUD. Well, take countries such as Israel—I mean India and Pakistan.

The CHAIRMAN. Israel. You said the right one.

Mr. GAUD. No, I didn't. I was thinking of the excess-currency countries where we already have more local currency under our disposition than we really know what to do with.

The CHAIRMAN. Well, Israel is one of them.

Mr. GAUD. Well, Israel is an excess——

The CHAIRMAN. But I say Israel is one of them. You have more currencies there than you know what to do with.

Mr. GAUD. No. I beg your pardon. Israel is an excess-currency country but the fact of the matter is, Mr. Chairman, we have been quite successful in lending the Israeli local currency which we loan to institutions in Israel which agree to repay us in U.S. dollars. By this device we are converting our excess Israeli currency into dollars repayable over a period of years. We have not been able to do this——

The CHAIRMAN. How many years? Forty years?

Mr. GAUD. No, sir. I think the loan agreements are considerably shorter than that.

The CHAIRMAN. How much interest?

Mr. GAUD. It varies. Most of these loans have been made to scientific institutions, charitable institutions, universities, and they have been made at low rates of interest, but the basic fact is that we are converting a local currency into dollars by doing this.

The CHAIRMAN. But in connection with this you make grants to make it more attractive to them.

Mr. GAUD. No, sir. I am just speaking of loans.

The CHAIRMAN. But I say the requests we handled here lately wherein we gave our sanction, as I understand there were some concessions connected with the loans you made.

Mr. GAUD. There were no grants connected with the loans I am speaking of. Of course, we have made grants from time to time of some Israel local currency but this is a device whereby in Israel we are converting local currency into dollars over a period of time. We are not in a position to do this in India. We are not in a position to do this in Pakistan. We are not in a position to do this in the United Arab Republic or in Poland or Yugoslavia, other countries where we have a large supply of local currencies, and in those countries the issue of the extent to which you control the local currency is not a very important one. But in those countries in which we do not have excess currencies, it is an important issue. I agree with you 100 percent.

The CHAIRMAN. Anything further you want to add, Mr. Secretary?

Secretary FREEMAN. Well, I only want to say, Mr. Chairman, I think you make a very good point. I was just paging through the law, and it seems to me that it should have a provision covering what as a practical matter we now do under title IV as it is negotiated. We could say to that receiving country, on what basis are you going to use that currency? And if that is not clear here, I think it would be useful and that you made a pretty perceptive observation.

The CHAIRMAN. Well, I don't see why we should not make sure that the language that was adopted by the Senate when we put title IV in the Public Law 480 Act is clarified.

You are making it so that it will be more or less a gift, and even though you can say, well, its sale for U.S. dollars, but you won't see those dollars for at least 10 years.

Mr. GAUD. We won't change the provisions on title IV agreements, Mr. Chairman. We will still make sales on hard terms.

The CHAIRMAN. We are going to let the law remain as it is and strike out the 40 years and the 10-year grace.

Mr. GAUD. That would be requiring us to make all sales on title IV terms.

The CHAIRMAN. That is correct.

Mr. GAUD. We think that would not be a sustainable proposition in terms of countries such as India, Pakistan, and others which haven't got the foreign exchange resources to buy food on those terms.

The CHAIRMAN. If we have to support everybody, and start a new program to do it, Mr. Gaud, I am not for that. I am speaking personally now. It looks as though we are being asked, now that we are almost out of surpluses, to grow food for more or less giveaway abroad and if we can make that a part of our AID program and not a supplement to it, we might consider it. But what you are proposing here, as I understand it, is to continue this more or less long-term loan with low interest. We don't know what it will be. And a 10-year grace and 40 years to pay. And that is veering away from the provisions of title IV as we enacted it here 2 or 3 years ago.

Secretary FREEMAN. I think, Mr. Chairman, that the provisions are really very, very comparable. It is the purpose here, first, to move

from the sale for currencies, soft currencies, to the sales for dollars and to make those sales for dollars as hard as we can make them, and under title IV those sales have been quite hard, and the interest rates have been—we have traded and negotiated as tough minded as was consistent with this situation. I think it is a good record.

(Information submitted by the Department of Agriculture is as follows:)

CREDIT TERMS UNDER TITLE IV, PUBLIC LAW 480 AGREEMENTS AND AMENDMENTS

As shown in the table below, the credit terms extended under Title IV, PL 480 agreements and amendments signed from the beginning of the program through June 6, 1966 have been above the minimal terms permitted by the legislation in nearly two-thirds of all countries, and in more than two-thirds of the number of agreements and amendments signed. The picture is even stronger in terms of dollars involved. More than 86 percent of the dollar financing to which the United States Government committed itself under all Title IV, PL 480 agreements and amendments signed has been on terms above the legislative minimum.

TITLE IV, PUBLIC LAW 480—*Agreements and amendments signed through June 6, 1966, with reference to terms extended*

[Dollar amounts in millions]

Kind of terms extended	Agreements and amendments		Countries		Export market value ¹		Estimated CGC cost ¹	
	Number	Percent	Number	Percent	Dollars	Percent	Dollars	Percent
Minimal.....	28	21.5	12	37.5	\$112.0	13.7	\$143.8	13.0
Harder.....	61	68.5	20	62.5	704.3	86.3	953.6	87.0
Total.....	89	100.0	32	100.0	816.3	100.0	1,107.4	100.0

¹ Including applicable ocean transportation.

Secretary FREEMAN. So the issue I think is for the committee and the issue that we have submitted to you and would urge would be this. For those countries who today could not qualify and would not take a title IV agreement because their own position is too weak, to whom today we are making sales for soft currencies, that we are in a better position in the long run to make those sales on a long period with a low rate of interest than we are to make them for soft currency, and I think that is really the basic issue.

Frankly, I wish that instead of giving France a lot of money following World War II, that we subsequently forgave, running into billions of dollars, that we had given them a 40-year loan at whatever interest it might be. I think we would be in a lot better position today.

The CHAIRMAN. Well, I advocated that but nobody would listen to me. So here is where I want to make it specific. Put it in the law as far as I am concerned. I think it was 6 years ago that we enacted title IV in order to do exactly what you are now saying, that is, to shift from sales soft currencies to dollars. But somehow as long as we are soft in our action, you can't get them to buy under title IV, and it would seem to me that if we toughen up a little bit, they will find some way to buy on long term for dollars.

Secretary FREEMAN. Mr. Chairman, I don't think that myself, at least, and Mr. Gaud and Mr. Johnson are very far away really

from what you are saying. The language here conceivably could be strengthened and sharpened to make this point. I would be happy to submit for the record that we have progressively tightened up the terms under title IV following out the mandate of this committee. The same standards we will continue to apply.

The language in the section might make that more clear. But I would ask this committee to carefully consider whether we are not in a better position in those countries where we currently are making soft currency sales to convert those countries and those conditions to our currency long-term sales.

The CHAIRMAN. Well, Mr. Secretary, let me say this to you, that this committee went on record as doing that at a time when we had wheat running out of our ears. We had surplus commodities in great quantities. But today we don't have that, you understand. And we don't have to be as liberal as we have in the past.

And as I told you and others on many occasions, it is my judgment that we shouldn't be expanding the production of all commodities simply to make them available for people abroad. I would rather see us produce within our capability for domestic use, for our usual sales abroad, and if there is any left, we can use it for others provided we get assistance from some of our rich allies in the West.

I think I discussed that with you on many occasions. I believe that this bill should include guidelines although we strike the surplus part of it. I don't want to give you or any other Secretary of Agriculture as far as I am concerned the complete power to encourage the production over and above our legitimate requirements for domestic use and for sales abroad.

Senator Aiken?

Senator AIKEN. Yes.

Mr. GAUD. Could I say one more word on this, please, sir?

The CHAIRMAN. Yes.

Mr. GAUD. We look at this bill as being a good deal tougher than the present law, the Public Law 480 statute under which we have been operating. The net result of the present law was that the greater part of the sales were for local currencies.

The CHAIRMAN. Right.

Mr. GAUD. Now, the thing which we are all primarily interested in is getting these countries to grow more of their own food and to get them into a position where they are less dependent on us and on the outside world for their food needs.

This law provides that over a period of 5 years—no more, we will move from sales for local currencies to sales for dollars. And as you say, we have provided what we conceive to be reasonable terms in which those loans can be repaid.

Now, in our view, Mr. Chairman—

The CHAIRMAN. You mean when you say reasonable terms, you mean 40 years and 10 years' grace.

Mr. GAUD. That is right.

The CHAIRMAN. Yes.

Mr. GAUD. For those countries which need soft terms.

The net result of this, as we see it, is that this bill, containing the provision that countries have to pay us back in dollars rather than in soft currency, gives us more muscle to achieve the basic objectives

that we are all after, those of getting these countries to grow more food, become more self-sufficient, become less dependent on us and of using Public Law 480 less as a crutch.

This statute will give us more muscle. This is one of the main reasons we are in favor of it. It is a tough statute. That is why we support it.

Senator AIKEN. Mr. Chairman, I want to say I think Public Law 480 has been a good program since it was put into effect. In was enacted, of course, when we had very substantial surpluses and we have had them up until recently in many commodities. I think it has been very helpful in establishing better relations with some of the countries which otherwise might have gone into the other camp had we not been able to supply them with food. Let us say, too, that it has promoted dollar sales because I note the percentage of dollar sales keeps pretty well in line with the percentage of sales on easy terms and even donations.

Secretary FREEMAN. It goes up.

Senator AIKEN. Yes. I think it is up a little bit.

Secretary FREEMAN. Quite a bit.

Senator AIKEN. But this program has been carried on in peacetime. Now we are in wartime and I think we have a different outlook on the situation.

It is true we still have surpluses of cotton and tobacco, and maybe some other commodities. Feed grains, as I understand it, have been sold in the dollar market for dollars around the world and probably will continue to be sold that way. We are scraping the bottom of the barrel now to furnish wheat to some of the countries we promised it to, and I am wondering how far ahead we can make commitments under wartime conditions.

I am thinking particularly of dairy products of which you have probably sold a billion pounds or more at half price in the last 2 or 3 years, and yet the production of dairy products is falling faster today than it did at the height of World War II. We have been very fortunate in having a surplus, but I do not think you can promise any milk powder ahead, can you, because I understand there is hardly enough to go around now at the full dollar market. If there is not enough to go round now, there certainly is going to be an acute shortage by Christmas or before.

So I am wondering, do you contemplate promising dairy products which right now look as if they would be in very short supply? Butter is likely to be luxury item by November, at a dollar or a dollar and a quarter a pound, the way it was during World War II. They put ceilings on it and tried to hold the price down during World War II and all they did was hold down production. After a while they had to do something else.

Senator AIKEN. Do you think you are going to have these commodities to offer? I certainly do not believe you are going to have enough dairy products for the needs of this country by October-November, considering the rate at which production is decreasing.

Secretary FREEMAN. Let me answer your question, first, in general, pursuant to the bill, and second, as specifically as I can off the top of my head.

No. 1, title IV, section 401 on page 21, sets down certain specific guidelines that the Secretary of Agriculture must follow before he

can make anything available under these long-term loans or short-term loans under title IV principles. It goes on to say that within policies laid down by the President and after taking into account (1) productive capacity, (2) domestic requirements, (3) farm and consumer price levels, (4) commercial exports, and (5) adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition. So that is a clear, as it now stands, mandate that these factors must all be considered. There must be adequate carryover before the Secretary of Agriculture—

The CHAIRMAN. Will you define "adequate carryover"? What do you mean by that?

Secretary FREEMAN. Well, in this case I will do my best.

The CHAIRMAN. All right.

Secretary FREEMAN. Senator Aiken was talking about dairy.

Senator AIKEN. That is right.

Secretary FREEMAN. Clearly we could not give away any butter because we do not have any and do not have any carryover of butter.

Senator AIKEN. And according to this release of June 14, you could not get offers of butter or cheese for domestic programs.

Secretary FREEMAN. That is right. Now, we do have some availabilities which are based on some long-term arrangements where the dry milk is concerned. We do have an adequate supply of fluid milk, an adequate supply of dry milk, and we do have some available in that respect. We do, Senator Ellender, to turn attention to sorghum, which we are now shipping to India, we do have about 400 million bushels of grain sorghum in surplus. We would consider 200 million bushels an adequate carryover.

We do have about 50 million tons of feed grains, of corn. That is—our carryover rate is in the range of 40 to 50 million tons. So we have got an adequate supply situation. We will have at the end of this crop year between 550 and 500 million bushels of wheat. The figure of what we ought to have, and again this is just an approximation at this moment, would run somewhere between, let me say off the top of my head, 350 to 450 million bushels of wheat.

When we get down that much we do not have any more wheat that we can use for concessional purposes.

Senator YOUNG. I wonder if I might say a word. The Secretary is correct that our carryover would be equal to about a year's consumption here in the United States. There is a more important point that has not been touched on at all. We have a lot of idle acres which are costing the Government a great deal of money.

How many idle acres do we have under the soil bank program and acreage diversion programs for wheat, cotton and feed grains and what is the cost of these programs?

Secretary FREEMAN. The point is very well made. Our surpluses as exist today in that term is in the acres rather than in the storage bin.

Senator YOUNG. Costing a lot of money.

Secretary FREEMAN. And the answer is today we have out of production that we pay to keep out of production about 60 million acres.

Senator YOUNG. And if that acreage was back in production, we would have the same surplus problem all over again.

Secretary FREEMAN. That is correct.

Senator AIKEN. But you cannot put dead cows back into production next spring.

Secretary FREEMAN. No, sir.

The CHAIRMAN. Well, the point that I have been making here consistently ever since we have had this food for freedom bill is that I do not believe that we should go on record here in producing food merely to give it away. Now, that is the point that I wanted to emphasize here. I have been preaching that all along and you will recall that this committee went on record and had an amendment placed in the Public Law 480 law that although you made the contract for 5 years or for 4 years, unless the food was on hand at the time of delivery, that contract was vitiated.

And I do not believe that we ought to put ourselves in a position where we will be using these idle acres as you say merely to produce food in order to attempt to feed hungry people all over the world because we cannot feed them all.

Secretary FREEMAN. I could not agree with you more on that, Mr. Chairman, but I would like to make one point in relation to this, that there seems to be implicit in your remarks, and I know this is not what you intend, but I would like to make this point as sharply as I can, that there is not contemplated in this act that we should start out to feed the world. As a matter of fact, this act contemplates that we should get the world in a position where it can feed itself. We cannot feed the world. We certainly cannot feed the world for very long. And if the less developed countries do not start getting in a position to feed themselves, we are going to have a catastrophe in a fairly short time and worldwide famine, and this just is not idle talk. The world is going to run out of food.

Now, rather than the surplus criteria as a limitation on the Secretary of Agriculture, which has existed before and which for a number of reasons is no longer as meaningful as it used to be, this act now substitutes another guideline, another sharp limiting factor, another directive from this committee, and that is in terms of self-help, and it is pretty well spelled out on pages 16 and 17 in the bill that is before you which goes on to say that what other countries need to do, if we are going to send food to them, what effort they have got to make to get their own agricultural house in order. So we will not need to do this.

So what the chairman is legitimately concerned about, properly concerned about, is if we start out to feed the world, we are on a collision course. The chairman is absolutely right. But, if we have authority to proceed with care and judgment, using this food abundance of ours to feed needy people and to work with their governments and to use this, use it as an inducement, use it as a prod, to use it as an investment so they will get moving in their own agriculture, why, this is something that I think is an integral and essential and basic part of American foreign policy, that if we overlook the fact that the world is on a collision course, that we are going to lose the war on hunger, that the number of people is going to outrace the world food capacity, we are ignoring the most compelling factor of our time.

As a matter of fact, it is more important than atomic energy or bombs or Vietnam or anything else. This is the most important single fact of our times, that the world might run out of food, and we

cannot feed them. The chairman is absolutely right. We are going to have to help them to feed themselves, and up until very recently the world has been sound asleep and paying no attention to this fact.

And so I say to you, Mr. Chairman, I certainly agree we cannot feed the world. It would be suicide to try to do so. It would be just softheaded, but it is not softheaded to try to use this agricultural abundance to see that the world gets to where it can feed itself, and if we do not, we are going to have catastrophe down the road.

The CHAIRMAN. I am very hopeful some plan can be worked out whereby we can have these foreign countries to assist themselves. You know, we have been trying to, Mr. Secretary, since 1947. The original Marshal plan intended that we furnish so much for help yourself. But we soon abandoned that. And today we are still in the process of giving a lot of our wealth abroad and we have reached a point now where in my opinion it will be necessary for us to look to ourselves, if we intend to keep our own economy in balance.

Senator Cooper?

Senator COOPER. Mr. Secretary, as I understand what you have said, the chief purpose of this bill is to induce these countries to increase their agricultural production so that in time they will be able to produce enough food for themselves.

Secretary FREEMAN. Yes, sir.

Senator COOPER. I think there is a fallacy in this bill, though, if it is your idea that in 5 years they will be in such a position they can then go to dollar purchases. You do not actually believe, do you, that in 5 years their position will be so much better that they can go to dollar purchases?

Secretary FREEMAN. No, Senator Cooper. You are absolutely right. If I stated it that way, I did it inadvertently.

The 5-year provision is the time to phase from a soft currency sale to long-term dollar sales. We do not mean to imply that in 5 years these countries will be food self-sufficient.

Senator COOPER. You mean, then, that at the end of 5 years they will agree to pay in dollars?

Secretary FREEMAN. There will be—in other words, it will all be on a dollar basis, some of them the long-term sales, but no more soft currency sales. I quite agree with you we could not expect—

Senator COOPER. There is another problem in this which must be taken into account. If these countries do the things we want them to do—such as building fertilizer plants, getting machinery, doing all these things which will cost money and for which they will have to pay in dollars or hard currency—that creates a burden on their foreign exchange reserves. Yet, in 5 years their foreign exchange position will not be much better, in my view, and they will be faced with this same problem.

Secretary FREEMAN. If I may say so, that is exactly why the provision is that it permits as much as 40 years with a 10-year grace period for precisely the reasons that you very properly referred to.

Senator COOPER. You are saying, then, that you are providing 10 years—

Secretary FREEMAN. Yes, sir.

Senator COOPER (continuing). Grace period.

Secretary FREEMAN. Yes, sir.

Senator COOPER. So there will not be this drain on their foreign exchange.

Secretary FREEMAN. Yes, sir.

Senator COOPER. In order that this program, of building fertilizer plants and doing the other things necessary to improve agricultural production, can be actually achieved.

Secretary FREEMAN. That is correct.

Senator COOPER. And without a serious drain upon their limited foreign exchange reserves.

Secretary FREEMAN. That is correct.

The CHAIRMAN. In that connection, Senator Cooper, I wish to point out that we have now on hand in India and many other countries over \$4 billion of excess soft currencies.

Senator COOPER. My point is, Mr. Chairman—

The CHAIRMAN. Which could be used to do the very thing you are now speaking of.

Senator COOPER. My point is that these countries must buy from abroad in order to build fertilizer plants, secure farm machinery and irrigation equipment and the like. That will be a drain upon skimpy foreign exchange reserves. If we are going into this program, we have got to build it in such a way that we can actually accomplish what we are proposing to do. Otherwise it will fall flat.

The CHAIRMAN. Senator Miller?

Senator MILLER. I would like to ask the Secretary, referring to pages 21 and 22 with those guidelines you referred to, I might say that I like the guidelines all right, but I am not too sure whether they are spelled out precisely enough because it merely requires taking them into account. It does not say how much of a carryover, for example. It does not say anything about what accounting should be given to consumer price levels or to farm price levels and, Mr. Secretary, this puts a complete discretion in your hands on how you are going to interpret that.

Now, the guidelines themselves, the concepts are fine, but to me it would be more meaningful if we spelled out the level of reserves, for example.

We have been talking for the last 2 or 3 years now about setting up some kind of strategic reserves. I think Senator Aiken's point, particularly in wartime, is very well put, particularly in respect to dairy.

What, for example, would we be—would we be taking into consideration farm prices? Would this mean that if certain sales would—failure to make certain sales, rather, would mean a reduction in farm prices in the marketplace? Or would this mean that you would give unfavorable consideration to those sales or favorable consideration to those sales? Would you think in terms of farm prices with respect parity and how much of parity?

These are meaningful questions that I am asking you. They are not easily answered. And if you do not wish to answer them now and you would like to think about it and provide something for the record, that would be all right.

I point out to you that as it is now, this is almost *carte blanche*. The guidelines are spelled out without any limitations or specifics.

Secretary FREEMAN. Well, normally, of course, in this kind of a law, this is set out because—this is set out rather generally, as you well know, in the law because there are so many variable factors that all of them cannot be conceivably anticipated, and then the legislative history makes quite clear what the intent of Congress is in connection with it.

I want to think more about your questions. I do not hesitate to do my best to respond to it now. I think that means that generally speaking, if farm prices are low, there would be a tendency—this would be an encouragement to selling more because that would have the effect of firming up farm prices to a given level. And if farm prices are high, you would have the countereffect which would be much the same as the Government's purchasing policies.

Now, what constitutes a high or low price for a particular commodity? That obviously gets very, very complicated. As a matter of fact, it has to be related both to the commodity price and to the farmer's income picture.

Now, how you can spell that out and to be definitive about it is a man-sized job.

Senator MILLER. Why not spell it out in relationship to parity and use a figure, for example, 90 percent of parity?

Secretary FREEMAN. Well, you would have to see what the language would be and what it would do in order to respond precisely to it because there may be very well a situation where you would want to sell at a given level and there may be another given situation where regardless of this factor, you would have to take other factors into consideration. So I will be happy to try and submit something along that line but it is going to be a very difficult one to define.

Senator MILLER. I am sure you are familiar that Congress had established a policy that the agencies should try to operate in such a way as to not jeopardize parity prices and to insure parity prices for farm commodities.

Now, how this—the implementation of this act here would affect that policy I do not know. But I am merely suggesting to you that you say you are going to take into consideration farm and consumer price levels does not give us anything specific to hang on to.

If you are out in Minnesota or Iowa talking to some of your farmer friends they are going to say, well, what do you mean by that? Are you talking about parity prices or 90 percent of parity? Give us something specific. And that is the reason for my question.

Secretary FREEMAN. In this case might I just add that in terms of farm income, of course, that would be very easy. The objective was that in enhancing farm income it would merely be to go ahead and sell because the more you sell the better you are going to make farm income, and I am assuming that is what you would be for.

Senator MILLER. Not necessarily in the—

Senator AIKEN. This depends on the price.

Secretary FREEMAN. The price would come up very quickly. If you sold—

Senator MILLER. I can see if you made certain sales at certain prices in the world market this might result in a decline in prices.

Secretary FREEMAN. Not domestically because the effect would be immediately with a lessened supply, domestically, that would have a positive effect pricewise in terms of domestic producers.

Senator MILLER. Well, there again this is a very complicated subject and I appreciate that it depends upon the commodity we are talking about.

I would like to ask one more question and either you or the other witnesses can answer it.

What would be wrong with trying to achieve this objective by stepping up the AID program to make more loans in hard dollars which would enable them to turn around and buy these agricultural commodities here? Now, the loans by AID could be on long term or short term. They could be easy terms, hard terms. But you would put in AID the job of determining the loan rate and the amount of the loan and the terms, but the country in turn with its money could come back here and buy its agricultural commodities just like it comes back here and buys its agricultural implements and buys other things under the "Buy American" policy.

Secretary FREEMAN. I would answer that basically by saying what difference does it make, that we have more leverage in relation to it in general negotiating some of the details about agriculture and the use of these agricultural commodities which we are, after all, selling through the private market in exactly the same machinery, with exactly the same method, which moves exactly the same, as would happen if we followed the suggestion you make, except you would somewhat weaken the agricultural function in relation to it. But otherwise it would be exactly the same.

Senator MILLER. I am not trying to weaken it, Mr. Secretary, but I am suggesting maybe with this type of a program that the function or the implementation of it might better be transferred or handled by the AID people who are already negotiating these contracts and are perhaps a little more familiar with the terms of the loan programs than your Department.

Secretary FREEMAN. Well, in all due respect to my distinguished colleague, I would have to disagree with that and say I think the AID agency is not informed, it does not have the capacity, does not have the resources where agriculture is concerned that the Department of Agriculture has.

Mr. GAUD. I would agree with that, Senator.

Senator AIKEN. Me too.

Mr. GAUD. It seems to me it is very important to keep the Department of Agriculture in this picture in terms of the effect that it is going to have on our own agriculture here in the United States and in terms of how much we can afford to do. We can look at a foreign country and determine, make fairly sensible judgments, I hope, about some aspects of their economy, but for us to build up the expertise which the U.S. Department of Agriculture now has to deal with this problem would result in a mammoth duplication and would be a very expensive proposition as far as the U.S. taxpayer is concerned.

Senator MILLER. What would be wrong with having AID make the loan but have to have it approved by the Department of Agricul-

ture which has that expertise and would utilize it before it gave the approval to AID to make the loan?

Mr. GAUD. Well, in a sense there are obviously—you could obviously work this thing out in various ways. As it works today and as it would work under the statute here, AID would have a very—I think you would agree, Secretary Freeman—a very loud voice in the determination of what the terms of the loan would be and perhaps in the negotiation of the loan. But the essence of these transactions is agricultural. And this is in his bailiwick and not mine. I think it is vital that he be a central figure in this thing.

Senator MILLER. So that we make sure that you were both in agreement, would there be any objection to having in here the requirement that the loans, the programs, be approved by both AID and the Department of Agriculture? Then there would be no possibility of any going off in opposite directions on it.

Secretary FREEMAN. I do not think—I think the authority basically here in the last analysis runs to the President and then runs from the President in terms of the delegation with the exception that section 401 very specifically places in the Secretary of Agriculture the determining responsibility for the factors which were just outlined that are peculiarly agricultural in their nature.

Senator MILLER. I have no objection to that. I am just suggesting, though that this is going to be a program that in many cases will be just one of several programs in a country. AID will be administering other programs. They may have certain positions that will be helpful to you. I would think that it would be unfortunate if AID would object to a certain type of a loan, certain arrangements, why could not this be—why could we not make sure that that coordination would be made by spelling it out in the law?

Secretary FREEMAN. I think it is spelled out in the law now quite adequately and I refer again to section 401:

After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act.

In this respect this act would function the same as Public Law 480 except that agriculture being a—the self-help provision being added, there will be a closer consultative relationship between AID and Agriculture in developing the plan for the country in question.

Senator MILLER. Then for the record, in carrying out these consultations, would it be your purpose that if AID objected to a certain type of a program or a certain loan or a certain set of provisions in a loan, that you would work this out so that the two agencies would be in agreement on it?

Secretary FREEMAN. Yes.

Senator MILLER. Thank you.

Senator McGOVERN. Mr. Chairman—

The CHAIRMAN. Mr. Secretary, I have a question here submitted by Senator Mondale who is unable to be here, and it is in line with the question that I asked you a while ago. I did not know about it. But I would like to pose it for the three of you:

Attached hereto is a table taken from the 1964 Annual Report on the Public Law 480 Food for Peace Program. This table shows the cumulative total through June 30, 1964, of loans for economic development to foreign governments under section 104(g) as disbursed by field of activity. I note that India, Pakistan, and the United Arab Republic received \$1.2 billion in section 104(g) loans, none of

which were used for the development of food and agriculture. What are the reasons for this? India alone received \$763 million in section 104(g) loans most of which were devoted to industry and mining. Why has this situation been permitted to continue so long when India's problem of feeding its people clearly is a matter of first priority?

Now, that is along the same question I asked a while ago and I think it is a good one, and I would like to have the representative from AID tell us why that is and why would it not be possible for us to use some of the moneys that India now has to construct these much needed facilities to produce more food?

STATEMENT OF CLARENCE R. ESKILDSEN, ASSOCIATE ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE (Resumed)

Mr. ESKILDSEN. Senator, I should say that the very statistics that you have read are indicative of the need to effect the self-help features of the program, which is what the current proposed bill attempts to accomplish. Up until now there has been no legal requirement in the law that would indicate that we must use any given percentage of the local currency proceeds of these sales for agricultural purposes. They have been used in the wisdom of the U.S. mission abroad.

The CHAIRMAN. In their wisdom. Why did they not use it to produce for agriculture, for food?

Mr. ESKILDSEN. I could not answer that.

The CHAIRMAN. I know you cannot. That is why I am asking you why did you not require recipient countries to improve their agriculture?

(Information submitted by the Department of Agriculture is as follows:)

USE OF TITLE IV PL 480 SALES PROCEEDS IN THE AGRICULTURAL SECTOR OF THE PURCHASING COUNTRY'S ECONOMY

Proceeds from the sale of Title IV financed commodities are helping to develop agriculture in 75 percent of the countries receiving commodities under Title IV PL 480 agreements and amendments signed through December 31, 1965. Examples of sales proceeds uses in the agricultural sector are: agricultural census, cadastral survey, increasing vegetable production, dairy training center, legalization of land possession, irrigation, livestock development program, farm credit, agricultural extension service, rural land resettlement & tobacco warehousing.

Title IV programs signed in countries in which aid to agriculture is provided from sales proceeds account for nearly 38 percent of the total value of commodities ¹ in all such agreements and amendments signed through that date, as shown in the following table.

Summary of Public Law 480 title IV agreements through Dec. 31, 1965 with reference to using sales proceeds in agricultural sector

Use of sales proceeds	Countries		Financing committed to those countries ¹	
	Number	Percent	Amount (in thousands)	Percent
In agricultural sector.....	18	75.0	\$228,940	37.9
In nonagricultural sector.....	6	25.0	374,473	62.1
Total.....	24	100.0	603,413	100.0

¹ Export market value including applicable ocean transportation.

Mr. GAUD. I can answer the question. You may not be satisfied with the answer, Mr. Chairman, but at any rate, the reason is basically that money, these currencies are fungible. Take India. The question in India is and it is a very pertinent question, and I think we would all agree on the answer, that India has not been spending enough effort on her agriculture in the past. The basic question to be addressed, to which we should all address ourselves, is what can you do to make India, to encourage India, to put more effort on this problem?

It is the whole question here of the intensity of the effort that she is putting into it rather than the question of whether these particular U.S. owned local currencies or her own currencies are being devoted to it.

Now, we have for reasons which vary in different countries, and vary from time to time, allocated relatively small proportions of the U.S. owned local currencies to agriculture. It has gone to other things. But the basic question is, what is the extent of their effort? Is it adequate?

Now, we know, we feel at any rate, that it has not been adequate. We are going to do our best. We are all of us doing our best. We hope to do better in the future to increase that attention.

We think the climate of opinion has changed in India, in Pakistan, in the United Arab Republic, all over the world today on the importance of doing more in agriculture. And frankly, my feeling is that the payoff here is going to be in terms of our success in persuading these countries to devote more energy to the problem rather than in allocating certain percentages of any particular funds to the problem.

I do not think the answer here lies in the allocation of local currencies. I think the answer lies in the overall effort that you make in attacking the problem.

Now, about these currencies, the other half of the coin—may I say one word about the other half of Senator Mondale's question? Certainly local currencies can be used and should be used for the local expenses of putting up fertilizer plants and the like. But these Indian rupees, Pakistani rupees, Egyptian pounds obviously cannot be used to pay for the importation of the materials which have to be used in these fertilizer plants. These countries, all of them, if they are going to get into the fertilizer business, as Senator Cooper says, they have to borrow foreign exchange, because they need foreign exchange in order to put up these plants. So local currencies are certainly not the whole answer. It is a part of the answer, but it is not the whole answer.

The CHAIRMAN. When we loaned them money in the past, certainly efforts could have been made to have them use the proceeds of these sales for developing agriculture but instead, like in all socialist countries, and India is one of them, they all attempt to develop industry rather than agriculture.

Mr. GAUD. No. I am afraid I cannot agree with that. When we are trying to work out with India a program which we think will help her develop, we try to persuade her to put as much effort as possible and to devote as much resources as possible to agriculture. But frankly we have not very much cared whether the rupees that

they put into their agricultural effort came from their own resources or came from these sales.

The question is what part of the Indian budget is devoted to this problem? That is the important question. And, as I say, quite frankly, we have not thought it important to make sure that it was our currency rather than their currency which went into the agricultural effort.

The CHAIRMAN. Well, off the record.

(Discussion off the record.)

The CHARIMAN. The committee will please come to order.

Mr. Secretary, are there any further questions?

Senator McGOVERN. Mr. Chairman, I have got two or three brief questions. I think all of us share the hope that this program can move countries along from either donations or concessional sales to the point where they become dollar customers. I would like to ask the Secretary if it is not true that the countries in Western Europe and also Japan which originally were the major recipients under this program are now among our best dollar customers.

Secretary FREEMAN. Yes. This is true, and you could add to that Spain, Taiwan, Israel, a number of others who have moved into being excellent dollar customers who started out being recipients of soft currency sales under title I.

Senator McGOVERN. I was impressed, too, by another figure I saw the other day. I do not know whether it is correct or not, but maybe you or one of the other witnesses could verify that you have completed to date over a billion dollars of agreements under the title IV dollar loan arrangement.

Secretary FREEMAN. That is correct. I do not have the precise figure, but it is now in excess of a billion dollars.

Mr. ESKILDSEN. Just a little over a billion dollars, yes, sir.

(The information is as follows:)

TITLE IV, PUBLIC LAW 480—Summary of agreements and amendments signed from beginning of program through June 6, 1966

[By fiscal years]

Calendar year	Number		Export market value ¹	Estimated CCC Cost ¹
	Agreements and amendments	Different countries involved		
			<i>Thousands</i>	<i>Thousands</i>
1961-62.....	8	6	\$56,680	\$79,854
1962-63.....	15	10	87,242	115,891
1963-64.....	14	12	118,101	159,999
1964-65.....	21	11	213,396	269,284
1965-66 through June 6, 1966.....	31	23	340,896	482,338
Total.....	89	32	816,315	1,107,366

¹ Including applicable ocean transportation costs.

² Each country involved has been counted only once in the total, and only once in any single year. However, several countries counted once in any 1 fiscal year have also been counted once in 1 or more other fiscal years. Consequently the total is not the sum of the individual years.

Senator McGOVERN. Which must mean a real acceleration of that aspect of the bill. As I understand it, you are trying under this new

legislation to give greater emphasis to title IV sales as over against title I soft currencies sales, so that far from relaxing the criteria, you are actually setting up conditions that will attract more countries to participate under the dollar credit sales program than are presently buying under this authority.

Secretary FREEMAN. Yes, sir. That is our intention.

Senator MCGOVERN. One other point. With reference to the cost of this program, one of the witnesses who testified in the course of the hearings on this bill, who is a competent economist, made the point that it costs almost as much as far as the U.S. Treasury is concerned to keep land out of production as it does to bring it into production and buy the produce and utilize it under our food assistance programs abroad.

Is that essentially a correct analysis?

Secretary FREEMAN. Well, it does cost more to buy, to handle and transport and ship than it does to, in effect, buy it out of production. But it certainly is true that to not produce is also costly.

Senator MCGOVERN. We have got approximately 60 million acres out of production now that we are paying people to keep out of production. I think that has been necessary up until this point at a time when we have had surpluses pressing on the market. But if we were to start bringing some of that production back into use overseas, it would not be a net loss to us because we would actually save much of the money we are now paying out in charges to maintain the control program.

Secretary FREEMAN. That is correct.

Senator MCGOVERN. One more question, Mr. Chairman. I would like to direct it to Mr. Johnson.

Mr. Johnson, you have, I am sure, given a lot of thought to the political and the moral position that the United States presents to the world which is certainly a part of our national strength and our position of leadership in the world. I would be interested in your comments on what it would do to our opportunity to influence the world in a more peaceful, more constructive direction if at a time when there is widespread hunger, we continue to expend over a billion dollars in paying people not to produce food that we could make available.

STATEMENT OF HON. U. ALEXIS JOHNSON, DEPUTY UNDER SECRETARY OF STATE [FOR POLITICAL AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. JOHNSON. Well, I certainly think that would be noted and commented on and used by those that are hostile to us, and on the positive side I entirely agree that this gives us an opportunity to try to build the kind of world we want to build. It gives us another foreign policy instrument, if you will, that certainly is for the good in seeking to make people more self-sufficient—using the assets that we have here to encourage them to become more self-sufficient—so that, as the Secretary of Agriculture has said, we do not face a world in which there is literal starvation. A world in which there is literal

starvation, with the United States doing nothing about it, would be a very turbulent world indeed and one that would hardly be to our interests.

Senator McGOVERN. Thank you very much.

The CHAIRMAN. Mr. Secretary, in answer to a question by Senator McGovern, you said that under title IV a billion-plus dollars were sold.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Now, what has become of the proceeds of these sales?

Secretary FREEMAN. The proceeds—

The CHAIRMAN. Would you be able to furnish us it for the record?

Secretary FREEMAN. Yes, sir. I will be happy to put a detailed report in the record.

(The information is as follows:)

Summary of financing and repayments under Title IV, Public Law 480 agreements and amendments through Mar. 31, 1966

[In millions of dollars]

Time period	Financing provided under title IV shipments	Payments received on title IV accounts		
		Interest	Principal	Total
Under agreements and amendments signed:				
Fiscal year 1962.....	19.4	0	0	0
Fiscal year 1963.....	60.0	(1) 0.1	0.1	0.1
Fiscal year 1964.....	47.6	1.8	2.9	4.7
Fiscal year 1965.....	172.8	2.9	7.9	10.8
Fiscal year 1966 through Mar. 31, 1966.....	115.7	5.6	28.0	33.6
Cumulative through Mar. 31, 1966.....	415.5	10.3	38.9	49.2

¹ Less than \$50,000.

Secretary FREEMAN. We have begun to receive payments for this which are going to the U.S. Treasury. The exact amount year by year now I am not clear, but it is running in the tens of millions of dollars already.

The CHAIRMAN. Tens of millions.

Secretary FREEMAN. Yes. It now—you see, most of this had started—we have only had this program, Mr. Chairman, as you will recall, about 5 years now. There were no title IV sales when I became Secretary of Agriculture. Those sales were made on a 10-year basis with usually a 2-year grace period. The payments under them are now really only commencing. But it will run—Eski, have you got any idea how much payment has been this year?

Mr. ESKILDSEN. No. But well less than a hundred million this year.

The CHAIRMAN. Will you put in the record a list of the countries to which this was sold?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. And the amounts collected?

Secretary FREEMAN. Yes, sir.

(The information is as follows:)

Summary of tile IV, Public Law 480 agreements and amendments thereto, signed from inception through June 6, 1966

[Dollars in thousands]

Country	Date signed	Number of annual installments	Interval preceding or date of 1st installment	Commodities	Country total	
					Market value (including ocean transportation)	Estimated CCC cost (including ocean transportation)
Algeria: Agreement	Feb. 23, 1966	19	Mar. 31	Wheat	\$12,594	\$19,811
Bolivia: Agreement	Feb. 4, 1963	19	2 years	Wheat flour and rice		
Amended	Mar. 29, 1963	19	do	Vegetable oil, lard, and dairy products		
Do	June 24, 1963	19	do	Amended to permit utilization of rice funds for purchase of wheat		
Do	Nov. 20, 1963	19	do	Wheat flour		
Do	Apr. 27, 1964	19	do	do		
Do	Aug. 17, 1965	19	do	do	4,913	6,278
Brazil: Agreement	Apr. 23, 1966	20	Dec. 31	Wheat and/or wheat flour	63,724	101,339
Chile: Agreement	Aug. 7, 1962	20	do	Wheat, wheat flour, or bulgur wheat, vegetable oil, corn, tobacco, cotton, forage seeds		
Amended	Nov. 29, 1962	20	do	Amended to add nonfat dry milk and butter anhydrous milk fat		
Do	June 30, 1964	20	do	Wheat, wheat flour or bulgur, vegetable oil, butter and/or anhydrous milk fat, tobacco, beef, and cotton		
Do	Nov. 17, 1964	20	do	Corn (by transfer of part of cotton financing to corn)	41,933	\$58,179
China (Taiwan): Agreement	Aug. 31, 1962	20	do	Soybeans		
Amended	Jan. 15, 1963	20	do	\$550,000 added due to price increase		
Do	June 3, 1964	20	do	Corn, tobacco, tallow, vegetable oil, and dairy products		
Agreement	Dec. 31, 1964	19	Mar. 31	Wheat, cotton, tallow, and corn		
Agreement (PTA)	Nov. 15, 1965	19	Dec. 31	Corn, barley and grain sorghums, and tallow (inedible)	65,968	97,070
Colombia: Agreement	Mar. 27, 1963	19	2 years	Wheat, wheat flour and/or bulgur wheat, inedible tallow, cottonseed and/or soybean oil, and tobacco products		
Extended	Oct. 25, 1963	19	do	Changed supply period from fiscal year 1963 to calendar year 1963		
Agreement	Mar. 10, 1966	19	do	Wheat and/or wheat flour, tallow, and cottonseed and/or soybean oil	23,583	31,537
Dominican Republic: Agreement	Nov. 30, 1962	19	do	Rice		
Amended	Sept. 14, 1963	19	do	Corn, calendar years 1963-65 tobacco, and fiscal year 1964 rice		
Agreement	Mar. 18, 1965	19	do	Rice in fiscal year 1965, wheat in calendar year 1965		
Extended	Dec. 15, 1965	19	do	Extended wheat supply period through calendar year 1965	24,050	30,568

Ecuador:	Apr. 5, 1963	19	do.	Wheat, vegetable oil, tobacco products, tallow, and leaf tobacco.		
Extended	Oct. 31, 1963	19	do.	Supply period on wheat extended to calendar year 1963.		
Do.	Jan. 28, 1964	19	do.	Wheat supply period extended through calendar year 1964.		
Amended	Oct. 6, 1964	19	do.	Wheat		
Agreement	Jun. 26, 1965	19	do.	Wheat, edible oil, tobacco, tobacco products, and rice.	8,816	10,294
El Salvador: Agreement	Aug. 21, 1961	5	Dec. 31.	Wheat and/or wheat flour	2,000	2,800
Ethiopia:						
Agreement	Aug. 13, 1962	15	do.	Cotton		
Do.	Aug. 17, 1965	19	2 years	do.		
Do.	Dec. 14, 1965	15	Mar. 31.	Wheat	7,618	13,562
Greece:						
Agreement	Nov. 17, 1964	19	do.	Wheat, grain sorghums, corn, barley, inedible tallow, and vegetable oil.		
Amended	Apr. 27, 1965	19	do.	Additional financing to cover increased cost of barley in original agreement.		
Do.	Jan. 13, 1966	19	do.	Deleted calendar year 1965 edible oils and fiscal year 1965 wheat from program; added additional corn and/or grain sorghums for fiscal year 1966.	33,358	34,010
Iceland:						
Agreement	Feb. 13, 1964	18	do.	Wheat flour and tobacco		
Do.	Dec. 30, 1964	18	do.	Rice, tobacco, and wheat flour		
Amended	Jan. 25, 1966	18	do.	Tobacco and tobacco products, wheat flour, cracked corn, and cornmeal.	4,758	5,638
Indonesia: Agreement	Apr. 18, 1966	5	1 year	Rice	8,198	9,852
Iran:						
Agreement	Nov. 16, 1964	19	Mar. 31.	Corn and/or grain sorghums		
Amended	Dec. 15, 1964	19	do.	do.		
Do.	Apr. 28, 1965	19	do.	Wheat		
Do.	Oct. 13, 1965	19	do.	do.		
Agreement (PTA)	Dec. 31, 1964	6	Dec. 31.	do.		
Agreement	do.	14	do.	do.		
Do.	Feb. 24, 1966	10	do.	Wheat and/or wheat flour	24,765	32,482
Iraq:						
Agreement	Aug. 27, 1963	19	Mar. 31.	Wheat, leaf tobacco, and poultry		
Amended	Dec. 5, 1963	19	do.	Wheat		
Extended	May 19, 1964	19	do.	Extended supply period on tobacco to fiscal year 1965		
Do.	June 16, 1964	19	do.	Extended supply period on poultry to fiscal year 1965	14,815	19,564
Israel: Agreement	June 6, 1966	19	2 years	Feed grains	8,500	8,900
Ivory Coast:						
Agreement	Apr. 5, 1965	19	Mar. 31.	Rice		
Extended	Jan. 27, 1966	19	do.	Extended supply period on rice to calendar year 1966.		
Amended	June 1, 1966	19	do.	Rice	5,793	7,059
Kenya:						
Agreement	Dec. 7, 1964	19	2 years	Wheat flour (granular)		
Amended	Feb. 15, 1965	19	do.	Corn		
Do.	Sep. 1, 1965	19	do.	Corn, grain sorghums		
Do.	Dec. 1, 1965	19	do.	Corn		
Do.	Feb. 28, 1966	19	do.	do.	14,087	14,847
Kenya, Uganda, Tanzania (EACSO): Agreement	Mar. 10, 1966	19	do.	Wheat	3,574	5,070

Summary of title IV, Public Law 480 agreements and amendments thereto, signed from inception through June 6, 1966—Continued

(Dollars in thousands)

Country	Date signed	Number of annual installments	Interval preceding or date of 1st installment	Commodities	Country total	
					Market value (including ocean transportation)	Estimated CCC cost (including ocean transportation)
Liberia:						
Agreement.....	Apr. 12, 1962	15	Dec. 31	Wheat flour and/or bulgur wheat, rice, and mixed livestock feed.		
Do.....	Jan. 6, 1966	19	2 years	Rice.....	\$9,483	\$13,622
Morocco: Agreement.....	Apr. 21, 1966	19	do.	Wheat and/or wheat flour.....	3,143	5,001
Paraguay:						
Agreement.....	Sept. 16, 1963	10	Dec. 31	Mixed feed.....		
Do.....	Apr. 27, 1966	19	Mar. 31	Wheat.....	2,696	4,238
Peru: Agreement.....	Mar. 20, 1962	15	Dec. 31	Vegetable oil.....	2,969	4,238
Portugal:						
Agreement.....	Nov. 28, 1961	10	do.	Wheat and/or wheat flour.....	2,000	2,000
Amended.....	June 26, 1963	10	do.	Extended supply period and permitted utilization of barley funds for purchase of wheat.....		
Do.....	Apr. 3, 1964	5	Mar. 31	Wheat and/or wheat flour.....		
Ryukyu Islands:						
Agreement.....	Feb. 6, 1963	19	2 years	Wheat, corn, and/or grain sorghums, soybean, leaf tobacco, and inedible tallow.....	24,075	36,957
Amended.....	May 1, 1963	19	do.	Cotton and rice.....		
Agreement.....	Dec. 23, 1965	19	Mar. 31	Cotton, tobacco, wheat, corn, and edible vegetable oils.....	24,563	29,300
Sierra Leone:						
Agreement.....	Jan. 29, 1965	19	2 years	Cotton, vegetable oil, wheat flour feed grains, and tobacco.....		
Amended.....	May 20, 1965	19	do.	Rice.....		
Extended.....	July 20, 1965	19	do.	Extended cotton supply period through fiscal year 1966.....		
Amended.....	Mar. 10, 1966	19	do.	Wheat flour, corn, tobacco, and/or tobacco products.....		
Do.....	June 2, 1966	19	do.	Rice.....	2,472	3,625

The CHAIRMAN. And I wonder if you would also tell us what control have you as to the proceeds of these sales or what becomes of the proceeds.

Secretary FREEMAN. It goes into general revenue.

The CHAIRMAN. I am not talking about what we collect.

Secretary FREEMAN. Internally. In the country——

The CHAIRMAN. In the country. What control have we there.

Secretary FREEMAN. We have the same authority to negotiate conditions under title IV and under the proposed bill now before this committee as we have under the soft currency sales. The degree to which that authority has been exercised varies from country to country, and in some there have been very firm requirements in connection with it. In some they have been more general. But the authority to impose conditions as to the use of the funds that result is the same in all three.

(Information submitted by the Department of Agriculture is as follows:)

REQUIREMENTS OF TITLE IV, PUBLIC LAW 480 AGREEMENTS RELATING TO USE OF SALES PROCEEDS

It is standard practice to include in the written understandings which are a part of the Title IV, PL 480 agreement negotiated between the Government of the United States and the Governments of other friendly countries a statement in regard to the use to be made of the local currency sales proceeds derived from the sales of commodities financed under the Title IV agreement substantially as follows: "It is understood that the (name of local currency) will be used for economic and social development programs as may be agreed to by our two Governments."

The uses to be made of sales proceeds are specified in considerable detail in all Title IV PL 480 agreements signed with private trade entities.

The CHAIRMAN. Well, now you said in some countries it was a little different than others. Could you not have made it similar in all?

Secretary FREEMAN. Yes.

The CHAIRMAN. And why was that not done?

Secretary FREEMAN. Well, the economy and the needs in each country and how the money should be expended would vary from country to country. What you might require by way of the use of those proceeds in Venezuela might be very much different from what you would require in Brazil or in Ecuador or somewhere else where we have made title IV sales following initial title I sales.

The CHAIRMAN. Well, as I recall, when we placed title IV in the law, it was for the purpose of selling to the host country, so that the proceeds of those sales could be used for economic development so that they in turn could generate the dollars to pay us back.

Secretary FREEMAN. That is correct.

The CHAIRMAN. Now, has that been followed?

Secretary FREEMAN. Yes.

The CHAIRMAN. All right. Any further questions?

Senator Cooper?

Senator COOPER. I think we are all agreed that the success of this program will depend upon the ability of the United States to

persuade or induce these countries to engage in large-scale food production. That is correct, is it not?

Secretary FREEMAN. Yes, sir.

Senator COOPER. Otherwise, we could continue to give food and food and food and in time there still would not be enough food to go around.

Secretary FREEMAN. That is correct.

Senator COOPER. Now, I think I have to say that in the past the United States has not had any great success in persuading those countries which need increased food production most to engage in a food production program. You had the authority to do that under Public Law 480, and under the general AID program as well.

What makes you think that you are going to be able to persuade these countries now?

We know—and I know this from my own experience—that most countries do not like for the United States to tell them what they shall do with their money, even though we provide it for them. Sometimes they charge “coercion,” or the opposition parties say we are giving aid with strings. Now, what do you intend to do differently under this bill? Suppose they just say we are not going to engage in any larger food production? What would you do?

Secretary FREEMAN. Well, may I answer two questions that I think the Senator asked?

No. 1, I would say the reason why we will be able to do better now than has been done in the past is twofold. First, there is an awareness in the United States and around the world of the fact that there is an impending food shortage and of the importance of agricultural development which was not accepted. There has been a complete change, I would say, in the last 18 months in the attitude of other countries and in our own attitude in the highest places. That is No. 1.

No. 2, I think this law, and with it the specific requirements with regard to self-help, it is quite clear what is meant here. The legislative history could not be clearer. The chairman’s position could not be clearer, and the rest of the committee. This also will be of great assistance.

The third question was, what will we actually do about it if a country refuses? I think that question is very difficult to answer specifically in a vacuum.

Senator COOPER. I understand. I am going to suggest an answer in a minute, but go ahead.

Secretary FREEMAN. Very good. All right.

Senator COOPER. This is something—I am not the only one; there have been many. But I have been urging this for years.

Secretary FREEMAN. Yes, sir.

Senator COOPER. I have argued it, I know that others have argued it as well, and in 1963 I offered an amendment to the foreign aid bill which was adopted. Its purpose was to withhold economic aid if these countries did not undertake certain reforms—including agricultural reform.

The AID agency opposed that amendment; they opposed the President's carrying that amendment out.

I suggest that if you cannot get cooperation from these countries in initiating larger scale food production you would not hold the food away from them, but you would cut down on the economic aid to them which goes into other areas, for example, into large industries. We can certainly do that; it is our money.

Secretary FREEMAN. I certainly agree.

Senator COOPER. But I do not believe AID will do that, unless the agency changes its attitude.

The CHAIRMAN. No.

Senator COOPER. This amendment was adopted 3 years ago. I have talked again and again to the AID people, and I do not believe you have yet made the effort to get these countries to engage in a realistic program of agricultural production.

I think you could have done it by saying to them, "if you will not help produce your own food, then we will have to cut down on some of our aid to you for large-scale industry and economic purposes." You have to actually do something about it.

Mr. GAUD. Senator Cooper, I think we are slowly catching up with you in this respect.

Senator COOPER. I think so, too. I was about to say—

Mr. GAUD. The President's message to the Congress early this year, as you will remember, made a particular point of this, tying our economic aid and agricultural aid closer together, and we are working in this direction.

Senator COOPER. If these countries will not engage in better food production programs, I would not want to say to them "we will withhold food from you." But I think you could say, "if you do not take these steps to build up your own food production, we must save our money in another way; we cannot let you have this money for industrial purposes."

I have one other question that goes to the cost. Will this program go into effect this year or with the next crop year?

Secretary FREEMAN. The program will go into effect as soon as the bill became law.

The CHAIRMAN. It expires on December 31.

Secretary FREEMAN. I beg your pardon. I stand corrected. The end of the calendar year.

The CHAIRMAN. The present law does not expire until December 31.

Secretary FREEMAN. That is right.

Senator COOPER. Will you maintain the present farm programs of paying farmers not to produce on certain areas of land, and then allocate to them additional acreage on which to produce this food that will be needed to send abroad? If you do that, it seems to me that you would be adding unnecessarily to the cost of the program.

Secretary FREEMAN. The answer is "no," and if I may give a specific instance, some months ago the option of placing wheat acres in the acreage diversion program in return for payment was withdrawn for the next year's crop. That can no longer be done.

Secondly, the amount of allotment was, as you know, significantly increased very recently and so we are adjusting and applying the flexibility that was implicit in the Food and Agriculture Act of 1965 and we are not permitting a continuation of acreage diversion payments and programs to adjust production downward at the same time now that we have turned the corner and can use more production.

Senator COOPER. Then, as Senator McGovern has already suggested, the money which the Government now spends to reduce or restrict production, or at least a part of it, may be used to pay for these food grains that will be sent abroad and actually used by people.

Secretary FREEMAN. That is correct.

The CHAIRMAN. Well, but in addition——

Senator COOPER. I think that is a very worthwhile intention.

The CHAIRMAN. Mr. Secretary, is it not true that the amount of payments that you are now making to keep this land out of production will be much less than the cost if they planted it and then you used that food to sell a product?

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. How much more? Would you be able to give us an idea of the cost? If you cannot do it now, I would like to have that in the record because that question has been raised many a time. We have 60 million acres of land now not in cultivation, it is costing us x sum of dollars, and if we used that land to produce, to sell abroad, that we would be ahead, but I cannot see it that way. I wish you would put a statement in the record indicating the additional amount it would cost if we should take any part of the 60 million acres or whatever acres we have and plant food and then distribute it abroad under this act.

Secretary FREEMAN. May I submit that for the record?

The CHAIRMAN. Yes, that is what I would like you to do.

Secretary FREEMAN. I do not have it quite off the top of my head.

The CHAIRMAN. You will not be able to do that with collar buttons. It is going to take plenty more dollars than you are now spending to keep it out of production.

(The information is as follows:)

A COMPARISON OF THE COST OF PRODUCING AND EXPORTING GRAINS UNDER PUBLIC LAW 480 VERSUS THE COST OF DIVERSION, 1965-66

Limiting the production of grains through the diversion programs is substantially less expensive than producing the grain and exporting it under Public Law 480. The attached table indicates the average cost of these two alternatives for wheat and feed grains.

The figures in the table show the cost of Public Law 480 exports by major cost elements and the cost of diversion. They reflect the average per bushel costs of diverting 2.4 million acres of wheat and 31 million acres of corn and sorghum grains in 1965 as compared to the estimated cost of exporting these items under Public Law 480 through fiscal 1966. Based on this information it costs approximately 2.0 times more to produce and export feed grains and 2.7 times more to produce and export wheat as it costs to divert a bushel from production.

500 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

Average cost of producing and exporting grains under Public Law 480 versus cost of diversion per million acres, 1965-66

	Wheat	Feed grains, corn, and grain sorghum
Cost of producing and exporting under Public Law 480 per million acres:		
Value received by farmers.....million dollars	32.8	70.4
Transportation, handling, and processing (farm to ship).....do	13.5	19.0
Export payment.....do	2.7	
Ocean transportation ¹.....do	5.4	17.6
Gross Public Law 480 cost.....do	54.4	107.0
Less returns from title IV and U.S. uses of local currency ¹.....do	12.7	23.7
Net Public Law 480 cost.....do	41.7	83.3
Diversion cost:		
Acreage diverted.....million acres	2.4	31.0
1965 national average yield.....bushels per acre	26.5	68.8
Estimated yield per diverted acre.....do	24.5	67.7
Estimated production on diverted acres.....million bushels	59.0	2,100.0
Total diversion payments.....million dollars	36.9	905.0
Price support payments.....do		414.0
Total payments.....do	36.9	1,319.0
Average diversion cost per million acres diverted.....do	² 15.4	³ 42.5

¹ The value of these items are affected by the proportions programed by title.

² Based on diversion payments for 2,400,000 acres of voluntary diversion of wheat in 1965.

³ Based on payments for 31,000,000 acres diverted from corn and sorghum grain production in 1965. Assumes national average yield on acreage diverted. Corn, 73.1 bushels per acre times 24,000,000 acres. Sorghum grain, 50 bushels per acre on 7,000,000 acres.

Grain sold to other countries under Title I and Title IV or donated under Titles II and IV costs the U.S. Government an amount equal to the export price plus net export payments. The estimated average export price of wheat and feed grains are shown in the attached table. The export price includes the price received by the farmer for his product, plus the cost of transporting and handling the grain between the farm, plus the cost of processing the grain. The average export price of grain will vary as the export price varies and as the amount of processed products, such as flour, bulgur, and corn meal vary in relation to the total grain equivalent exported under P.L. 480. The net export payments must be added to the export price as a cost to the government of P.L. 480 exports. During the 1965-66 wheat marketing year the net export payment equal to gross export payment less the 30 cent export certificate. In addition some ocean transportation costs are defrayed by the government on P.L. 480 shipments. The government assumes the extra cost incurred on the grain shipped in U.S. bottoms. The cost of this item will vary depending on world ocean transportation rates, destinations, and the proportion of the grain shipped on U.S. bottoms. The sum of the above items represents the gross government cost of grain exported under P.L. 480.

In return the government receives a specified amount in the recipient's countries currency (under Title I sales) or a promise to pay in dollars (long term loans, Title IV). Under Title I sales the United States can use the local currency to defray government expenses thus saving our foreign exchange and a given portion of the local currency may be converted to U.S. dollars. The returns to the United States from P.L. 480 exports will vary depending on the quantity exported under the four titles. The net P.L. 480 cost is derived by subtracting the estimated returns from the gross P.L. 480 costs.

The diversion costs are based on the potential production of the wheat acreage voluntarily diverted in 1965 and the potential production of the total acreage of corn and sorghum grains diverted in 1965. The wheat yield per diverted acre is an acreage based on the expected yield for the 2.4 million acres which received voluntarily diversion payments in 1965. The yields on the diverted feed grain acreage are assumed to be equal to the national average yield experienced in 1965. The estimated yield per diverted acre differs from the 1965 national average yield because the grain sorghum acreage was a larger proportion of total acreage in the 31 million acres diverted than in the acreage harvested. Production and diverted acres is the product of the assumed yields on the diverted

acreage times the acreage diverted. Total payments represent the actual payments made for voluntary diversion in the case of wheat and the total of diversion payments and price support payments in the case of feed grains. Average diversion cost per bushel is derived by dividing total payments by the estimated production on diverted acres.

Senator MILLER. I would like to ask the Secretary about this provision on page 23 which provides for a program of farmer to farmer. How large a program do you envision here, Mr. Secretary?

Secretary FREEMAN. This is very difficult to answer specifically because if you will note on page 24, subsection 5, it makes it very clear that any such farmer to farmer program should be coordinated with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and that we should be prepared to assign, upon agreement with such agencies, persons to work with and under the administration of such agencies.

This program not to infringe on the power of the Secretary of State. I envisage this section as one in which the Department of Agriculture would service and provide resources and, if asked, personnel, who would be used as a part of this program and that it would likely be expanded. The only real person to person program—and correct me if I am wrong, Mr. Gaud—in terms of farmer to farmer today is the Peace Corps. It is being expanded. And will continue to be. I do not envisage under this that the Department of Agriculture is going to go into the farmer to farmer business.

Senator MILLER. In other words, there would not be a farmer peace corps operated out of the Department of Agriculture.

Secretary FREEMAN. In the sense that we would be duplicating what is going on already, no.

Senator MILLER. Well, in the sense that you would be having a program that would be coordinated and approved by the Peace Corps.

Secretary FREEMAN. Not necessarily. Suppose that it was determined that there should be a program out of the Department of Agriculture which would be operated at the same time consistent with a program that would be out of AID and out of the Peace Corps. That is not administratively, probably, very sensible, but, if the President wanted to do that, under this bill this could be done.

Senator MILLER. If it were done, how large a program are we talking about? Are we talking about 50 farmers going overseas or a 100 farmers? How are they going to be paid? Why would it not be better to simply let the Peace Corps obtain assistance from the Department to help provide them with these farmers or would these be—these would be nonvolunteers, perhaps as distinguished from the volunteers in the Peace Corps. It is wide open and I—

Secretary FREEMAN. It is, and I cannot really answer the question. That section was not recommended in the bill as sent to the Senate or the House. It was added in the course of the House deliberations and I have given you the best understanding of it that I have at the moment, and I do not think that there really is any precise answer to your question.

Senator MILLER. Do you think you could have one of your staff people explore it a little bit and give us something for the record on this?

Secretary FREEMAN. We will do our best.

Senator MILLER. All right.

(The information is as follows:)

"FARMER TO FARMER" CORPS

Senator Miller's questions are directed toward discovering how large a program is contemplated under Sec. 406 and whether such a program could be carried out under one of the other programs already in existence. In our reply we would like to emphasize that—

(a) We thoroughly support the goals which are envisioned in the section relating to a "farmer to farmer" corps;

(b) There are, at present, various programs—notably in AID and in the Peace Corps—that are directed toward those goals; and there are existing procedures and methods, which can be further expanded, under which the USDA cooperates with those agencies in helping to implement those programs.

(c) The size of these programs will have to be determined by a number of factors—in addition to the Budget—such as the needs and conditions of developing countries and the areas in which such programs can be effective.

The programs contemplated in Sec. 406 can be accomplished under existing authority, and this section is not necessary to the carrying out of the President's Food for Freedom program. In any effort we make to expand "farmer to farmer" assistance we will use the structure of existing authority and administrative arrangements in order to avoid duplication and achieve maximum efficiency and effectiveness in their operations.

Mr. GAUD. If I could intervene, Mr. Chairman, as long as the Senator has raised the question, I would like to say that as we see it, there is no question about the fact that we need to do more in the way of technical assistance in agriculture. We all agree on that. The AID agency is working in that field. The Peace Corps is working in that field. We use in our programs all the help we can get from the U.S. Department of Agriculture through participating agency agreements. We get personnel from them. They are handling many of the programs for us. We also use, to the extent that we possibly can, the land-grant colleges and universities.

We have today contracts with some 26 universities in this field.

In this fiscal year the cost of the participating agency agreements that we have with the Department of Agriculture comes to about \$12.5 million.

Now, as I say, we feel that more needs to be done in this field.

I know that Mr. Vaughn, the head of the Peace Corps, feels the same way.

We do not agree, we do not feel that it would be wise to set up another technical assistance program working overseas. It seems to us that it would be duplicative. It is expensive. We see no justification for it whatsoever, and this is the position of the executive branch.

Senator MILLER. I am very happy to get that position. I am very familiar with some of these programs. I was wondering why this could not be carried out under one of the other programs already in existence, unless there is some objection or some other reason, and if there is not perhaps then we ought to do something through the Peace Corps. If you could give us something for the record on this, giving your comments on how this might be implemented, as it can be, I would think that it would be helpful to us.

I would like to ask one more question.

Mr. Secretary, on the last page of the bill, line 15, with regard to the 115 percent, the limitation on the sales from Commodity Credit Corporation stocks, is this not the same one that we were trying to

obtain your approval of about a year ago when we were considering the Agricultural Act of 1965?

Secretary FREEMAN. No, it is not. This would provide that where the Secretary of Agriculture determines that the carryover at the end of any marketing year for which there have already been judgments made or have been in effect will be less than 25 percent of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity. In other words, it is subject to that supply condition.

Your recommendation, as I understood, was that there should not be any sale at less than 115 percent, regardless of the supply situation.

Senator MILLER. Now you are authorized to sell what, at 105 percent?

Secretary FREEMAN. Plus carrying charges.

The CHAIRMAN. For 1 year.

Senator MILLER. This 25 percent carryover limitation in here puts the 115 percent in it?

Secretary FREEMAN. Yes.

Senator MILLER. Thank you.

The CHAIRMAN. Are there any further questions?

Senator McGOVERN. Could I read two or three lines into the record from the House committee report with reference to the cost of the program. They have a brief paragraph here that I would like to make a part of the record and it reads as follows:

A study prepared for the committee shows that 50 million of the 60 million acres now in retirement could be reactivated and the production made available for feeding the world's hungry, at an additional annual cost of less than \$1 billion. The government now is paying \$1.6 billion a year to hold these acres in idleness. If this land were returned to the production of wheat, feed grains, and soybeans, the government could buy at current market prices the total output of these acres for around \$2.5 billion, for use in the war on hunger. Thus with this land in production, the government cost would be only \$900 million greater than holding these acres out of production.

That is from page 8 of the House Committee on Agriculture report No. 1558.

The CHAIRMAN. In response to a question that I asked a while ago, the Secretary will furnish us with information as to that. And, Mr. Secretary, you might check that which Senator McGovern has read.

Secretary FREEMAN. Very well, I will.

(The information referred to is on page 499.)

The CHAIRMAN. Are there any further questions?

Mr. JOHNSON. Yes.

The CHAIRMAN. You may proceed. And identify yourself for the record.

Mr. JOHNSON. My name is U. Alexis Johnson, Deputy Under Secretary of State for Political Affairs. I should like to supplement the statement by the Secretary of Agriculture with regard to section 103(d)(3) that is on page 4 of the act. The section reads:

(3) For the purpose only of sales of agricultural commodities under title I of this act any nation which sells, furnishes, or permits ships or aircraft under its registry to transport to us from Cuba or North Vietnam (excluding United States installations in Cuba) any equip-

ment, materials, or commodities, so long as they are governed by a Communist regime.

That section prevents sales either for dollars or for local currency to these countries.

On May 24, former Under Secretary of State for Economic Affairs, Mr. Thomas C. Mann, made a statement before the Senate Agricultural Appropriations Subcommittee with respect to this same kind of provision but that other provision applied only to shipments to North Vietnam. As the act now reads it also applies to Cuba.

May I say in this connection that there is no difference on objectives here at all. Certainly, cutting back trade with North Vietnam, cutting back on shipping to North Vietnam is one of our strong foreign policy objectives. It numbers among many others, of course, that we also have.

I raise the question of whether this should be put in such categorical terms here. I point out, for example, so far as India is concerned, that India has been selling some jute bags to Cuba. If this section were permitted to stand as it is, we would not be able to carry out a food assistance program with India unless India stopped selling these jute bags. We raise the wisdom of this provision as it presently stands.

The Secretary of Agriculture has pointed out that this provision is very difficult to administer. Whether a country engages in trade—directly or indirectly in any way—is very, very hard to follow—it is very hard to tell. As to the problems that follow, it gives us no leeway whatsoever.

You, Mr. Chairman, are well aware, more aware than many of us, in fact, that this is a rapidly changing world. We have many objectives to pursue. This section as it presently stands gives no leeway whatsoever to the administration.

My proposal, Mr. Chairman, would be that this be listed as among the factors which the administration would take into consideration in determining whether or not there would be a program with respect to any individual country. We see no problem with that. Obviously it would be one of the factors, along with other factors as well. And it would be our suggestion that it would be simply listed as a factor.

I would be glad to help the staff draft language on that.

The CHAIRMAN. That is what I was going to suggest. We propose that you submit to the committee for consideration language to carry out your views.

Mr. JOHNSON. If I may enter on the record, Mr. Mann's previous statement before the Committee on Appropriations on this subject, I should like to do so. This covers this position in detail, but I emphasize that this statement was made only with respect to North Vietnam. And the language with respect to Cuba has since been added.

I would also point out that the language in the House-approved bill with respect to Cuba would mean that we would be calling on countries to do more with respect to trade with Cuba than we ourselves do. For example, under the OAS resolution, food and medical supplies are exempted from the embargo on Cuba. Under this language we would be calling on other countries to do more than we do ourselves.

The CHAIRMAN. The statement from Under Secretary Thomas Mann will be made a part of the record at this point.
(The statement referred to follows:)

STATEMENT OF HON. THOMAS MANN, UNDER SECRETARY OF STATE, AS EXCERPTED FROM THE HEARING OF MAY 24, 1966, BEFORE THE SENATE AGRICULTURAL APPROPRIATIONS SUBCOMMITTEE

Mr. Chairman, I am grateful to your committee for giving me the opportunity to present the views of the administration on the foreign policy aspects of the Findley amendment, Department of Agriculture appropriations bill H.R. 14596.

The purpose of the amendment would be to deny any appropriations, including the appropriation for administrative expenses for implementation of the program of sales of agriculture commodities to any country which sells or furnishes any equipment, materials, or commodities to North Vietnam or permits any ships or aircraft under its registry to transport such cargoes to North Vietnam.

This amendment was not in the appropriations bill as reported by the House Appropriations Committee. It was added as a floor amendment. Since there were no hearings in the House on the subject, this is the first opportunity that the administration has had to present its views on this amendment.

* * * * *

Let me make clear in the beginning that we regret that there are any free world trading or shipping contacts with North Vietnam. As you know, there is in effect a complete embargo on goods of U.S. origin and a prohibition on transactions involving persons or property subject to U.S. jurisdiction. We have been working diligently to reduce free world trading and shipping contacts with North Vietnam, and we have had a considerable amount of success.

There are eight free world countries, not all of them aid recipients, which are taking steps, as result of our efforts, to remove all their vessels from the North Vietnam trade. The bulk of the vessels still calling at North Vietnam are ships registered under the United Kingdom flag but based in Hong Kong and beneficially owned by Communist Chinese interests. There are a few other ships under long-term charters to the Communist Chinese. We are doing our best to reduce this remaining shipping even further.

Only one country receiving Food for Freedom commodities has had ships in the trade recently, and that country has issued a decree to prohibit future shipping.

* * * * *

The countries which are taking steps to stop North Vietnamese shipping are Cyprus, the Government of Cyprus.

In Greece there has been a royal decree issued which makes it illegal for ships flying the Greek flag to engage in the trade.

In Japan, there are no Japanese ships now engaged in the trade as a result of voluntary action on the part of shippers and unions.

In the case of Lebanese-flag ships there is a decree. In the case of Liberian-flag ships, a decree has also been issued. In the case of Panama, a decree has been issued.

In the case of the Netherlands and in the case of Norway, voluntary action on the part of shipowners has resulted in total elimination of this trade.

* * * * *

Insofar as trade is concerned, our intelligence community has come up with no information that any of the trade by free world countries could be called strategic in character.

North Vietnam's trade with the free world accounts for about 15 percent of its total trade. During 1964 North Vietnam's exports to the free world totaled \$23.4 million and its imports from the free world amounted to \$11.3 million.

* * * * *

Before discussing the substantive reasons for our opposition to the amendment, I should like to call your attention to one technical point. The Findley amendment in its present form prohibits the use of funds "so long as North Vietnam is governed by a Communist regime." I would assume that this committee would agree that it would be more in keeping with our foreign policy to make the limitation run "so long as there are hostilities in Vietnam" or similar words. President Johnson has stated that we are willing to consider a cooperative effort for economic de-

velopment throughout southeast Asia just as soon as peaceful cooperation is possible.

I should like to make clear that the administration would have no difficulty with the suggestion that shipping and trade with North Vietnam by potential food-for-freedom recipients is a factor that should be taken into account in deciding upon a program. If the Findley amendment were modified to give the President discretion on national interest grounds, we would have no difficulty with it, but in its present form the amendment affords no flexibility at all.

Alternatively, the administration would have less difficulty with a bill which, even though it did not vest in the President discretionary authority, limited the sanctions to any country exporting arms and other strategic materials to North Vietnam. There are a number of reasons why we think changes of the nature I have suggested are desirable from the point of view of the U.S. national interests:

First, the amendment as it is now drafted applies to governments which have any export trade with North Vietnam no matter how small or nonstrategic, and no matter how important it might be for the United States to help that country meet its food requirements.

For example, we have no information that India, which is by far the largest food-for-freedom recipient, has currently any trade with North Vietnam. It does ship jute bags to Cuba, for example, and it would seem to us unwise to introduce the element of whether it was legally possible to meet the threatened famine in India because the Government there shipped or might ship some jute bags to Cuba or to North Vietnam.

Second, it has been suggested that governments which export goods to North Vietnam for whatever purpose and in quantities however small and nonstrategic would have the option of choosing between that trade and food for freedom. The response I would give to this line of reasoning is a tactical one. I am sure Americans would find it offensive if we were required, by the unilateral fiat of another country, to change our laws or policies. Even if we were in agreement with the objectives of the other country, we would not like to act under duress.

I have found that the cost of provisions of this kind is very high in terms of resentment over what can be considered an invasion of sovereignty and respect for the dignity of others. This would be true in all cases; it would be particularly true where the exports consisted merely of Red Cross or other humanitarian supplies.

Third, in the cases where governments might opt in favor of not cutting off small and insignificant trade with North Vietnam, major Public Law 480 programs could be affected. I don't know how likely it is, but, in the case of India, for example, it could loom as a major foreign policy possibility.

Fourth, the committee will wish to take into account the extreme difficulties of administering a statute of this kind. As I said before, the figures on the export trade of other countries with North Vietnam for 1965 still are not available to us.

Another difficulty is the familiar one of trying to run down shipments through third countries. I know from my own personal experience during the Second World War, that with the advantages of a complicated proclaimed list of blocked nationals, with a large part of the world allied with us in the war effort, and with other means which we do not now have available to us, it was impossible to stop totally all trade with the Axis Powers. What is needed is flexibility for the President to deal with difficulties of this kind in a practical way, rather than a restriction that might require tying ourselves into knots on whether we are complying with the law.

Fifth, I should like to emphasize to this committee the fact that this administration, during the last two and a half years, has been more conscious of the importance of receiving something in return for our assistance under the Public Law 480 and aid programs than any other administration within my experience in the Department.

I personally believe that placing discretionary authority in the President for dealing with situations of this kind in light of overall U.S. interests is far preferable to a course which puts the administration in a legal straitjacket, as it were. I think the Congress can have confidence that the President, with or without a legal requirement, will continue in the future to administer our foreign assistance programs with emphasis on our own national interest.

Senator MILLER. I would like to ask two questions. How much jute is being sold?

Mr. JOHNSON. About \$600,000 is the figure that I have. It is about \$600,000 foreign exchange. I point this out simply as an example.

Senator MILLER. Well, as I understand, this is all that is being sold?

Mr. JOHNSON. By India, yes.

Senator MILLER. To Cuba?

Mr. JOHNSON. Yes.

Senator MILLER. We are talking about \$600,000 worth of goods that they are selling to Cuba. How much is the foreign aid that we will be giving to India during the coming months?

Mr. JOHNSON. I am not gainsaying that we should seek to encourage India to cut off its trade with Cuba. I question the wisdom of doing it by categorical legislative requirement.

Senator MILLER. The only trouble is that we are now extending a great amount of foreign aid to India. Do you not have authority now to withhold that in your discretion if you want them to stop shipping jute bags?

Mr. JOHNSON. Yes, if we felt that on balance our interests would best be served by threatening to cut off all aid to India unless they stop shipping jute to Cuba—yes, the administration obviously has the discretion to do that. I doubt that it would be a wise thing to do, however.

Senator MILLER. Well, of course, over on the House side they decided to put in this because of that. Now you are asking us that this discretion be returned, so that I would assume that the same policy would continue on and that there would be no change and the jute would probably continue to be shipped.

Mr. JOHNSON. Yes.

Senator MILLER. Do you expect any difference on that? Or any difficulty on that?

Mr. JOHNSON. We have not felt that it was worthwhile from the standpoint of our interests with respect to India and Cuba to require that India stop this trade. It brings them \$600,000 a year. The jute is available elsewhere. This would not deny jute bags to Cuba, and it did not seem or it has not seemed a wise thing to do, to stop it.

Senator MILLER. Would there be any objection to writing in something so that there would be no difference with regard to our own policy as far as medical supplies, et cetera? I can understand why there would be some criticism from people saying that the United States wants to put a restriction on India which is more severe than the United States has to follow. I can see the justification for such an argument, but suppose that we wrote into it the same guideline that we follow ourselves.

Mr. JOHNSON. I cite India as only one example. There are other cases. Some other countries carry on minor trade with Cuba, as you know. Some of them are larger countries. Those with the larger trade, in general, are not aid recipient countries, not countries that would benefit under this act. As far as North Vietnam is concerned, of course we carry on no trade. Some countries carry on a very small amount of trade. The amount of non-Communist trade that is going

into North Vietnam is very, very small in relationship to the North Vietnamese economy and has really a minimal effect as far as the war effort is concerned.

Senator MILLER. Your proposed amendments are only as to Cuba?

Mr. JOHNSON. No, it affects both. It would be discretionary. It would affect both Cuba and North Vietnam. The question of whether or not ships registered in a particular country are engaged in trade with either North Vietnam or Cuba, and the question of whether or not that country carries on trade with either North Vietnam or Cuba, and the character of that trade, would be taken into consideration in negotiating or extending a food sales agreement.

Senator MILLER. Why should we spend any of our foreign aid money from our taxpayers to help a country out when it is shipping anything to North Vietnam?

This is a question that I get all of the time. And I have to look to the voters for support. And I must say that I am pretty sorely pressed for a responsive answer.

Mr. JOHNSON. I entirely agree that we want this trade to cease, so far as North Vietnam is concerned. It is among the things that we are trying to accomplish. We are trying to accomplish other things with many of these countries, too. We have many objectives with respect to these countries.

Senator MILLER. We want it, too, but when discretion is not exercised by you people what else can we do except to write it into the law? This is what I am faced with by a good many people, and some of them have sons in Vietnam and they cannot understand why they should be paying taxes which go to foreign aid to any country that is trading with a country that is at war with us and is inflicting casualties on our side. It is very difficult.

Mr. JOHNSON. I understand this. I get these questions myself. I would stress that the amount of free world trade from aid recipient countries going to North Vietnam is now de minimus. I just wonder whether we want to tie our hands completely, so far as the future is concerned.

Senator MILLER. I agree with that answer. I do not think that one ounce should go in. It is a matter of principle that is involved here. It is pretty difficult to satisfy the people on this.

There is no doubt about the fact that you are doing all that you can to encourage the free nations to help, but we may say that it is de minimus as to the number of ships going into Haiphong, that it is considerably less than a couple of years ago, but still some are going in. I wondered why there should be such an objection to a restriction in this bill like this. If it causes you a great amount of difficulty you can come over and ask us to take it off and I would be the first one to say, "Let us knock it out," but there is a lot of restlessness over this situation. I just point this out to you that we have a very practical problem facing the voters that you do not have.

Mr. JOHNSON. Yes.

Senator COOPER. There is a misapprehension as to the volume and the amount of trade that is going into these countries. I think it would be helpful if the administration would be very open about it and lay in the record whatever facts you have about the countries which might be assisted by this bill and what is, actually, the volume of trade which is going to Cuba and to North Vietnam from these

countries. I think that would be helpful, because it would bring it out in the open. I have this problem, too, but I agree with the Secretary that there are all kinds of interests that we are concerned with in the United States in foreign policy and I do not think that you can limit the President in his whole management of the foreign policy upon some issue which is of tremendous importance to us, but which in the whole scope of the foreign policy might not be as important to the long-term interests of the United States.

The CHAIRMAN. Since the question of the amount of goods going into North Vietnam sent there by non-Communist nations, has come before us, I wonder if you would give us an idea of how much is being sent. Is it a secret?

Mr. JOHNSON. No, no.

The CHAIRMAN. If it is not a secret, let us have it, because a lot of people want to know.

Mr. JOHNSON. There is always a lag in the information on this, of course, but I have the most recent information right here.

The CHAIRMAN. Can you give us the countries that are sending it and the amounts, and so forth?

Mr. JOHNSON. From West Germany, for example, there were \$15,000 in exports to North Vietnam; and \$22,000 in imports, for example, in 2 months, January and February.

The CHAIRMAN. Of this year?

Mr. JOHNSON. Of this year; yes.

Japan has received \$1,599,000 of exports from North Vietnam. This is coal, anthracite coal primarily, that goes from North Vietnam to Japan. North Vietnam imported from Japan \$936,000 worth of goods during the 2 months of January and February—some of it foodstuffs, some of it textiles.

Let me say that we have no information that any non-Communist country is trading strategic goods of any kind. They are sending foodstuffs, textiles, household items, and things of that kind.

As another example, North Vietnam exported \$28,000 worth of goods during January and February to the United Kingdom, and imported from the United Kingdom, \$8,000 worth of goods. This is the order of it. I will be glad to make this available to you.

The CHAIRMAN. Would you mind placing that in the record?

Mr. JOHNSON. Not at all. This is the order of the magnitude.

The CHAIRMAN. It will be made a part of the record at this point. (The document referred to follows:)

North Vietnam's trade with selected free world countries, 1966 month specified

[In thousands of U.S. dollars]

Country	Exports	Imports	Period
France.....	910	384	January-February.
West Germany.....	15	22	January-February.
Hong Kong.....	253	14	January.
Japan.....	1,599	936	January-February.
Sweden.....	(2)	(2)	January-February.
Switzerland.....	0	30	January-February.
Denmark.....	0	0	January-February.
Norway.....	0	0	January-February.
United Kingdom.....	28	8	January-February.

¹ Reexports.

² Negligible.

Senator McGOVERN. In connection with this whole matter of cutting off all kinds of trade, as you pointed out, it is really a trickle that we are talking about here, anyway, most of it is nonstrategic materials.

Mr. JOHNSON. All of it.

Senator McGOVERN. All of it is in nonstrategic goods, foodstuffs, and so forth. Would not the net result be that if we close off all of that trade from non-Communist countries—would not the effect of it be making Hanoi and Havana more completely dependent on Moscow and Peking for their supplies? Or other Communist countries?

Mr. JOHNSON. Well, that point of view can certainly be taken, of course.

Senator McGOVERN. Is that in our interest to try to solidify the Communist nations, so that they become more dependent on each other, and more and more closely drawn together and more unified as a bloc, or is it not in our interest to do what little we can to try to open up the lines of communication with those countries and to give them some contact with some non-Communist countries?

Mr. JOHNSON. Faced with the situation we are now in North Vietnam, in the North Vietnamese war, I think that it is very hard to say that we want to encourage free world trade with North Vietnam.

Senator McGOVERN. The alternative then is to make them more dependent on their Communist allies.

Mr. JOHNSON. That is true. And you are perfectly right in pointing out that this is the result, of course.

Senator McGOVERN. A few months ago we were trying to find countries all over the world that had some kind of a pipeline into Hanoi that could assist us in getting a dialog started, in starting discussions, and it seems to me that the effect this would be to close the door and say that what we want is a Communist bloc that is totally dependent on itself. Of course, I think that plays right into the hands of the master strategists in the international Communist movement who want that kind of divorce from the non-Communist world and would like to see the Communist bloc reunified. It seems to me that it has been in our interest in recent years that we have had some contact with the governments in Central and Eastern Europe, largely through our food programs, which has encouraged them to take a little more independent position from Moscow. I do not see our handing away this opportunity to the Communists, and losing what opportunity we had through our food agreements to encourage a different course on the part of these countries. I think that we are cutting off our nose here to spite our face.

Mr. JOHNSON. That is one of the reasons that would emphasize the need for flexibility in pursuing our foreign policy objectives.

Senator McGOVERN. I hope that the committee will seriously consider that. I think the more flexibility we can give our President and those who are handling this very fast changing condition in the world where our enemies today might be our allies tomorrow—and we have seen that happen before—that it would be a serious mistake to write into a good assistance program restrictions of this kind that, in effect, would tie the hands of the administration.

The CHAIRMAN. We could use all of the afternoon here talking about this.

Senator MILLER. May I make just one point.

The CHAIRMAN. As an example, I am getting many letters now from constituents as to why we are permitting Germany to sell a steel mill to China. I have received a lot of letters on that. And you have, too, I am sure. It is pretty hard for us to explain that here we are holding the umbrella up for protection over Germany, and here they are engaging in this and we are engaging, not in a fight directly with China, but China is furnishing a lot of military hardware to help kill our boys, and now why should we permit Germany to sell a steel mill to China? We could go on this all day, on such examples as that, and probably get nowhere. It is always good to discuss it to some extent. That is why I was anxious for you to put in the record the amounts of goods in dollars that you find is being dealt with. To me it is insignificant. It does not amount to much.

Mr. JOHNSON. No, no; it does not.

The CHAIRMAN. All right.

Are there any further questions?

Did you get through?

Mr. JOHNSON. That is all I have.

The CHAIRMAN. Mr. Gaud, do you have a statement that you want to put in the record?

Mr. GAUD. Yes, sir. I would like to say one thing about it, if I may, Mr. Chairman. The only point that I raise has not been raised by either Secretary Freeman or Secretary Johnson relates to section 406 which Senator Miller asked about. That is the proposal to create the farmer-to-farmer program in the Department of Agriculture. And, as I say in my statement, it seems to us that this is an unwise suggestion. It is an unwise suggestion. As Mr. Passman would say, it creates some other spigots in which aid would be flowing out to the underdeveloped world, but more than that, the Congress and the Executive in 1961 decided to centralize our bilateral organizations into a central agency. I think that was a sound decision then and it is still sound. If you have a farmer-to-farmer program, why should you not create a labor-to-labor program, and one for HEW, and so forth and so on, down the line? I submit that there is no merit in this proposal.

The CHAIRMAN. Your prepared statement will be made a part of the record at this point.

(The statement referred to follows:)

Mr. Chairman, I am grateful to your Committee for giving me the opportunity to present the views of the Agency for International Development on the Food for Freedom Act of 1966—H.R. 14929 as passed by the House of Representatives on June 9th. At the outset, I want to say that this bill, except for three provisions, is one under which the A.I.D. can more effectively carry out its role in the "war on hunger."

TRANSITION TO DOLLAR SALES

Under the present P.L. 480 legislation foreign currency sales are under Title I and long-term dollar-credit sales are under Title IV. H.R. 14929 consolidates the sales authority into a single title and provides for a transition from sales for foreign currencies to sales for dollars at a rate whereby this shift can be completed by December 31, 1971. The bill authorizes the same credit treatment for food aid as is authorized for development loans under the Foreign Assistance Act of 1961, as amended.

This authority is essential to a successful transition. Sales of agricultural commodities will be made on terms as favorable to the United States as the economy of the purchasing country will permit and in any event no less favorable terms to the United States than under development loans. In FY 1966 there have been 27 agreements under Title IV of P.L. 480 all of which were on terms more favorable to the United States than the minimum development loan terms

512 FOOD FOR FREEDOM PROGRAM AND COMMODITY RESERVES

authorized by law. With the new authority it will be possible to shift additional countries to dollar-credit instead of foreign-currency sales much more quickly.

While it is true that some countries will require long-term credit, I want to make it clear that in carrying out this new authority, it is our definite objective to move first toward harder dollar terms and then to commercial sales.

SELF HELP

A particularly significant aspect of HR 14929 is its emphasis on self help. Self help to us means that these countries must help themselves to *produce* or earn the foreign exchange to *purchase commercially* the food needed to meet their own requirements. The Bill makes it clear that American food assistance cannot be used as a crutch to avoid needed economic reforms. We welcome the insistence of the Congress on self help measures. The Bill appreciably strengthens the U.S. Government's hand in this respect.

Self help of this character is a fundamental objective of all U.S. foreign assistance in that it is directed towards getting people to stand on their own feet as soon as possible.

OTHER PROVISIONS OF CONCERN

There are certain provisions, however, of the bill about which the Executive Branch has serious concern. Two of these, the Cuba—North Vietnam limitation and the new marking provision have been discussed by Secretary Freeman.

We share the grave concern as expressed by Secretary Freeman about the complete inflexibility of the provision relating to countries trading with or permitting their ships or aircraft to carry cargo to Cuba or North Vietnam. We urge that the provision be modified so that these problems are matters to be considered by the President in determining whether a sale should be made.

It is essential that the President have sufficient flexibility in the conduct of foreign relations to assure that the national interests of the United States are best served.

As to the new marking requirement, we share Secretary Freeman's concern as to the impracticality of the provision. Marking food which is donated to people is useful and effective; however, we do not believe a requirement that food which is sold be similarly marked is in the U.S. interest, particularly considering that the consumer has to pay the same for this food as for any other in the store where he buys his flour or rice.

PROPOSED FARMER TO FARMER PROGRAM

There is an additional provision in the Bill of serious concern. This is the so-called "farmer to farmer" provision which would create a new overseas technical assistance program under the jurisdiction of the Department of Agriculture.

We agree that expanded technical assistance in agriculture in developing countries is needed. Indeed, agricultural technical assistance may be the single greatest need in many of these countries. I also agree that AID and the Peace Corps need to do more in this area of activity.

The President made it clear in his messages to the Congress that we were to undertake new initiatives in agricultural development abroad. As Administrator Bell previously testified, we are greatly stepping up our agricultural activities. In doing so, we are taking advantage to the maximum extent possible of the expertise in the Department of Agriculture, our land-grant colleges, our great farm cooperatives and other farm organizations.

I want to reiterate that both AID and the Peace Corps have expanded their activities in this area with increasing input in the programs by USDA, the land-grant colleges, and voluntary agencies.

The Executive Branch does not agree that it is wise to authorize a new overseas technical assistance organization. Therefore, the Executive Branch opposes this provision of the Bill.

I thank you for the opportunity to appear before you and the members of the Committee in connection with the Food for Freedom Bill.

The CHAIRMAN. Are there any further questions?

If not, the hearings are hereby closed and sometime next week I hope that we will get together and try to mark up the bill if it is at all possible.

Thank you.

(Whereupon, at 4:30 o'clock p.m., the committee was adjourned.)

HISTORY ON: P.L. 808 - 89th

COORDINATION IN THE ADMINISTRATION OF PUBLIC LAW 480

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

HEARINGS BEFORE THE SUBCOMMITTEE ON FOREIGN AID EXPENDITURES OF THE COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE EIGHTY-NINTH CONGRESS

SECOND SESSION

JUNE 2 AND 30, 1966

Printed for the use of the
Committee on Government Operations



COMMITTEE ON GOVERNMENT OPERATIONS

JOHN L. McCLELLAN, Arkansas, *Chairman*

HENRY M. JACKSON, Washington
SAM J. ERVIN, JR., North Carolina
ERNEST GRUENING, Alaska
EDMUND S. MUSKIE, Maine
ABRAHAM RIBICOFF, Connecticut
FRED R. HARRIS, Oklahoma
ROBERT F. KENNEDY, New York
LEE METCALF, Montana
JOSEPH M. MONTOKA, New Mexico

KARL E. MUNDT, South Dakota
CARL T. CURTIS, Nebraska
JACOB K. JAVITS, New York
MILWARD L. SIMPSON, Wyoming

JAMES R. CALLOWAY, *Chief Clerk and Staff Director*

ARTHUR A. SHARP, *Staff Editor*

SUBCOMMITTEE ON FOREIGN AID EXPENDITURES

ERNEST GRUENING, Alaska, *Chairman*

EDMUND S. MUSKIE, Maine
ABRAHAM RIBICOFF, Connecticut
LEE METCALF, Montana
JOSEPH M. MONTOKA, New Mexico

KARL E. MUNDT, South Dakota
MILWARD L. SIMPSON, Wyoming
CARL T. CURTIS, Nebraska

HERBERT W. BEASER, *Chief Counsel*

JOSEPH LIPPMAN, *Staff Director*

HARRIET S. EKLUND, *Editor*

CONTENTS

Opening statements of the Chairman.....	Page 1, 111
---	----------------

WITNESSES

JUNE 2, 1966.

Elmer B. Staats, Comptroller General of the United States; accompanied by Charles Hylander, Deputy Director, International Operations Division; and Gilbert F. Stromvall, Assistant Director.....	24
---	----

JUNE 30, 1966

Mrs. Dorothy H. Jacobson, Assistant Secretary of Agriculture; accompanied by Thomas E. Street, Deputy Assistant Administrator, Foreign Agricultural Service for Export Programs, Department of Agriculture...	113
Edward R. Fried, Deputy Assistant Secretary of State for International Resources.....	119
Herbert J. Waters, Assistant Administrator for Material Resources, Agency for International Development; accompanied by Andreas F. Lowenfeld, Deputy Legal Adviser, Department of State.....	121
Winthrop Knowlton, Acting Assistant Secretary of the Treasury for International Affairs.....	123

EXHIBITS

No.	
1. Public Law 480—Chapter 469, S. 2475; 83d Congress, 2d session....	2
2. GAO Reports on the Public Law 480 and other related programs....	27
3. Report on Review of the Expedited Signing of Certain Agreements under title I of the Agricultural Trade Development and Assistance Act of 1954.....	28
4. Report on Displacement of Commercial Dollar Sales of Tallow to the United Arab Republic.....	45
5. Questionable Grant of Corn for Famine Relief under title II of Public Law 480.....	55
6. Report to the Congress of the United States; Review of Precautions Taken to Protect Commercial Dollar Sales of Agricultural Commodities to Foreign Countries Purchasing the Same Type Commodities for Foreign Currencies Under Public Law 480.....	66
7. Letter to the Honorable Allen J. Ellender, Chairman of the Committee on Agriculture and Forestry, U.S. Senate.....	86
8. Commercial Imports of Wheat and Wheat Flour (in Wheat Equivalent) by the United Arab Republic.....	93
9. Shipments of Rice by the U.A.R. to Communist Bloc Countries and Sales of Wheat by Greece to Communist Countries (drawn by Robert Bostick, Library of Congress, July 1966).....	126
10. Countries Receiving Public Law 480 Assistance Whose Ships Carry Supplies to Cuba (drawn by Robert Bostick, Library of Congress, July 1966).....	127
11. Table I: Commercial Imports of U.S. Wheat by United Arab Republic.....	128
12. United Arab Republic Rice Exports by Amount and Country of Destination for the Period January 1, 1964, to December 31, 1964...	131
13. Table II: Rice Exports by the United Arab Republic to Communist Countries.....	132

No.		Page
14.	Table III: Number of Ships Visiting Cuba and Value of Sales Agreements.....	133
15.	Department of Agriculture Memorandum on Its Policy Re Exports of Like Commodities Under Public Law 480 Agreements.....	135
16.	Memorandum to Senator Ernest Gruening, Chairman of the Subcommittee on Foreign Aid Expenditures, from Joseph Lippman, subcommittee staff director.....	151
17.	Imports of Wheat and Wheat Flour (in Wheat Equivalent) by the United Arab Republic.....	163
18.	Royal Decree.....	165
19.	Department of Commerce, Maritime Administration, Report No. 74..	166
20.	Certain Greek Flag Ships and Their Registered Owners.....	175

COORDINATION IN THE ADMINISTRATION OF PUBLIC LAW 480

THURSDAY, JUNE 2, 1966

U.S. SENATE,
SUBCOMMITTEE ON FOREIGN AID EXPENDITURES,
COMMITTEE ON GOVERNMENT OPERATIONS.

The subcommittee met at 10:05 a.m., pursuant to recess, in room 3302, New Senate Office Building, Senator Ernest Gruening (chairman of the subcommittee) presiding.

Present: Senator Gruening.

Also present: Herbert W. Beaser, chief counsel; Joseph Lippman, staff director; William J. Walsh III, professional staff member; Nicholas Carbone, staff investigator; Mary Miller, clerk; and Harriet S. Eklund, editor.

OPENING STATEMENT OF THE CHAIRMAN

Senator GRUENING. The hearing will please come to order.

The Subcommittee on Foreign Aid Expenditures begins today a series of hearings on the administration of Public Law 480, the food-for-peace program. Extensive hearings have been held in past years on these programs by the Committee on Agriculture and Forestry under the able and dedicated chairmanship of Senator Allen J. Ellender. Further hearings were held this year by Senator Ellender to consider changes in Public Law 480 proposed by the President.

I now direct that a copy of Public Law 480 be included in the record at this point.

(The copy of Public Law 480 follows:)

EXHIBIT 1

As amended through December 31, 1965. Originally enacted July 10, 1954, (68 Stat. 454)

**Public Law 480 - 83d Congress
Chapter 469 - 2d Session
S. 2475**

AN ACT

To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States. (7 U.S.C. 1691)¹

TITLE I--SALES FOR FOREIGN CURRENCY²

SEC. 101.³ In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to

¹ The Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 387, approved December 16, 1963, amended Chapter 1 of Part III of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2370 (i)), to add subsection (i) to Section 620 of said Chapter 1, reading as follows:

"(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

"(1) the United States,

"(2) any country receiving assistance under this or any other Act, or

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act."

Public Law 89-171, 79 Stat. 653, approved September 6, 1965, amended section 102 of the Foreign Assistance Act of 1961, as amended, to provide that: "It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof." (22 U.S.C. 2151)

See note 41 and section 107.

² Sec. 3, Public Law 962, 84th Congress, 70 Stat. 988, approved August 3, 1956, reads as follows:

"Sales of fresh fruit and the products thereof under title I of the Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress (15 U.S.C. 616a) and section 901 (b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241 (b)))."

³ Public Law 85-128, 71 Stat. 345, approved August 13, 1957 (7 U.S.C. 1704a), provides that: "Within sixty days after any agreement is entered into for the use of any foreign currencies, a full report thereon shall be made to the Senate and House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof."

TITLE 1--SALES FOR FOREIGN CURRENCY³

SEC. 101.⁴ In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall--

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;⁵

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

(f)⁶ obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries. (7 U.S.C. 1701)

SEC. 102.⁷ (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall

³Sec. 3, Public Law 962, 84th Congress, 70 Stat. 988, approved August 3, 1956, reads as follows:

"Sales of fresh fruit and the products thereof under title I of the Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, (15 U.S.C. 616a) and section 901 (b) of the Merchant Marine Act, 1936, (46 U.S.C. 1241 (b))."

⁴Public Law 85-128, 71 Stat. 345, approved August 13, 1957, 7 U.S.C. 1704(a), provides that: "Within sixty days after any agreement is entered into for the use of any foreign currencies, a full report thereon shall be made to the Senate and House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof."

⁵The words "or normal patterns of commercial trade with friendly countries;" added by Public Law 85-931, 72 Stat. 1790, approved September 6, 1958.

⁶This subsection was revised by Section 403(a) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 390, approved December 16, 1963. It formerly read as follows:

"obtain rates of exchange applicable to the sales of commodities under such agreements which are not less favorable than the rates at which United States Government agencies can buy currencies from the United States disbursing officers in the respective countries."

⁷Sec. 8 of Public Law 85-931, 72 Stat. 1792, approved September 6, 1958, provides as follows:

"In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products."

make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended.⁸ The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897)⁹ shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.¹⁰

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940.¹¹ Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds. (7 U.S.C. 1702)

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation

⁸ 7 U.S.C. 1427

⁹ 7 U.S.C. 1741 •

¹⁰ This subsection was revised by Public Law 25, 84th Congress, 69 Stat. 44, approved April 25, 1955. It formerly read as follows:

"For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder at such points in the United States as the President may direct surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities from stocks owned by the Corporation or pledged or mortgaged as security for price support loans or from stocks privately owned if the Corporation is not in a position to supply the commodity from its owned stocks: *Provided*, That to facilitate the use of private trade channels the Corporation, even though it is in a position to supply the commodity, may finance the sale and exportation of privately owned stocks if the Corporation's stocks are reduced through arrangements whereby the private exporter acquires the same commodity of comparable value or quantity from the Commodity Credit Corporation. In supplying commodities to private exporters under such arrangements Commodity Credit Corporation shall not be subject to the sales price restriction in section 407 of the Agricultural Act of 1949, as amended."

¹¹ 31 U.S.C. 203; 41 U.S.C. 15.

than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000.¹³ (7 U.S.C. 1703)

SEC. 104. Notwithstanding Section 1415 of the Supplemental Appropriation Act, 1953,¹⁴ or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies, in-

¹³Section 103(b) effective January 1, 1965, as amended by Public Law 88-638, 78 Stat. 1035, approved October 8, 1964. Previous authorizations were as follows:

<i>Authority</i>	<i>Approved</i>	<i>Amount added</i>	<i>Terminal date</i>
Public Law 480, 83rd Congress, 68 Stat. 454	July 10, 1954	\$700 million	June 30, 1957
Public Law 387, 84th Congress, 69 Stat. 721	August 12, 1955	\$800 million	June 30, 1957
Public Law 962, 84th Congress, 70 Stat. 988	August 3, 1956	\$1.5 billion	June 30, 1957
Public Law 85-128, 71 Stat. 345	August 13, 1957	\$1.0 billion	June 30, 1958
Public Law 85-931, 72 Stat. 1790	September 6, 1958	\$2.25 billion	December 31, 1959
Public Law 86-341, 73 Stat. 606	September 21, 1959	\$3.0 billion	December 31, 1961
Public Law 87-28, 75 Stat. 64	May 4, 1961	\$2.0 billion	December 31, 1961
Public Law 87-128, 75 Stat. 306	August 8, 1961	\$4.5 billion	December 31, 1964

The first three amendments to the original act expressed the authorization as a cumulative figure. Public Law 387, 84th Congress, 69 Stat. 721, amended the section to provide that "This limitation shall not be apportioned by year or by country, but shall be considered as an objective as well as a limitation, to be reached as rapidly as possible so long as the purposes of this Act can be achieved within the safeguards established." Public Law 85-931, 72 Stat. 1790, approved September 6, 1958, provided an authorization for the period beginning July 1, 1958, through December 31, 1959, of \$2.25 billion "plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years." Provision for carryover of unused funds was contained in the authorizations provided by Public Law 86-341, 73 Stat. 606, and Public Law 87-28, 75 Stat. 64, but there was no such provision in Public Law 87-128, 75 Stat. 306. The provision is again included in section 103(b) of Public Law 480, 83rd Congress, as amended by Public Law 88-638, 78 Stat. 1035, approved October 8, 1964.

¹⁴Section 1415 provides that "Foreign credits owed to or owned by the United States Treasury will not be available for expenditure by agencies of the United States after June 30, 1953, except as may be provided for annually in appropriation Acts and provisions for the utilization of such credits for purposes authorized by law are hereby authorized to be included in general appropriation Acts." Public Law 547, 82d Congress, 66 Stat. 637, approved July 15, 1952 (31 U.S.C. 724).

cluding principal and interest from loan repayments, which accrue under this title for one or more of the following purposes:¹⁵

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title after the date of this amendment shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. ¹⁶Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this subsection and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this subsection. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into

¹⁵The words, "including principal and interest from loan repayments," were added by Public Law 87-128, 75 Stat. 306, approved August 8, 1961.

See also sec. 407 of the Act of September 1, 1954, as amended (5 U.S.C. 171z-1), which provides:

"In addition to family housing and community facilities otherwise authorized to be constructed or acquired by the Department of Defense, the Secretary of Defense is authorized, subject to the approval of the Director of the Bureau of the Budget, to construct, or acquire by lease or otherwise, family housing for occupancy as public quarters, and community facilities, in foreign countries through housing and community facilities projects which utilize foreign currencies to a value not to exceed \$250,000,000 acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954 or through other commodity transactions of the Commodity Credit Corporation.

"The Department of Defense shall pay the Commodity Credit Corporation, from appropriations otherwise available for the payment of quarters allowances for military personnel and from appropriate allotments or rental charges for civilian personnel, amounts equal to the quarters allowances or allotments otherwise payable to or the rental charges collected from personnel occupying any housing constructed or acquired under authority of this section after deducting amounts chargeable for the maintenance and operation of such housing: *Provided*, That such payments shall not exceed the dollar equivalent of the value of the foreign currencies used for all such construction or acquisition."

See also Public Law 86-610, 74 Stat. 368, approved July 12, 1960, which authorizes, subject to section 1415 of the Supplemental Appropriation Act, 1953, the use of Title I foreign currencies to advance health science activities. For text of section 1415, see note 14 above.

¹⁶Sections 507 and 508 of the Public Works Appropriation Act, 1964, 77 Stat. 856, approved December 31, 1963, provide as follows:

"Sec. 507. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662), foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits), only when reimbursement therefor is made to the Treasury from applicable appropriations of the agency concerned: *Provided*, That such credits received as exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury.

Sec. 508. During the current fiscal year, any foreign currencies held by the United States which have been or may be reserved or set aside for specified programs or activities of any agency may be carried on the books of the Treasury in unfunded accounts."

agreements with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;¹⁷

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;¹⁸

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;¹⁹

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes currencies shall also be available to the maximum usable extent through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.²⁰

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641 (b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort

¹⁷ All but the first sentence of subsection (a) was added by Public Law 86-341, 73 Stat. 606, approved September 21, 1959, and was further amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961 and by Public Law 89-106, 79 Stat. 431, approved August 4, 1965, which added the words commencing with "That the Secretary..." and ending with "... for such purpose: *Provided further*".

Section 203 of Public Law 87-128, 75 Stat. 306, approved August 8, 1961 (5 U.S.C. 577), provides as follows: "Sec. 203. In the conduct of foreign market development programs, the Secretary of Agriculture is authorized to credit contributions from individuals, firms, associations, agencies, and other groups, and the proceeds received from space rentals, and sales of products and materials at exhibitions, to the appropriations charged with the cost of acquiring such space, products and materials."

¹⁸ Amended by Public Law 86-341, 73 Stat. 606, approved September 21, 1959.

¹⁹ Amended by Public Law 88-638, 78 Stat. 1035, approved October 8, 1964.

²⁰ Amended by Public Law 85-128, 71 Stat. 345, approved August 13, 1957; by Public Law 87-195, 75 Stat. 463, approved September 4, 1961; and by Public Law 88-638, 78 Stat. 1035, approved October 8, 1964.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641 (b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;²⁰

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year.²¹

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;²²

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;²³

²⁰The balance of the first sentence following "(50 U.S.C. App. 1641(b))" was added by Public Law 85-931, 72 Stat. 1790, approved September 6, 1958. The second sentence, through the word "purposes" the third time it appears, was added by Public Law 726, 84th Congress, 70 Stat. 555, approved July 18, 1956; the balance of the sentence was added by Public Law 85-141, 71 Stat. 355, approved August 14, 1957.

²¹Added by Public Law 726, 84th Congress, 70 Stat. 555, approved July 18, 1956.

²²Added by Public Law 962, 84th Congress, 70 Stat. 988, approved August 3, 1956.

²³Added by Public Law 85-477, 72 Stat. 261, approved June 30, 1958. Public Law 86-108, 73 Stat. 246, approved July 24, 1959, amended this subsection by adding the word "research" after the word "conduct" and by rephrasing the provision relating to the appropriation procedure. Public Law 86-341, 73 Stat. 606, approved September 21, 1959, added after the word "globe" the following: ", and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation."

(2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;²⁵

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;²⁷

(p) For supporting workshops in American studies or American educational techniques and supporting chairs in American studies;²⁷

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;²⁸

(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);²⁸

(s) For the sale for dollars to American tourists under such terms and conditions as the President may prescribe;²⁹

(t) For sale to United States citizens as provided herein. In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under the Foreign Assistance Act of 1961, as amended, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts, except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the

²⁶ Public Law 87-839, 76 Stat. 1074, approved October 18, 1962.

²⁷ Subsection (o), when added by Public Law 85-931, 72 Stat. 1790, approved September 6, 1958, also included the purpose authorized in subsection (p). Public Law 86-341, 73 Stat. 706, approved September 21, 1959, separated the original subsection (o) into subsections (o) and (p).

²⁸ Added by Public Law 86-341, 73 Stat. 606, approved September 21, 1959.

²⁹ Added by Public Law 87-128, 75 Stat. 306, approved August 8, 1961.

Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.^{30,31}

Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title pursuant to agreements entered into on or before December 31, 1964 and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter:³² *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: *Provided, however,* That no foreign currencies shall be available pursuant to subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts.³³

There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title; and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.

³⁰The provision beginning with "In order to" and ending with "miscellaneous receipts" was added by Section 301(d) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 386, approved December 16, 1963, as subsection (b) to Section 612 of Chapter I of Part III of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2362 (b)).

Section 2 of Public Law 88-638, 78 Stat. 1035, approved October 8, 1964, redesignated subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, and added the words, "For sale to United States citizens as provided herein," and the exception beginning with "except" and ending with "this Act".

³¹Section 301(c) of the Foreign Assistance Act of 1964, Public Law 88-633, 78 Stat. 1012, approved October 7, 1964, amended Section 612 of the Foreign Assistance Act of 1961, as amended, by adding the following new subsection (c):

"(c) Any Act of the Congress making appropriations to carry out programs under this or any other Act for United States operations abroad is hereby authorized to provide for the utilization of United States-owned excess foreign currencies to carry out any such operations authorized by law.

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned excess foreign currencies are utilized, in lieu of dollars. As used in this subsection, the term 'excess foreign currencies' means foreign currencies or credits owned by or owed to the United States which are, under applicable agreements with the foreign country concerned, available for the use of the United States Government and are determined by the President to be excess to the normal requirements of departments and agencies of the United States for such currencies or credits and are not prohibited from use under this subsection by an agreement entered into with the foreign country concerned." (22 U.S.C. 2362)

³²Public Law 88-638, 78 Stat. 1036, approved October 8, 1964, amended this proviso by adding the phrase beginning with "Pursuant" ending with "thereafter".

For text of section 1415, see note 14 above.

³³The final proviso added by Public Law 86-341, 73 Stat. 606, approved September 21, 1959, and amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961.

Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.³² (7 U.S.C. 1706).

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement. (7 U.S.C. 1707)

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102 (a) hereof are sold. (7 U.S.C. 1708)

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, 1964, except as required pursuant to agreements theretofore entered into pursuant to this title.³³ (7 U.S.C. 1709)

TITLE II--FAMINE RELIEF AND OTHER ASSISTANCE³⁴

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.³⁵ (7 U.S.C. 1721)

SEC. 202. In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic and community development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies; *Provided*, That the President shall take reasonable precaution that such transfers

³²This last sentence which was added by Section 403(c) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 390, approved December 16, 1963, "shall not be effective for purposes of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, until January 1, 1965."

³³Amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961, to extend the terminal date from 1961 to 1964.

³⁴Section 302(h) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 389, approved December 16, 1963, amended Chapter 2 of Part III of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2398), by adding at the end thereof a new section 638, reading as follows:

"Sec. 638. Peace Corps Assistance.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

³⁵Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956, amended this section by deleting the words "f.o.b. vessels in United States ports," immediately preceding the words "as he may request,". Public Law 962, 84th Congress, 70 Stat. 988, approved August 3, 1956, amended this section by inserting after the word "urgent" wherever it occurs in the section the words "or extraordinary".

will not displace or interfere with sales which might otherwise be made.³⁶ (7 U.S.C. 1722)

SEC. 203. Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, 1961, and ending December 31, 1964, which call for appropriations of more than \$300,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in effect during such preceding year. The President may make transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto may be paid from such funds. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.³⁷ (7 U.S.C. 1723)

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1964.³⁸ (7 U.S.C. 1724)

³⁶The words preceding "President" the first time it appears were added by Public Law 86-472, 74 Stat. 140, approved May 14, 1960, authorizing economic development programs under this title, with an expiration date of June 30, 1961; Public Law 87-92, 75 Stat. 211, approved July 20, 1961, repealed the provision that such authority should expire on June 30, 1961. Section 403(d) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 390, approved December 16, 1963, amended this section by striking out "economic development" and inserting in lieu thereof "economic and community development".

³⁷The original authorization was \$300,000,000. Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956, added \$200,000,000 and Public Law 85-128, 71 Stat. 345, approved August 13, 1957, added \$300,000,000. Public Law 86-341, 73 Stat. 606, approved September 21, 1959, amended the first sentence to provide: "Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title." The first sentence, as amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961, changes the authorization from an expended basis to a program commitment basis beginning January 1, 1961. Public Law 87-128, 75 Stat. 306, approved August 8, 1961, amended the second sentence by deleting "such" preceding "transfers". The last two sentences were added by Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956. Public Law 86-472, 74 Stat. 140, approved May 14, 1960, amended the third sentence by inserting after "entry abroad" where it first appears, "or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad," and by inserting "and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto may be paid from such funds" before the period at the end of that sentence.

³⁸Amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961, to extend the terminal date from 1961 to 1964.

TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE^{41, 42}

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.⁴³ (7 U.S.C. 1721)

SEC. 202. In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic and community development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies; *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.⁴⁴ (7 U.S.C. 1722)

SEC. 203. Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, 1965, and ending December 31, 1966, which call for appropriations of more than \$400,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in

⁴¹ Section 302(h) of the Foreign Assistance Act of 1963, Public Law 88-205, 77 Stat. 389, approved December 16, 1963, amended Chapter 2 of Part III of the Foreign Assistance Act of 1961, as amended, by adding at the end thereof a new section 638 (22 U.S.C. 2398), reading as follows: "Sec. 638. Peace Corps Assistance.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; or the Export-Import Bank Act of 1945, as amended; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended."

⁴² Public Law 88-550, 78 Stat. 755, approved August 31, 1964, amended the Act of August 19, 1958, (Public Law 85-683, 72 Stat. 635) to read as follows:

"That at any time Commodity Credit Corporation has any grain available for donation pursuant to clause (3) or (4) of section 416 of the Agricultural Act of 1949, as amended, section 210 of the Agricultural Act of 1956, or title II of the Agricultural Trade Development and Assistance Act, as amended, the Corporation, in lieu of processing all or any part of such grain into human food products, may purchase such processed food products in quantities not to exceed the equivalent of the respective grain available for donation on the date of such purchase and donate such processed food products pursuant to clause (3) or (4) of such section 416, and to such section 210, and made such processed food products available to the President pursuant to such title II, and may sell, without regard to the provisions of section 407 of the Agricultural Act of 1949, as amended, a quantity of the grain equivalent to the processed food products so purchased: *Provided*, That no food product purchased pursuant to the authority contained herein shall constitute less than 50 per centum by weight of the grain from which processed, or contain any additive other than for normal vitamin enrichment, preservative, and bleaching purposes."

⁴³ Amended by Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956, and by Public Law 962, 84th Congress, 70 Stat. 988, approved August 3, 1956.

⁴⁴ Amended by Public Law 86-472, 74 Stat. 140, approved May 14, 1960; by Public Law 87-92, 75 Stat. 211, approved July 20, 1961; and by Public Law 88-205, 77 Stat. 390, approved December 16, 1963.

effect during such preceding year. The President may make transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790) may be paid from such funds. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources. Funds required for ocean freight costs or for the purchase of foreign currencies authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.⁴⁵ (7 U.S.C. 1723)

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1966.⁴⁶ (7 U.S.C. 1724)

⁴⁵ Authorization provided by Public Law 88-638, 78 Stat. 1037, approved October 8, 1964. Previous authorizations were as follows:

<i>Authority</i>	<i>Approved</i>	<i>Amount added</i>	<i>Terminal date</i>
Public Law 480, 83rd Congress, 68 Stat. 454	July 10, 1954	\$300 million	June 30, 1957
Public Law 540, 84th Congress, 70 Stat. 188	May 28, 1956	\$200 million	June 30, 1957
Public Law 85-129, 71 Stat. 345	August 13, 1957	\$300 million	June 30, 1958
Public Law 86-341, 73 Stat. 606	September 21, 1959	\$600 million	December 31, 1961
Public Law 87-128, 75 Stat. 306	August 8, 1961	\$900 million	December 31, 1964

In Public Law 86-341, 73 Stat. 606, approved September 21, 1959, the first sentence provides: "Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title." The first sentence, as amended by Public Law 87-128, 75 Stat. 306, approved August 8, 1961, changes the authorization from an expended basis to a program commitment basis beginning January 1, 1961. Other amendments to the wording of Section 203 were made by Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956; Public Law 86-472, 74 Stat. 140, approved May 14, 1960; Public Law 87-128, 75 Stat. 306, approved August 8, 1961; and by Public Law 88-638, 78 Stat. 1037, approved October 8, 1964. Public Law 88-638 provides that the authorization of \$400,000,000, plus uncommitted amounts for previous years, for the period of January 1, 1965, to December 31, 1966, shall not become effective until January 1, 1965.

⁴⁶ Amended by Public Law 88-638, 78 Stat. 1037, approved October 8, 1964, to extend the terminal date from December 31, 1964, to December 31, 1966.

6, 1958, as amended, the Secretary shall receive assurances satisfactory to him that, insofar as practicable, there will be student participation in the financing of such programs on the basis of ability to pay, and such programs shall be undertaken with the understanding that commodities will be available for those programs only in accordance with the provisions of such statutes and that commodities made available under section 416 of the Agricultural Act of 1949, as amended, will be available only in accordance with the priorities established in such section. Sec. 205. Public Law 87-703, 76 Stat. 610, approved September 27, 1962]

SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.⁴² (7 U.S.C. 1692)

⁴²As amended by Public Law 85-931, 72 Stat. 1790, approved September 6, 1958. This section formerly read as follows: "Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials." Public Law 540, 84th Congress, 70 Stat. 188, approved May 28, 1956, U.S.C. 1856, provides that strategic and other material acquired by the Commodity Credit Corporation may be transferred to the supplemental stockpile established by section 104(b) of this Act.

SEC. 304. (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.⁴³ (7 U.S.C. 1693)

SEC. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose.⁴⁴ (7 U.S.C. 1694)

SEC. 306. [This section authorizes a food stamp system for the distribution of surplus food commodities to needy persons in the United States during the period beginning February 1, 1960 and ending January 31, 1962]⁴⁵

SEC. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act.^{45,46}

SEC. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized--

(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States;

(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

⁴³This section was amended by Public Law 85-128, 71 Stat. 345, approved August 13, 1957. It formerly read: "The President shall exercise the authority contained herein (1) to assist friendly nations to be independent of trade with the U.S.S.R. or nations dominated or controlled by the U.S.S.R. for food, raw materials and markets, and (2) to assure that agricultural commodities sold or transferred hereunder do not result in increased availability of those or like commodities to unfriendly nations."

⁴⁴As amended by Public Law 86-341, 73 Stat. 606, approved September 21, 1959. This section formerly provided: "All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America."

⁴⁵Sections 306, 307, 308 and all of title IV were added by Public Law 86-341, 73 Stat. 606, approved September 21, 1959. Section 306 was not extended beyond January 31, 1962.

⁴⁶Section 205(c) of Public Law 86-108, 73 Stat. 246, approved July 24, 1959, also provides that surplus food commodities or products thereof made available for transfer as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended, (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended, (7 U.S.C. 612c).

SEC. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose.⁵² (7 U.S.C. 1694)

SEC. 306. [This section authorizes a food stamp system for the distribution of surplus food commodities to needy persons in the United States during the period beginning February 1, 1960 and ending January 31, 1962]⁵³

SEC. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act.^{53,54} (7 U.S.C. 1696)

SEC. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized--

(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States;⁵⁵

(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.⁵³ (7 U.S.C. 1697)

TITLE IV--LONG-TERM SUPPLY CONTRACTS⁵³

SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use. It is also the purpose of this title to stimulate and increase the sale of surplus

⁵² Amended by Public Law 86-341, 73 Stat. 606, approved September 21, 1959.

⁵³ Sections 306, 307, 308 and all of title IV were added by Public Law 86-341, 73 Stat. 606, approved September 21, 1959, Section 306 was not extended beyond January 31, 1962.

⁵⁴ Section 205(c) of Public Law 86-108, 73 Stat. 246, approved July 24, 1959, also provides that surplus food commodities or products thereof made available for transfer as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the agricultural Act of 1949, as amended, (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended, (7 U.S.C. 612c).

⁵⁵ This clause (1) was amended by Public Law 87-703, 76 Stat. 610, approved September 27, 1962.

SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

SEC. 405. In the case of such agreements, the Secretary may enter into agreements with other friendly and historic supplying nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.⁵¹

SEC. 406. In carrying out this title, the provisions of sections 101 (b) and (c), 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.⁵²

⁵¹This section was amended by Public Law 87-703, 76 Stat. 610, approved September 27, 1962. It formerly read: "In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis."

⁵²Public Law 87-703, 76 Stat. 610, approved September 27, 1962, inserted: "101(b) and (c)," after the word "sections".

APPENDIX A

The following portions of this compilation are not a part of Public Law 480, 83rd Congress, 68 Stat. 454, approved July 10, 1954, as amended, but have a bearing on Section 416 of the Agricultural Act of 1949 which was amended by Section 302 of Title III of said Public Law 480, 83rd Congress.

[Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oilseeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949. Sec. 9. Public Law 85-931, 72 Stat. 1790, approved September 6, 1958, 7 U.S.C. 1431b]⁶⁰

[a] In order to insure the nutritional value of cornmeal, grits, rice, and white flour when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, enriched rice, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds unless a larger container is requested by recipient agency. Nothing in this section shall prohibit the distribution of fortified parboiled rice which is substantially equal in nutritional value to that of enriched rice.

(b) The term "sanitary container" means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use. Sec. 201. Public Law 86-341, 73 Stat. 606, approved September 21, 1959, 7 U.S.C. 1431c]⁶¹

[In any school feeding programs undertaken hereafter outside the United States pursuant to section 416 of the Agricultural Act of 1949, as amended, section 308 of Public Law 480 (83rd Congress), as amended, and section 9 of the Act of September 6, 1958, as amended, the Secretary shall receive assurances satisfactory to him that, insofar as practicable, there will be student participation in the financing of such programs on the basis of ability to pay, and such programs shall be undertaken with the understanding that commodities will be available for those programs only in accordance with the provisions of such statutes and that commodities made available under section 416 of the Agricultural Act of 1949, as amended, will be available only in accordance with the priorities established in such section. Sec. 205. Public Law 87-703, 76 Stat. 611, approved September 27, 1962, 7 U.S.C. 1431d]

⁶⁰ Amended by Public Law 87-703, 76 Stat. 610, approved September 27, 1962.

⁶¹ Amended by Public Law 87-803, 76 Stat. 910, approved October 11, 1962.

APPENDIX B

Section 709 of the Food and Agriculture Act of 1965, Public Law 89-321, 79 Stat. 1212, approved November 3, 1965 provides that "The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, foreign distribution, and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes."

Senator GRUENING. The Subcommittee on Foreign Aid Expenditures will not duplicate in this series of hearings the work already done by the Committee on Agriculture and Forestry. Our interest will focus on the management of the Public Law 480 program, on the interagency relationships and responsibilities and on the way the executive agencies have carried out specific provisions of the law.

SCOPE OF HEARINGS FOUR PRONGED

The following specific points will be covered in these hearings:

1. The displacement of normal U.S. commercial sales of agricultural commodities for dollars by soft currency sales under Public Law 480.
2. The extent to which countries receiving commodities under Public Law 480 have used such assistance to increase their exports of the same or similar commodities.

3. The extent to which Public Law 480 commodity assistance to foreign countries has made possible increased exports of the same or similar commodities by these countries to Communist countries.

4. The extent to which these Public Law 480 programs are directed and managed by the Department of State and the Agency for International Development rather than by the Department of Agriculture.

The subcommittee's interest in these matters stems from its responsibilities to study the operations of Federal agencies abroad and their interrelationships, pointing out whether any failure of these agencies is due to structural and organizational defects, overloaded work programs, imprudent administrative, budgetary, and fiscal practices, and lack of coordination.

U.S. COMPTROLLER GENERAL REPORTS PUBLIC LAW 480 MISMANAGEMENT

The subcommittee has received a number of reports from the Comptroller General of the United States involving his audits of the Public Law 480 programs which disclose serious deficiencies in the way the programs have been administered and in the effectiveness, under existing arrangements, of interagency coordination.

RAISES QUESTION OF POSSIBLE LOSS OF DOLLAR COMMERCIAL SALES

For example, the reports of the Comptroller General raise serious question as to whether commodities given to foreign countries under Public Law 480 have not, in fact, resulted in the loss of dollar commercial sales which would otherwise have occurred had the Public Law 480 programs been managed on a better and more businesslike basis.

These displacements of commercial sales, with the consequent adverse effect on the U.S. balance of payments have occurred despite the specific provisions of Public Law 480 that the President shall: " * * * take reasonable precautions to safeguard usual marketings of the United States * * *"

By obtaining agreements with recipient countries that they will continue to buy from the United States the amounts of commodities that they have always bought, this provision insures that the U.S. commercial interests will not lose foreign markets. Otherwise, our balance-of-payments position would be adversely affected. The diffi-

culties we are experiencing in maintaining a favorable balance of payments is recognized as one of the major problems confronting this country.

UNCOVER DIVERSION OF PUBLIC LAW 480 COMMODITIES TO COMMUNIST COUNTRIES

The subcommittee will also be interested in exploring the manner in which the executive agencies have administered the provisions of Public Law 480 to preclude diversion of the commodities, or like commodities, to Communist countries. Section 304 of Public Law 480 is emphatic on this point when it states:

The President shall exercise the authority contained in title I of this Act * * * (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

The subcommittee has received information that this provision has been ineffective in some cases. Significant instances have been uncovered where it has been found that Public Law 480 assistance has been used by countries receiving these commodities to facilitate the export of the same or similar commodities to Communist countries.

For example, it has become apparent that U.S. wheat delivered to some countries under Public Law 480 enables those countries to use the wheat to feed their own people and to free large quantities of locally produced rice, or even locally produced wheat, for export. These increased exports of the same or similar commodities have gone in some cases to unfriendly countries, in what appears to be a direct contravention of the law.

One of the principal objectives of the subcommittee's inquiries will be to determine what agency of the executive branch is responsible for these apparent violations of the statute, the justification for such violations, if any, and to consider what action is required to change such policies as are found to be inimical to the overall interests of the United States.

HEARINGS NOT AN "OVERALL APPRAISAL" OF PUBLIC LAW 480 PROGRAM

It should be fairly evident from the foregoing that these hearings will not constitute an overall appraisal of the value and effectiveness of the Public Law 480 program. To attempt to do so would duplicate in large measure the excellent work being done by the Committee on Agriculture and Forestry.

OVER 70 COUNTRIES CONCERNED WITH PUBLIC LAW 480 COMMODITIES

Public Law 480 is a program of vast dimensions. About \$2 billion in agricultural commodities are programed each year for delivery to foreign countries. Sixty-six percent of all U.S. wheat exports move under Public Law 480. Public Law 480 milled rice exports account for 41 percent of the total rice exports. Public Law 480 edible vegetable oil exports comprise 21 percent of all U.S. exports of oil. Other commodities include feed grains, tobacco, dairy products, poultry, meat, fruits and vegetables. Over 70 foreign countries have received

Public Law 480 commodities under one section of the legislation or another.

These commodities have moved as "sales" under title I, whereby the United States receives payment in local currencies from the recipient countries; as donations under title II for emergency and famine relief and for economic development; as food donations under title III to U.S. voluntary relief organizations for distribution to needy people abroad; and as sales for dollars under long-term credits authorized by title IV.

PUBLIC LAW 480 PROGRAMS VALUABLE, BUT SCRUTINY NEEDED

It should be said at the outset that there is little question but that the Public Law 480 programs, which have been in existence since 1954, have been of tremendous benefit to countries receiving these commodities and to American farmers in disposing of surpluses. The basic objectives of the legislation have been accepted by successive administrations and in each session of the Congress. There can be no argument with the President's statement that "The food-for-peace program is one of the most inspiring enterprises ever undertaken by any nation in all of history—and every American can be proud of it, without regard to partisanship or political persuasion."

But this is not to say that there is no place for a critical scrutiny of the way specific provisions of the act are being administered, nor does acceptance of the basic objectives of the legislation require concurrence in every administrative decision and of the executive policies established to carry out the legislation.

CRITICISM DOES NOT MEAN OPPOSITION

The subcommittee will, of necessity, probe into these areas where administrative shortcomings have become evident, and the focus of the subcommittee's attention will be of a critical nature. But this is designed to achieve better management, more effective use of Public Law 480 resources, and a clearer delineation of agency responsibilities. Not every critic of the foreign aid program is opposed to the principle of economic assistance to foreign countries deserving of such assistance. No criticism which the subcommittee voices in these hearings on the way in which the Public Law 480 programs are administered should be taken as an opposition to the basic tenets and objectives of Public Law 480 legislation.

It is with these thoughts in mind that the subcommittee has invited the Comptroller General of the United States, the Honorable Elmer B. Staats, to testify today. There is no more responsible agency in the Government than the General Accounting Office, which Mr. Staats heads. It has no vested interest in any program. It has no political bias. It is an agent of the Congress and is responsible only to the Congress. It deals with the facts and eschews publicity.

GAO AUDITS PUBLIC LAW 480 PROGRAMS

For the past 2 years the General Accounting Office has been conducting audits of the Public Law 480 programs in many countries abroad, as well as at the department level in Washington. The

Comptroller General has issued numerous reports to the Congress on the results of these audits, and many more are now in process.

Mr. Staats, before you read your prepared statement, I wonder if you could tell us a little about what the General Accounting Office is and what it does?

Let me say at this point that we are extremely grateful to the General Accounting Office and your predecessors, as well as to you, for the assistance that has been rendered in studying the disposal of surplus property.

Without the assistance of your dedicated and knowledgeable staff, we could not have moved ahead as we have, nor could we have secured the very valuable information which I know is going to result in the saving of millions of dollars to the United States.

We are extremely grateful for your cooperation and that of your agency.

STATEMENT OF ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES; ACCOMPANIED BY CHARLES HYLANDER, DEPUTY DIRECTOR, INTERNATIONAL OPERATIONS DIVISION; AND GILBERT F. STROMVALL, ASSISTANT DIRECTOR

Mr. STAATS. Thank you very much, Mr. Chairman, for your statement about the General Accounting Office.

GAO AUDITS AND REVIEWS ALL GOVERNMENTAL PROGRAMS

Perhaps the major responsibility of the General Accounting Office in terms of the hearings which are being undertaken here today is our responsibility for the audit or review of all governmental programs, from the standpoint of whether they are being carried out in accordance with the intent of the Congress, whether they are being carried out with maximum effectiveness, and whether or not they are being carried out with the maximum of economy from the standpoint of savings of Federal expenditures.

Our organization consists of highly trained professional personnel. We have about 2,300 professional accountants and auditors located in 36 offices in the United States, and 2 overseas.

Our organization has had long experience in conducting studies of this kind.

Last year we prepared a total of something more than 900 reports, of which roughly 500 were submitted to the Congress and the others were submitted to the agencies, in which we either made observations with respect to the effectiveness of the programs being carried out, or offered specific suggestions for their improvement and for more economical operations.

We have a number of functions, Mr. Chairman, such as working with the agencies in the improvement of accounting and management systems. In this connection, we have just been recently working with AID—the Agency for International Development—in connection with the accounting system for their loan program.

We have other responsibilities which relate to passing on the legality of expenditures, rendering legal opinions with respect to Federal expenditures, including Federal contracts, the auditing of transporta-

tion claims, and the handling of claims, both against the Government and by the Government against private individuals.

But the principal responsibility, and the one which I believe is of interest to this subcommittee, has to do with the first one; namely, the audit or review of agency programs; and it is in that connection that we have prepared the numerous reports in connection with Public Law 480, which program you referred to in your opening statement.

Senator GRUENING. That is correct.

Mr. STAATS. Mr. Chairman, I have a prepared statement which, with your permission, I would like to read.

I also have with me here this morning two individuals from the General Accounting Office who have been directly involved in the preparation of the reports, in connection with the Public Law 480 program: Mr. Hylander to my right, and Mr. Stromvall to my left. They will assist me in answering any questions which you may have after I have finished my statement.

Senator GRUENING. Thank you very much, Mr. Staats. Please proceed in whatever way you think best. We would like to have you read your statement if you would.

Mr. STAATS. We appear before you today at the request of the chairman to summarize for your information the results of our examinations into the administration of the surplus commodity disposal program authorized by the Agricultural Trade Development and Assistance Act of 1954, commonly known as the Public Law 480 program.

STAATS IMPRESSED BY AGENCIES' COOPERATION WITH GAO

Since my appointment as Comptroller General, I have met with senior officials of the General Accounting Office and discussed with them our audit work at the Departments of Agriculture and State and the Agency for International Development, including the international programs for which these agencies have a basic management responsibility. In addition, I have recently met with senior officials of the Departments of Agriculture and State and with the Administrator of the Agency for International Development. We are impressed, Mr. Chairman, with the attitudes of these officials with regard to stepped-up efforts to improve financial management within their agencies and with their desire to take corrective action when our audit reports disclose a need for such action.

STAATS SUMMARIZES MAJOR PUBLIC LAW 480 ACTIVITIES

In view of the complex nature of this program, I believe it desirable first to summarize briefly some of the major activities under Public Law 480, and the administrative arrangements for carrying them out.

AGRICULTURAL COMMODITIES SOLD UNDER TITLE I TOTAL \$10.8 BILLION

Title I of Public Law 480 authorizes the President to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. From the inception of the title I program in 1954 through December 31, 1965, 440 agreements and amendments to agreements had been entered into with 50 foreign countries,

providing for the sale of agricultural commodities with an export market value of \$10.8 billion, including ocean transportation costs. The principal commodities programed were wheat and wheat flour, cotton, fats and oils, feed grains, rice, and tobacco.

AID RESPONSIBLE FOR ADMINISTERING VAST TITLE II PROGRAM

Title II of Public Law 480 authorizes the use of surplus agricultural commodities held in stock by the Commodity Credit Corporation for disaster relief and other assistance, including grants of commodities to promote economic and community development in underdeveloped areas. The Agency for International Development is responsible for administering the title II program. Through December 31, 1965, almost 10 million tons of commodities with an estimated Commodity Credit Corporation cost of \$2 billion, including ocean transportation, were approved for shipment to 86 countries.

INTERGOVERNMENTAL AND RELIEF AGENCIES GIVE AID THROUGH TITLE III, SECTION 302

Section 302 of title III of Public Law 480 amended and broadened the authority contained in the earlier Agricultural Act of 1949 for distribution to needy persons overseas through nonprofit American voluntary relief agencies and intergovernmental organizations. Through December 31, 1965, almost 24 billion pounds of commodities, with estimated Commodity Credit Corporation costs of more than \$2.7 billion were distributed to needy persons abroad.

INTERAGENCY STAFF COMMITTEE COORDINATES PUBLIC LAW 480 OPERATIONS

To provide interagency coordination of day-to-day operations under Public Law 480, an Interagency Staff Committee on Agricultural Surplus Disposal was established. Committee membership includes staff level representatives of the following agencies vested with responsibilities under Public Law 480: The Departments of Agriculture, Commerce, Defense, State, and Treasury; the Agency for International Development; the Office of Emergency Planning; the Bureau of the Budget; and the U.S. Information Agency.

The responsibilities of this Committee include the development and review of programs, operations, and basic agreements to be negotiated. Although the Committee technically is advisory in nature, as a practical matter, its decisions largely determine the terms and conditions for negotiating Public Law 480 agreements with recipient countries. However, any member who is dissatisfied with a proposed policy, agreement, or operation may require submission of the question to policy officials in interested agencies or departments for resolution.

GAO HAS ISSUED 30 REPORTS ON PUBLIC LAW 480 MANAGEMENT

It is our understanding that you desired me to comment principally on the work of the General Accounting Office with respect to general program management, rather than with such related but separate

areas as the administration of foreign currencies generated under the Public Law 480 program. Altogether we have issued 30 reports on our examinations of various phases of this program. A complete listing of these reports is contained as attachment I to this statement.

Senator GRUENING. I direct that attachment I of Mr. Staats' testimony be included in the record at this point, as well as three reports, (1) The review of the expedited signing of certain agreements under title I of the Agricultural Trade Development and Assistance Act of 1954; (2) Displacement of commercial dollar sales of tallow to the United Arab Republic; and (3) Questionable grant of corn for famine relief under title II of Public Law 480.

(The above-mentioned attachment and reports follow :)

EXHIBIT 2

GAO REPORTS ON THE PUBLIC LAW 480 AND OTHER RELATED PROGRAMS

MATTERS OF GENERAL PROGRAM ADMINISTRATION

Review of the expedited signing of certain agreements under Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) (B-158225, dated April 21, 1966).

Effects of foreign currency sales on commercial sales of wheat to the United Arab Republic under Title I of Public Law 480 (Classified) (B-157438, dated March 11, 1966).

Certain special aspects of food distribution under Title III of Public Law 480 (Classified) (B-157846, dated January 17, 1966).

Review of policies and procedures applied in evaluating foreign source components and barter bids for an undersea communications system (B-152980, dated January 6, 1966).

Use of dollars in financing foreign sales agents' commissions (B-146820, dated July 23, 1965).

Displacement of commercial dollar sales of tallow to the United Arab Republic (B-156922, dated July 20, 1965).

Questionable grant of corn for famine relief under Title II of Public Law 480 (B-146820, dated July 16, 1965).

Inflexible policy of donating flour instead of wheat for overseas relief programs (B-146971, dated March 19, 1965).

Weaknesses involving the disposition of surplus non-fat dry milk (B-148254, dated February 2, 1965).

Weaknesses in controls over dollar refunds due Commodity Credit Corporation for adjustments in amounts financed on cotton exported under Title I of Public Law 480 (B-146820, dated November 23, 1964).

Summary compilation of Public Law 480 procedures (B-137856, dated November 19, 1964).

Inadequate controls for determining compliance by foreign governments with restrictions placed on the disposition of agricultural commodities under Title I of Public Law 480 (B-146820, dated October 7, 1963).

TRANSPORTATION

Possible savings in ocean transportation costs for surplus agricultural commodities donated under Titles II and III of Public Law 480 (B-152538, dated March 11, 1966).

Insufficient amounts claimed from foreign governments for recovery of ocean transportation costs financed under Public Law 480 (B-152538, dated July 30, 1965).

Improper payment of port charges on shipments to Colombia of food donated under Title III of Public Law 480 (B-146820, dated May 20, 1965).

Improper payment of Colombian port charges for surplus agricultural commodities sold under Title I of Public Law 480 (B-146820, dated November 17, 1964).

Excessive ocean transportation costs incurred under Title I of Public Law 480 (B-146820, dated October 30, 1964).

Understatement of claims against the United Arab Republic and Yugoslavia for recovery of excessive ocean transportation costs financed by the Commodity Credit Corporation under Title I of Public Law 480 (B-146820, dated March 13, 1964).

FOREIGN CURRENCIES

Suspension of competitive rate accommodation exchange service for United States Government personnel (B-146749, dated November 29, 1965).

Use of dollars rather than foreign currencies to pay United States expenses in Korea (B-157558, dated October 29, 1965).

Additional income possible by obtaining more equitable interest rates on United States balances (B-146749, dated September 30, 1965).

Failure to effectively utilize excess United States-owned foreign currencies to pay international air travel ticket costs being paid in dollars (B-146749, dated April 15, 1965).

Unnecessary dollar costs incurred in financing purchases of commodities produced in Brazil (B-146820, dated March 19, 1965).

Loss of interest on United States-owned foreign currencies in the Republic of China (B-146749, dated November 24, 1964).

Undercollections of interest and principal in foreign currencies on certain loans to foreign governments (B-146928, dated July 17, 1964).

Examination of semi-annual consolidated report of balances of foreign currencies acquired without payment of dollars as of June 30, 1962 (B-146749, dated September 27, 1963).

Administration and utilization of United States-owned foreign currencies in selected countries (B-146749, dated October 24, 1962).

Use of local currencies in Spain for contracting and administrative purposes by the United States Government (B-124520, dated September 29, 1961).

Examination of administrative activities of the American Embassies and selected consulates in Germany, Italy, and the United Kingdom (B-133017, dated June 30, 1960).

Audit of Development Loan Fund (B-133220, dated February 29, 1960).

EXHIBIT 3

GAO REPORT ON REVIEW OF THE EXPEDITED SIGNING OF CERTAIN AGREEMENTS UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 21, 1966.

B-158225.

TO THE PRESIDENT OF THE SENATE AND THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES :

The General Accounting Office has made a review of the expedited signing of certain agreements under title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), commonly known as Public Law 480. This report presents our findings and conclusions based on this review.

In our review, we found that the Department of State and the Agency for International Development had made special efforts to ensure that agreements for the sale of surplus agricultural commodities to the Republic of Korea and the Republic of China were signed on or before December 31, 1964. This enabled these countries to avoid the effect of newly enacted legislation which required recipient countries to pay foreign exchange costs of ocean freight, starting with agreements signed after that date.

In enacting Public Law 88-638 on October 8, 1964, the Congress extended the effective date of the above requirement to those agreements signed on or after January 1, 1965, so that there would be no default on agreements previously entered into or a need for the United States to renegotiate agreements ready for signing when the legislation was enacted. The agreements we reviewed did not fall into either of these categories. Accordingly, it appears that the actions taken by the agencies to conclude these agreements before the effective date of this legislation were inconsistent with the reason given for granting the extension.

We estimate that, by signing agreements with the two countries by December 31, 1964, the United States will pay several million dollars in additional dollar costs for ocean freight charges over what would have been paid had the agree-

ments been signed on the following day—January 1, 1965—or thereafter. In the case of Korea, it is possible that additional economic assistance would have been needed in subsequent years to help meet these ocean freight costs. The Republic of China no longer receives economic assistance from the United States.

Moreover, so as not to delay negotiations and thus jeopardize the conclusion of the agreement with the Republic of China by December 31, 1964, the State Department and the Agency for International Development made a concession regarding another aspect of this transaction. This concession was contrary to recommendations made by the Department of Agriculture designed to protect the commercial agricultural interest of this country. We estimate that this concession resulted in a reduction of as much as \$2 million of commercial United States sales of wheat to the Republic of China during 1965.

As pointed out in the text of this report, the balance-of-payments position of the United States also was adversely affected as a result of expediting the signing of these agreements.

In transmitting our report to responsible Government agencies for comment, we made several proposals which we believed would assist the agencies in evaluating more precisely the financial implications of actions taken primarily for reasons of foreign policy. The agencies, in commenting on these matters, advised us, in general, that they believed, their actions had been in consonance with the spirit of the new legislative change and that current management concepts provided adequately for consideration of the financial implications of such actions. Our evaluation of these comments is included in the text of the report.

This matter is being reported to the Congress because, as indicated above, we believe that the actions of the State Department and the Agency for International Development were inconsistent with the reason given for extending the effective date of the ocean freight provisions of Public Law 88-638 and that, as a result, the Government incurred additional costs and did not take advantage of an opportunity to improve the United States balance-of-payments position.

Copies of this report are being sent to the President of the United States; the Secretary of State; the Secretary of the Treasury; the Secretary of Agriculture; and the Administrator, Agency for International Development.

ELMER B. STAATS,
Comptroller General of the United States.

REPORT ON REVIEW OF EXPEDITED SIGNING OF CERTAIN AGREEMENTS UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954 (COMMONLY KNOWN AS PUBLIC LAW 480)—DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF AGRICULTURE

INTRODUCTION AND BACKGROUND

The General Accounting Office has examined into the circumstances surrounding the signing of agreements during December 1964 for the sale of surplus agricultural commodities to certain countries under the provisions of title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), commonly known as Public Law 480. Our inquiry was prompted by our concern as to whether any of the unusually large number of agreements signed immediately before the effective date of a change in Public Law 480 were inconsistent with congressional intent and were contrary to the financial interests of the United States Government. Our primary emphasis was on examining into matters apparently needing attention and our review was confined to the circumstances surrounding the signing of two of the largest agreements entered into late in 1964. It was not intended to provide an overall evaluation of title I program activities in the countries we review.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The scope of our review is described on page 41.

Title I of Public Law 480 authorizes the President to negotiate and carry out agreements with friendly nations providing for the sale of surplus United States agricultural commodities and for payment therefor in the currency of the recipient country.

In Executive Order 10900 dated January 5, 1961, as amended, the President delegated to the Department of Agriculture all the authority vested in him for administration of title I, Public Law 480, with several exceptions. The principal functions delegated to other United States agencies are as follows:

Foreign policy and relations

1. All functions under the Act, however vested, delegated, or assigned, have been made subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States as such policy relates to such functions.

2. The functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations conferred upon the President by the act have been delegated to the Secretary of State.

Uses of foreign currency proceeds

1. To the extent deemed necessary, the Director of the Bureau of the Budget is responsible for fixing the amounts of foreign currency sales proceeds to be used for the purposes set forth in section 104, Public Law 480.

2. The Secretary of the Treasury has been authorized to prescribe regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received under the act.

3. Specified Government agencies have been delegated the responsibility of carrying out the purposes described in the lettered paragraphs of section 104 of the act, using the foreign currencies made available under the act. The agencies with delegated responsibilities consist of the Department of Agriculture, the Department of State, the Department of Defense, the Bureau of the Budget, the Office of Civil and Defense Mobilization, the United States Information Agency, the National Science Foundation, and others.

Supervision and coordination of program activities

At the time our review was performed, the Director of the Food for Peace Program was responsible for the continuous supervision and coordination of the functions delegated in the Executive order.¹ This authority, however, did not terminate any delegation or other assignment of function made by other sections of the Executive order.

On August 2, 1954, the Secretary of Agriculture established a committee within the Department, known as the Working Committee, for the purpose of carrying out the responsibilities of the Department under Public Law 480. The Working Committee consists of the Administrator, Foreign Agricultural Service (as Chairman); the Administrator, Agricultural Stabilization and Conservation Service; the Administrator, Consumer and Marketing Service; the Administrator, Economic Research Service; and the Executive Assistant to the Secretary of Agriculture. The Committee reports to the Secretary of Agriculture through the Assistant Secretary for International Affairs. This Committee is responsible for recommending the commodities and maximum quantities of commodities which should be eligible for programming under the various Public Law 480 programs, including title I sales agreements, together with the names of the countries eligible for programming. The Committee also makes recommendations on broad program aspects and day-to-day program requirements.

Pursuant to the President's request for interagency coordination of day-to-day operations under the Act, the Secretary of Agriculture, on October 6, 1954, established the Interagency Staff Committee on Agricultural Surplus Disposal (ISC). The delegation required the ISC Chairman to make the fullest possible use of existing services and facilities of the Department and to rely upon the advice of the Working Committee. The membership of ISC included staff-level representatives of the following agencies vested with responsibilities under the act: the Departments of Agriculture, State, Treasury, Commerce, and Defense; the Agency for International Development (AID); the Office of Emergency Planning; the Bureau of the Budget; and the United States Information Agency. Representatives of the Department of Health, Education, and Welfare and the Office of the Director, Food for Peace, also attend the meetings as observers. Additional representatives may be added by the Chairman if he considers it desirable.

The responsibilities of ISC include the development and review of programs, operations, and basic agreements to be negotiated under title I. Although the ISC technically is advisory in nature, as a practical matter its decisions largely determine the terms and conditions of title I sales. However, any member who is dissatisfied with a proposed policy, agreement, or operation may require its submission to policy officials in interested agencies or departments for resolution.

¹ Executive Order 11252, dated October 20, 1965, transferred to the Secretary of State all functions of the Director of the Food for Peace Program, including these under Executive Order 10900, as amended.

The ISC usually sends the agenda for the weekly meeting to representatives of the member agencies 2 or 3 days prior to the meeting date to enable the agencies concerned to determine their position on the matters on the agenda.

Utilizing the service and experience of other agencies represented on ISC, the Department of Agriculture takes the lead in the development and review of proposed programs. The Foreign Agricultural Service prepares the proposed program for each country, the negotiating instructions, and a draft sales agreement and submits them to ISC for review and approval. If all members agree on the proposed program and the drafts of the negotiation instructions and the sales agreement, the program is approved for negotiating. If the Committee is in agreement on the program but not on the currency uses, the program may be approved subject to the working out and approval of the currency uses at a later date. If the Committee cannot agree on the program or currency uses, the matter is referred to a subcommittee or to a member agency for study and recommendation at a later meeting. If the question is resolved satisfactorily, the Committee approves the program.

The minutes of the ISC meetings are distributed to all members of ISC, to other agencies which may be interested in certain phases of programs, and to all United States Embassies as guiding principles to be followed and as reflecting the position of the United States Government.

The ISC must analyze each program proposal to see that the program does not displace the usual marketings of the United States, that it is consistent with United States foreign policy, and that it is coordinated with foreign assistance and other United States programs. It determines the broad categories of uses of the foreign currencies and applies any other title I criteria which must be considered because of other programs.

After ISC approves a proposed agreement, the Department of State transmits final negotiating instructions to the United States Embassy and formal negotiations are started with the foreign government. Any proposed modification of an approved sales agreement must be submitted to ISC for approval before the sales agreement can be modified. After the government-to-government agreement has been signed, further operations relating to the program are performed by the operating divisions of Foreign Agriculture Service (FAS) and Agricultural Stabilization and Conservation Service (ASCS.)

A major cost element of the title I, Public Law 480, surplus agricultural commodity program is that of ocean transportation. The United States has financed a major portion of these costs, in dollars, under title I sales agreements entered into since the inception of the program in 1954. However, as the result of a legislative change to Public Law 480—Public Law 88-638 enacted in October 1964—the recipient country is required to pay a major part of the dollar costs for ocean transportation under agreements concluded on or after January 1, 1965.

Forty-four agreements, or amendments to agreements, with an export market value of approximately \$1.1 billion, were entered into with 27 countries during 1964. Of these, agreements to sell agricultural commodities to eight countries under title I, Public Law 480, were entered into during the last 10 days of 1964, just before the new legislative requirement became effective, as shown by the following table:

Country	Date signed	Total amount of agreement	Market value of commodities	Estimated ocean transportation costs
Korea.....	Dec. 31, 1964	\$45,000,000	\$41,130,000	\$3,870,000
Taiwan.....	do.....	18,550,000	16,030,000	2,520,000
India.....	do.....	28,400,000	23,700,000	4,700,000
Dahomey (note ¹).....	do.....	269,000	244,000	25,000
Iceland.....	Dec. 30, 1964	900,000	800,000	100,000
Morocco.....	Dec. 29, 1964	7,800,000	6,900,000	900,000
Israel.....	Dec. 22, 1964	17,400,000	15,800,000	1,600,000
Guinea.....	Dec. 21, 1964	5,420,000	4,980,000	440,000
Total.....		123,739,000	109,584,000	14,155,000

¹ This agreement, which was not implemented, was canceled on May 22, 1965.

Only two agreements were entered into during December of the preceding year.

A draft of our report was transmitted for comment to the Departments of State and Agriculture, the Agency for International Development, and the Bureau of

the Budget in May 1965. The agencies' comments, and our evaluation thereof, are incorporated in the various subsections of this report, where appropriate, and in a separate section starting on page 26. Also, the pertinent texts of the comments are included herein as appendices. Certain comments made by the State Department and AID, designated by them as classified security information, have been deleted from the appendix. These deleted portions either are so stated as to be unclassified and discussed in this report or are not, in our judgment, directly pertinent to the specific matters discussed herein.

A list of the principal officials having responsibilities for the matters discussed in this report is shown as appendix IV.

FINDINGS

Expedited signing of certain agreements under title I of Public Law 480

The Department of State and the Agency for International Development made special efforts to ensure that agreements for the sale of surplus agricultural commodities to the Republic of Korea and the Republic of China were signed on or before December 31, 1964. This enabled these countries to avoid the effect of newly enacted legislation which required recipient countries to pay a greater share of the dollar costs of ocean freight, starting with agreements signed after that date.

In enacting Public Law 88-638 on October 8, 1964, the Congress extended the effective date of the above requirement to those agreements signed on or after January 1, 1965, so that there would be no default on agreements previously entered into or a need for the United States to renegotiate agreements ready for signing when the legislation was enacted. None of the agreements we reviewed fell into either of these categories. Accordingly, it appears that the actions taken by the agencies to conclude these agreements were inconsistent with the reason given for granting the extension.

We estimate that, by signing agreements with the two countries by December 31, 1964, the United States will pay several million dollars in additional dollar costs for ocean freight charges over what would have been paid had the agreements been signed on the following day—January 1, 1965—or thereafter. In the case of Korea, it is possible that additional economic assistance would have been needed in subsequent years to help meet these ocean freight costs. The Republic of China no longer receives economic assistance from the United States.

Moreover, so as not to delay negotiations and thus jeopardize the conclusion of the agreement with the Republic of China by December 31, 1964, the State Department and the Agency for International Development made a concession regarding another aspect of this transaction. This concession was contrary to recommendations made by the Department of Agriculture designed to protect the commercial agricultural interests of this country. We estimate that this concession resulted in a reduction of as much as \$2 million of commercial sales of wheat from the United States to the Republic of China during 1965.

As pointed out in the text of this report, the balance-of-payments position of the United States also was adversely affected as a result of expediting the signing of these agreements.

In transmitting our report to responsible Government agencies for comment, we made several proposals which we believed would assist the agencies in evaluating more precisely the financial implications of actions taken primarily for reasons of foreign policy. The agencies, in commenting on these matters, advised us in general that they believed their actions had been in consonance with the spirit of the new legislative change and that current management concepts provided adequately for consideration of the financial implications of such actions. Our evaluation of these comments is included in the text of this report.

Amendment to Public Law 480 required foreign countries to bear a greater share of ocean freight dollar costs

As a result of an amendment to section 102 of Public Law 480 (Public Law 88-638, enacted October 8, 1964), a foreign country obtaining agricultural commodities under title I agreements entered into after December 31, 1964, is required to pay in dollars for all ocean transportation costs on United States-flag vessels, except for the cost differential involved in using United States-flag vessels instead of foreign-flag vessels.²

² The use of United States-flag vessels is mandatory for transportation of at least 50 percent of the commodities under the terms of the Cargo Preference Act of 1936 (46 U.S.C. 1241(b)).

Under agreements signed on or before December 31, 1964, the United States paid in dollars for all the ocean freight costs on United States-flag vessels. The recipient country, however, reimbursed this country in its own currency in an amount equal to what the cost would have been had a foreign-flag vessel been used. Under the terms of the December 1964 sales agreements, most of this currency was given back to Korea and Taiwan in the form of grants.

Essentially, the practical effect of the revision in the law is to require the recipient country, rather than the United States, to bear the dollar cost of ocean transportation on American vessels up to an amount equivalent to what it would have cost to ship on foreign vessels.

Our review of the legislative history of the ocean freight amendment disclosed that, as originally proposed, it was to become effective upon enactment, which in this case would have been October 8, 1964. We noted further that the extension of its effective date to January 1, 1965, was proposed by the Senate-House Conference Committee that considered the 1964 extension of, and amendments to, Public Law 480. While the Committee's report of September 22, 1964 (H. Rept. 1897, 88th Cong., second sess.), itself specified no reason for extending this amendment's effective date, the reason provided during the Senate's consideration was:

"* * * so that it will not require us to default on agreements heretofore entered into or to renegotiate agreements now ready for signing. * * *" (Cong. Rec., p. 21878, Sept. 23, 1964.)

The agreements discussed in this report had not been "entered into" at the time the Committee was considering the amendment or at the time its report was issued. Neither were they then "ready for signing," since final negotiating instructions, which are necessary to open formal negotiations with title I recipients, were not sent by the State Department to its embassies until December 24, 1964 (Taiwan), and December 28, 1964 (Korea). In fact, Korea did not submit its request for a title I agreement until September 22, 1964—the same day the Conference Committee submitted this amendment for consideration by both Houses of the Congress.

The State Department and AID advised us that they did not feel that the will of the Congress in enacting this amendment had been circumvented by their efforts to ensure that the agreements with Korea and China were signed by December 31, 1964. This view was based upon their belief that the time lapse between enactment of the amendment and its effective date permitted the signing of new agreements not embodying its provisions. Moreover, the agencies commented that it is not unusual for the Congress to provide an interim period before major legislative changes become effective. The Department of Agriculture advised us that it had examined closely into the congressional intent behind the amendment and had determined that concluding the agreements before the end of calendar year 1964 was appropriate within the terms of the congressional action.

Additional ocean freight dollar costs

Our review of title I agreements entered into with Korea and Taiwan late in December 1964 showed that special efforts were made by the State Department and AID to ensure that the agreements were signed before the effective date of newly enacted legislation which would have required these countries to pay additional dollar costs for ocean freight.

Under the terms of the agreements signed in December 1964, the United States Government would incur an estimated \$4.8 million in additional dollar costs for ocean freight charges, as illustrated below:

	Total	Korea	Taiwan
Estimated dollar costs to the United States, according to December sales agreements.....	\$6,390,000	\$3,870,000	\$2,520,000
Less estimated dollar costs to the United States had sales agreements been signed after December 1964.....	1,550,000	900,000	650,000
Total.....	¹ 4,840,000	2,970,000	1,870,000

¹ Under agreements signed with Korea and Taiwan, the United States will be reimbursed in foreign currencies for the cost that would have been incurred in shipping commodities on foreign-flag vessels. This amounts to the equivalent of about \$4,800,000. Of this amount, the foreign currency equivalent of \$1,000,000 will be available for U.S. uses and the balance will be granted to Korea and Taiwan. To the extent that the portion set aside for U.S. uses eventually substitutes for dollar expenditures that would otherwise be made, this would offset the additional U.S. dollar costs incurred in financing ocean freight shipments discussed in this report.

Since United States carriers normally would have been paid by the foreign countries in dollars or other hard currencies, an opportunity to improve the United States balance-of-payments position was lost by having the United States Government finance such charges.

In evaluating the need to expedite the signing of agreements, we noted that there was at least a 5- to 6-month supply of commodities available to Korean and Taiwan at the time the agreements to provide similar commodities were entered into in December 1964, as follows:

Country and commodity	On hand or in supply channels	Monthly consumption requirements	Supply
	<i>Thousands</i>	<i>Thousands</i>	<i>Months</i>
Korea:			
Wheat.....metric tons..	436	67	6
Cotton.....bales.....	147	28	5
Taiwan: Wheat.....metric tons..	142	24	6

We believe that from the foregoing it is evident that a delay of 1 or 2 days in signing the agreements would have had no appreciable effect on the availability of commodities for these countries.

The circumstances surrounding the signing of the agreements are further described in the following sections of this report.

Korea

On September 22, 1964, the Korean Government submitted a request for a title I agreement for its calendar year 1965 needs. The request was primarily for wheat and cotton.

The Embassy and the United States Operations Mission (USOM) forwarded the request to Washington on October 14, 1964, and expressed their belief that it was premature and that the data supporting it were inaccurate. They recommended that the request be delayed until later in the year, pending a better assessment of Korea's 1965 needs.

From mid-October until the signing of the agreement on December 31, 1964, there was a steady interchange of cables and memoranda among interested United States agencies concerning this request. On the one hand, the State Department and AID recommended approval by December 31, 1964, in order to relieve Korea of the additional freight costs called for by the new legislation. On the other hand, the Department of Agriculture opposed signing the agreement by December 31, 1964, because there was no need for the commodities at the time and because signing the agreement would appear to circumvent the intent of the new legislation. For example:

1. On November 23, 1964, the Embassy in Korea and USOM recommended that the agreement be signed before the end of the year:

"* * * particularly in view of [Korea's] interest sign * * * agreement prior end 1964 avoid addition FX [Foreign exchange] and L/C [local currency] burden under new legislation."

2. On December 10, 1964, the Director of the Program Development Division, Foreign Agricultural Service, Department of Agriculture, advised the Assistant Administrator for Export Programs, FAS, that there was no urgency for a new Korea title I agreement. He stated that sizable quantities of wheat still to be shipped under prior agreements would provide significant inventories with which to start the new year and that cotton was in plentiful supply in Korea. He added:

"Korea and AID want to sign before January 1 to get financing of transportation."

3. Substantially the same positions were taken at the Interagency Staff Committee meeting of December 10, 1964. State Department representatives urged that the agreement be signed before December 31, 1964. Department of Agriculture representatives maintained that sufficient wheat and rice were available under then current title I agreements. It was also pointed out that signing before December 31 appeared to be a circumvention of the new legislation regarding recipients' payment of ocean transportation costs.

4. On December 15, 1964, the Associate Administrator, FAS, stated that there was no urgency for signing the agreement since adequate quantities of wheat and cotton were still available under previous agreements. He nevertheless con-

curred in AID's view that signing it would place United States negotiators in a more favorable position in dealing with other economic matters in Korea.

5. During this period, State Department and AID memoranda to the Department of Agriculture advocated concluding the agreement prior to the end of December 1964 on the grounds that it would be extremely important to United States objectives within that country to do so. These objectives were political in nature and did not bear on the specific question of the shifting of ocean freight costs from the United States to Korea. Also, the agencies discussed certain consequences (of a classified nature) that might result if the concluding of the agreement were delayed beyond December 31, 1964.

The agreement was signed on December 31, 1964.

Although we are not in a position to evaluate the effect upon United States objectives had the added cost of ocean freight financing been shifted from the United States to Korea, we believe that the preponderance of available evidence indicates that the principal motivational factor of State and AID was to relieve the Korean Government of the need to pay additional dollar costs of ocean freight.

Available evidence also points to the fact that the signing of this agreement on an expedited basis was not predicated on any immediate need for the commodities, as illustrated by a communication from the Director of the AID Mission in Korea to AID/Washington in December 1964. The Director pointed out that:

1. A bumper 1964 domestic grain crop contributed to the highest grain inventory ever held in Korea.

2. Korean importers were evidencing a reluctance to finance cotton imports, partly because of fully stocked inventories.

Taiwan

On June 29, 1964, Taiwan submitted its request for a title I agreement, mainly for wheat. The American Embassy forwarded the request to Washington on July 24, 1964, with a favorable recommendation, provided that certain modifications were made.

Records at the State Department and AID show that special efforts were made by both agencies to have this agreement signed by December 31, 1964. For example:

1. On November 4, 1964, AID/Washington cabled the American Embassy in Taiwan that:

"If agreement signed prior to December 31, now anticipate new legislative provisions for freight will not be applicable * * *."

2. On November 19, 1964, the Embassy advised the State Department that: "Essential PL 480 negotiating instructions be received soonest in order conclude agreement prior to Dec. 31."

3. On December 4, 1964, AID/Washington protested proposed program changes partially on the grounds that consultation with Taiwan would:

"* * * delay signing agreements beyond December 31 resulting additional cost to GRC [Government of the Republic of China] about \$2.0 million as new freight regulations would apply."

4. On December 21, 1964, the American Embassy protested to the State Department regarding the imposition of certain conditions in connection with the agreement. The Embassy added that insistence on these conditions would:

"* * * likely create grave difficulties in consummating agreements prior Dec. 31, 1964."

5. The Embassy, on December 23, 1964, again protested imposing the conditions stating that:

"It is imperative that agreements be signed prior to Dec. 31 deadline."

As noted later, the sales conditions the Chinese Government was asked to accept were less favorable to the United States than those advocated by the Department of Agriculture as necessary to protect our commercial agricultural interests, and they were modified at the request of the State Department and AID in order to make the agreement more attractive to Taiwan so as to ensure its being signed by December 31.

The title I agreement, as finalized, called for the sale of about 215,000 metric tons of wheat and 635 metric tons of tobacco during calendar year 1965. Our review disclosed no immediate need for these commodities at the time the agreement was signed. In fact, the agreement apparently was entered into primarily to generate foreign currency proceeds for carrying out United States assistance programs in the Republic of China, since it was recognized that the Republic could probably afford to buy on commercial terms any commodities it needed.

For example, in forwarding the country's request for a title I agreement to Washington on July 24, 1964, the American Embassy recognized that Taiwan's ample foreign exchange resources militated against another sale for foreign currency. The proposed agreement, however, was supported by the Embassy on the grounds that there was a need for foreign currency proceeds to carry out military and economic programs in consonance with United States foreign policy objectives.

Since foreign currency proceeds from the new agreement would have been available for United States-supported programs even if the agreements had been signed after December 31, 1964, it is evident that there was no urgent need to sign the agreement by that date for this purpose alone.

In commenting on this aspect of our report draft, the State Department, AID, and the Bureau of the Budget advised us that the December 31, 1964, title I agreement with Taiwan was much more favorable than prior agreements had been since it also included provisions for title IV sales repayable in dollars, thus representing a major shift from title I sales that are repayable in local currency. Moreover, the agencies advised us that this agreement called for Taiwan to purchase, on commercial terms, quantities of agricultural commodities from the United States and other Free World countries substantially greater than those required under prior agreements. They estimated this increase to be about \$24 million over the 2-year life of the title I and title IV agreements (calendar years 1964 and 1965), a substantial, but unspecified, share of which would be purchased from United States sources. For these reasons, as well as for the accomplishment of United States foreign policy objectives, the agencies concluded their detailed comments on this aspect of our report draft by stating:

"* * * The report's criticism of *State/A.I.D.'s desire* to include the relatively small concession of 50 percent ocean freight financing of \$2.5 million for a program which had been under consideration for 6 months, therefore, is surprising." (Emphasis added.)

While the terms of the December 31, 1964, agreement may be more favorable than those obtained in prior agreements, it does not seem that the United States concession on ocean freight financing was a condition precedent to obtaining such terms. For example:

1. We could find no evidence, despite extensive inquiries, that Taiwan requested this concession during the course of any country-to-country negotiations, or even that State/AID negotiators ever broached the subject to their Taiwanese counterparts.

2. State/AID's response to our report draft made no mention of any insistence by Taiwan on such a concession but rather specifically stated that it was predicated upon "State/A.I.D.'s desire."

3. The circumstances surrounding the negotiations of the agreement make it highly unlikely that the matter was ever officially broached or discussed. For example, final negotiating instructions from the State Department to its Embassy in Taiwan were not dispatched until December 24, 1964, and were silent on the subject of ocean freight. This silence seems predicated on the objections raised by State/AID prior to finalizing the instructions, which by their own admission were based on their own desire rather than on any objections by Taiwan.

Accordingly, while it is possible that the terms of this agreement were more favorable to the United States than previous agreements had been, we find it surprising that State/AID would make special efforts to sign it by December 31, 1964, thereby adding to the United States' dollar costs of ocean freight. As previously noted, we could not find any evidence that this was a necessary concession for obtaining agreement to the proposed sale or to its terms.

In view of Taiwan's strong foreign exchange position, there appears to have been no overriding reason for having the United States, rather than Taiwan, absorb additional dollar costs for freight charges. With the help of substantial amounts of economic assistance provided by the United States in the past, Taiwan is now considered to be economically viable and is cited by AID as an outstanding example of the success of our assistance program. The strong economic position of Taiwan also has been recognized by the Department of Agriculture, which, on August 11, 1964, and again on March 22, 1965, classified its financial position as good—the same adjective rating applied to such nations as Australia, Canada, Japan, and the United Kingdom.

The title I agreement was signed on December 31, 1964. Our review of the minutes of the Interagency Staff Committee and discussions with agency representatives on that Committee showed that no objections were raised to the expediting of the conclusion of this agreement.

Decrease in commercial sales of wheat to Taiwan because of expedited signing of title I agreement

To avoid delays in negotiations that might jeopardize the signing of the title I agreement with Taiwan by December 31, 1964, the Department of State and AID made a concession regarding another aspect of this agreement. This concession was contrary to recommendations made by the Department of Agriculture designed to protect our commercial agricultural interests, and it could have resulted in decreasing commercial dollar sales of wheat to Taiwan by as much as \$2 million during 1965. Moreover, since these sales would have been made for dollars or other hard currencies, an opportunity to improve the United States balance-of-payments position by increasing our earnings of hard currency was not realized.

Wheat and rice are considered to be substitute commodities from a nutritional standpoint, since both are considered to be high-caloric energy foods. Nevertheless, while wheat is being provided to Taiwan on concessional sales terms, Taiwan is a significant commercial exporter of rice. This seeming inconsistency has been rationalized by United States agencies administering Public Law 480 on the grounds that the quantities of rice Taiwan has exported in the past would have been exported even in the absence of Public Law 480 wheat shipments.

In the calendar year 1965 title I agreement, United States agencies for the first time attempted to limit Taiwan's rice exports on the grounds that title I shipments of wheat would make exports of some of Taiwan's rice production possible. This action was in line with established policy that Public Law 480 sales should not result in increased country exports of the same or a like commodity.

The means for limiting Taiwan's exports of rice is technically known as a "compensatory requirement." Under this arrangement, for each ton of rice Taiwan exported in excess of 110,000 tons during 1965, it was required to purchase on commercial terms from the United States an equal amount of wheat.

The compensatory requirement is usually arrived at by considering the historical level of commodity exports of the country receiving Public Law 480 assistance and by adjusting this data to take into account population growth, increases in agricultural productivity, and similar factors.

On the basis of these considerations, the Department of Agriculture advocated that the 1965 title I agreement with Taiwan contain a noncompensatory export level of 80,000 metric tons of rice. This was predicated on the thesis that Taiwan's normal rice exports would be at that level in the absence of a title I wheat program. For any exports of rice over this level, an equal quantity of wheat was to be purchased from United States commercial sources.

In reviewing correspondence and related documents concerning this aspect of the agreement, we noted that State Department and AID officials had advocated raising the proposed level because of their concern that adherence to it would prolong negotiations on the agreement and thus possibly prevent its being signed before December 31, 1964.

For example, a few days before the agreement was signed, the American Embassy cabled the State Department of its concern regarding proposed restrictions in the agreement, including:

"... added compensatory requirement that GRC import wheat with its own foreign exchange ton-for-ton for each ton of rice exports over 80,000 M.T. annually. . . . recommend you to use your efforts to see that . . . compensatory requirement dropped. It is imperative that agreements be signed prior to Dec 31 deadline."

This cable, which was sent on December 22, 1964, is illustrative of several we noted which alluded to contemplated difficulties in finalizing the agreement by December 31 if compensatory and other requirements were not modified. On December 24, 1964, revised instructions were sent to the Embassy allowing the noncompensatory export level to be raised from 80,000 metric tons, as proposed by the Department of Agriculture, to 110,000 metric tons, as finally proposed by AID, and the agreement was signed December 31, 1964.

The agreement concluded with Taiwan reduced its obligation to purchase wheat from United States commercial sources by as much as 30,000 metric tons during 1965. On the basis of an export market price of \$69 per metric ton, as estimated by the Department of Agriculture, the loss of United States commercial exports would amount to as much as \$2 million.

Our review of AID's data supporting its proposed 110,000 metric-ton level indicated that a fundamental factor had been overlooked. Essentially, AID's position was that the Department of Agriculture's 80,000 metric-ton level was based on an average of rice exports over a 4-year period—1961 to 1964—and that this period was not representative since:

1. Two of these years—1961 and 1962—were particularly bad barley crop years. This necessitated the use of exportable rice to make up the barley shortage, and rice exports were therefore reduced.

2. A 10-year average—1955 to 1964—was 110,000 metric tons and was thus more representative.

Information developed in our analysis of Taiwan's grain imports and exports indicates that rice exports have been historically supported at artificially high levels by United States concessional wheat sales. For example, since at least 1957, the United States (1) has provided Taiwan with over 200,000 metric tons of wheat annually under title I and similar programs, (2) has given Taiwan most of the local currency derived from the sale of this wheat, and (3) has imposed no conditions on the sale of identical or similar grains. Thus, Taiwan has been able to export rice without limitation and to use essentially free United States wheat. United States agencies, in connection with the December 1964 agreement, for the first time undertook to remedy this condition in future title I wheat sales by limiting the amount of rice that could be exported.

Since Taiwan's rice exports have historically been influenced by United States concessional title I wheat sales, it seems that any noncompensatory export level would constitute, in itself, a concession by the United States. For example, a parallel condition exists in Korea which also receives title I grains at the same time that it exports rice. The December 1964 title I agreement with that country provides that all Korean rice exports be offset by equivalent imports of wheat or barley from the United States and that these compensatory purchases be made with Korea's own resources.

From the foregoing example, we believe that it was incumbent on United States agencies administering Public Law 480 activities to attempt to obtain the maximum feasible level of compensatory commercial imports of United States wheat by Taiwan. We believe also that a desire to relieve Taiwan of the financial burden resulting from the legislative change to Public Law 480 would not be a valid reason for the reluctance of the Department of State and AID to enter into negotiations for the contemporary level proposed by the Department of Agriculture.

Agency comments and our evaluation thereof

In addition to the comments of the agencies previously discussed, following are their more salient comments together with our evaluation thereof.

1. The agencies stated that, in view of the nature of the United States aid commitment to Korea, the payment of ocean freight charges falls directly or indirectly on the United States foreign assistance program. Thus, the agencies felt that no cost reduction to the United States would have resulted had the agreement been concluded after December 31, 1964.

It is, of course, theoretically possible that an increased need for United States assistance might result from having Korea absorb additional freight costs. We do not feel, however, that such a contingency is sufficient justification for concluding the agreement under circumstances inconsistent with the purpose of applicable legislation, particularly since our review of the legislative history of the ocean freight amendment indicated an expectation by members of the Congress that the recipient, rather than the United States, would pay such costs.

Rather, we believe that, if the agencies determine that such additional assistance is needed, the most appropriate manner of obtaining the necessary funds is to submit a budget request to the Congress for its review and approval during the annual authorization and appropriation process. Moreover, AID itself has recognized that these costs are ineligible for financing under the foreign assistance program and should be borne by recipients. In this respect, the Agency issued a directive—Manual Circular 10:46, effective July 19, 1965—which in pertinent part states:

"B. AID/W [AID/Washington] recognizes that this requirement [for aid-receiving countries to pay ocean freight costs] will increase the balance of payments burden of many AID recipient countries. This payment requirement, like any other legitimate foreign exchange need, will be taken fully into account in assessing the level of any AID program assistance to the country. However, *dollar freight costs attributable to * * * [this] must be borne by the recipient country and such costs are not eligible items for A.I.D. financing.*" (Emphasis added.)

2. In the case of Korea, the agencies did not concur in our view, expressed on page 34, as to the lack of urgency for the principal commodities provided under the agreement. State and AID advised us that they normally regard a 6-month, rather than 5-month, pipeline as appropriate for cotton.

Assuming arguendo that there was an urgent need for cotton in Korea, we believe it is evident that a delay of a day or two in concluding the agreement would have had no appreciable effect upon the availability of this commodity. However, the evidence disclosed from our examination strongly suggests that no urgent need did, in fact, exist.

The Departments of State and Agriculture and the Agency for International Development acknowledged in their responses to us that substantial stocks of cotton were on hand or in transit at the time the agreement was concluded. Thus, while the 5-month cotton pipeline was perhaps 1 month short of what State and AID normally regard as "appropriate" for that commodity, it is evident that this fact alone was not sufficient justification for concluding the agreement by December 31.

3. State/AID and the Bureau of the Budget (BOB) indicated that the decision that the United States relieve the recipient countries of the dollar cost of shipping the commodities on United States-flag vessels was made after considering whether the agreements would otherwise have been signed. BOB added that this concession provided more leverage in negotiating better terms elsewhere in the agreements. In the case of Korea, State/AID and the Department of Agriculture advised us that the title I proceeds available for United States uses under this agreement rose by about \$1.8 million when contrasted with the prior year's agreement. The agencies compared this increase with the \$3.9 million provided Korea in ocean freight costs financed by the United States. The Department of Agriculture added that the \$1.8 million represented about half the additional freight costs paid by the United States and also that this \$1.8 million would have an offsetting beneficial effect on the United States balance of payments.

The agencies' inference that the countries would not have accepted the commodities had they been required to pay the added ocean freight costs called for by the amendment seems to be based upon speculative considerations. Extensive inquiries, which we made at all appropriate agencies in Washington, were unable to provide us with any evidence that the matter of the concession had ever been actively discussed with the recipients in the course of country-to-country negotiations and was thus necessary to the conclusion of the agreements. For example, the negotiating instructions dispatched to the American Embassies concerned contained no reference to any such contemplated concession. Rather, as noted previously, the decision of the United States agencies, particularly the State Department and AID, to grant this concession was made prior to the dispatch of these instructions.

Moreover, it seems unreasonable for the agencies to have supposed that the agreements would not be signed if the recipients had to pay a larger portion of the dollar costs of ocean freight charges. Title I sales by their very nature are extremely favorable to recipients, the so-called sales proceeds being payable in the recipients' own currency rather than in dollars. Moreover, the greater part of such proceeds is not available for United States use but rather is either granted or loaned to the recipients. It seems highly unlikely, therefore, that commodities would be available to recipients under similar concessionary terms from other sources.

A practical illustration of the weakness in the agencies' argument is the currently contemplated agreement with Korea. In November 1965, Department of Agriculture officials advised us that the Korean Government had requested a new title I agreement for commodities deliverable during calendar year 1966. Since the requirements of the ocean freight amendment will apply to this contemplated agreement, it seems obvious that the Korean Government is seeking to obtain title I commodities under conditions requiring it to pay dollar costs of ocean freight.

The agencies' comments regarding the increased financial benefits to the United States under the December 31, 1964, agreement with Korea seem to imply also that the concession regarding ocean freight costs was a condition precedent to obtaining Korean agreement to an increased use by the United States of title I sales proceeds. Our review does not support this position. Although there is some evidence that the Koreans were aware of the advantage to them of concluding this agreement by December 31, 1964, we found no evidence, despite inquiries at responsible agencies in Washington, that this matter was actively pursued by United States representatives in the course of country-to-country negotiations. Moreover, as noted above, it seemed that the agencies' decision to forego this financial benefit to the United States was predicated on a decision of the State Department and AID preceding the opening of formal country-to-country nego-

tiations and that it was not a concession made in exchange for compensatory ones on the part of the Koreans.

4. BOB advised us that, in connection with these agreements, the decision to relieve the recipients of paying a portion of the ocean freight costs was made after taking balance-of-payment and budgetary considerations fully into account.

After receipt of these comments, we inquired into whether a special analysis had been made with respect to balance-of-payments and budgetary considerations. A BOB representative informed us that no specific cost analysis had been made. This representative could not provide us with any documentary evidence as to what matters had been considered. We found no evidence at any of the other agencies concerned that detailed consideration had been given to the financial implications of the ocean freight amendment in terms of the United States balance-of-payments situation or in terms of budgetary costs to this country, so that an evaluation could be made of the cost-effectiveness of such concessions.

5. The Department of Agriculture stated that it is appropriate to sign agreements in advance of the calendar year and also that, from the standpoint of good management, it was considered desirable to have the Korean agreement in effect by at least December 31, 1964.

We found that the preceding agreement with Korea, covering calendar year 1964, was not signed in advance of the calendar year but rather in March 1964. In many cases title I agreements are signed during, rather than in advance of, the periods they are intended to cover. Hence, there does not seem to be any inviolate rule governing the concluding of agreements vis-a-vis the period to be covered. We always favor good management practices, but we cannot perceive where a delay of 1 or 2 days in concluding a title I agreement would adversely affect good management, particularly in view of the precedent established by the signing of other title I agreements, including the calendar year 1964 Korean agreement. Also, since specific circumstances should govern any management decision, the overall lack of urgency for the commodities, coupled with the financial advantages to the United States of concluding the agreements after December 31, 1964, seems to us to have been sufficient justification for concluding the agreements a day or two later.

Conclusions

The foregoing findings make it clear that the two Public Law 480, title I, agreements discussed in this report were entered into under circumstances inconsistent with the reason given for extending the effective date of the ocean freight provisions of Public Law 88-638 and that they were financially disadvantageous to the United States.

It seems evident that these actions were directed principally by the Department of State and AID, both to relieve the foreign countries receiving title I commodities of foreign exchange costs for ocean freight charges and to achieve certain foreign policy objectives. Other agencies represented on the Interagency Staff Committee acquiesced in these decisions.

We recognize that one of the objectives of Public Law 480 is to serve as an instrument of United States foreign policy. Thus, the Department of State and AID are properly concerned with the administration of Public Law 480 programs in terms of their impact on United States foreign economic and political policies. These agencies, in carrying out their assigned functions, can be expected to make full use of the opportunities presented by title I programs to negotiate agreements with foreign countries under such terms as will maximize their concept of United States foreign policy objectives.

In our opinion, State and AID were the dominant agencies in deciding when the title I agreements discussed in this report were to be entered into with foreign governments. Our review did not indicate that the influence of other agencies, whose interests in Public Law 480 evolve around other than foreign policy considerations, were brought to bear in the decision-making process so as to permit evaluation of the financial implications of entering into the agreements on or before December 31, 1964.

The agencies which are concerned with both the budgetary effects and the balance-of-payments effects of the Public Law 480 program did not, as far as we were able to determine, make any evaluation of the financial implications of concessions made to Korea and Taiwan and did not interpose any objections to the position of State and AID within the Interagency Staff Committee. Consequently, we question whether administrative arrangements established to coordinate Public Law 480 program activities are such as to ensure that United States budgetary and balance-of-payments considerations are given adequate weight in the Public Law 480 decision-making process.

We therefore suggested to the Departments of State and Agriculture, the Agency for International Development, and the Bureau of the Budget that it might be desirable for more specific review and evaluation responsibilities to be delegated to agencies such as the Bureau of the Budget. In response thereto, we were advised by Agriculture and the Bureau of the Budget that representatives of the Bureau and other agencies on the Interagency Staff Committee are full-fledged members thereof, speak with an equal voice with any other members of the Committee, and have adequate opportunity to exercise their responsibilities. Hence, a more specific delegation of responsibilities was not considered necessary.

We agree that all agencies represented on the Interagency Staff Committee technically have an adequate opportunity to exercise their responsibilities. As illustrated by this report, however, it is doubtful that sufficient facts were marshaled by all the agencies participating in the decision-making process to allow them to view all of the implications of the decisions reached. As a practical matter, the effectiveness of any committee in arriving at balanced evaluations of proposed programs is dependent on the degree to which the spokesmen of the various agencies exercise their potential influence. We believe, therefore, that representatives of agencies on the Interagency Staff Committee charged with responsibility for evaluating the financial implications of proposed agreements should make certain that such matters are thoroughly evaluated, particularly with respect to programs being justified on the basis of foreign policy considerations, and that these evaluations are made a matter of record in Interagency Staff Committee minutes. This would subject Department of State and AID decisions in Public Law 480 matters to the discipline of a more rigorous evaluation of their position in terms of cost to the United States when weighed against the specific foreign policy objectives being sought.

SCOPE OF REVIEW

Our review was directed primarily toward evaluating the reasons and need for entering into title I agreements late in December 1964. We made a detailed review of the circumstances surrounding the signing of agreements with the Governments of the Republic of Korea and the Republic of China.

We reviewed correspondence, reports, and other pertinent material available to us at the Department of Agriculture, the Department of State, and the Agency for International Development and discussed relevant matters with responsible officials of these agencies. Our review was conducted in Washington, D.C., and was completed in November 1965.

APPENDIX I

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., September 7, 1965.

[Confidential, see GAO note.]

Mr. EDWARD T. JOHNSON,
*Associate Director, International Operations Division, U.S. General Accounting
Office, Washington, D.C.*

DEAR MR. JOHNSON: The Agency has completed its review of the General Accounting Office draft report entitled "Unnecessary Transportation Costs and Loss of Commercial Agricultural Sales Due to the Expedited Signing of Sales Agreements Under Title I, Public Law 480." Our review was made in coordination with the Departments of State, Agriculture, Treasury, and Bureau of the Budget. * * *. [See GAO note.]

The amendment to Public Law 480, enacted October 8, 1964, stipulates that a foreign country purchasing commodities under Title I agreements entered into after December 31, 1964, is required to pay most transportation costs. We do not concur with the report that signing of Title I agreements in December 1964, circumvented the will of Congress. The signing did not violate the statute because a period of time from date of enactment through December 31, 1964, permitted the signing of new agreements not embodying the revised transportation provision. When major amendments are made in legislation, it is not unusual for the Congress to provide an interim period before the changes go into effect. Also, from a timing standpoint, the Republic of China [see GAO note] had requested Title I commodities before the new legislation had been enacted; the Korean request was anticipated.

In concluding that the U.S. Government financed freight charges unnecessarily, the report assumes that the commodities would have moved in any case and ignores the fact that, so far as aid-receiving countries are concerned, the burden of financing freight charges falls directly or indirectly upon the U.S. aid program. For example, in connection with a Title I agreement signed with Morocco in April 1965, A.I.D. approved the use of Supporting Assistance loan funds to finance freight because of Morocco's stringent financial condition.

[Confidential, see GAO note.]

The report states that the U.S. will lose more than \$2 million in commercial wheat sales to China because the U.S. Department of Agriculture's initial recommendation on the amount of rice exports, for which offsetting purchases of wheat in the U.S. would be required, was not accepted. However, the report does not point out that the usual markings for all commodities included in the Title I and IV agreements signed in December increased by about \$24 million from previous levels. Moreover, the Title I and IV agreements signed with China accomplished a major shift from Title I with payment in local currency to Title IV repayable in dollars at harder terms than previously.

To the extent deemed necessary, I shall be pleased to arrange for conferences between members of our respective staffs to discuss the report and our comments.

Sincerely yours,

ROBERT W. HERDER,
Acting Assistant Administrator for Administration.

Attachments [see GAO note].

GAO note: Portions deleted were confidential or were not pertinent to this report.

APPENDIX II

U.S. DEPARTMENT OF AGRICULTURE,
FOREIGN AGRICULTURAL SERVICE,
Washington, D.C., September 13, 1965.

Mr. JOSEPH LIPPMAN,
*Assistant Director,
International Operations Division,
General Accounting Office.*

DEAR MR. LIPPMAN: Thank you for sending us copies of the draft of your proposed report to the Congress on unnecessary transportation costs and loss of commercial agricultural sales due to the expedited signing of sales agreements under Title I, Public Law 480. * * *

* * * * *

[See GAO note.]

As regards the countries described in some detail in the report as to their PL 480 agreements, the report notes that the request presented by Taiwan was communicated to Washington in July 1964. * * * [See GAO note.]

The American Embassy involved recommended favorable action [on the request.]

The situation as regards the Korean request is different from the others mentioned in the report in that the U.S. Embassy as noted in the report initially recommended in October 1964 that the request be delayed until later in the year. The report notes that the Embassy recommended favorable action on the request towards the end of November 1964.

On the other hand the request was designed to meet wheat and cotton requirements for calendar year 1965 and it is appropriate to sign agreements to meet calendar needs in advance of the beginning of the calendar year. It happened in the case of Korea that the Title I agreement for calendar year 1964 was not signed until March and was supplemented by additional wheat in June. Therefore, Korea's immediate needs for wheat were not pressing. However, from the standpoint of good management it was desirable to have the agreement in effect prior to the beginning of the calendar year.

In addition, the general view was that it would be advantageous from the total standpoint of the U.S. financial support for Korea to sign the Title I agreement prior to January 1, since the ocean freight charges after January 1, would not be borne by Korea in view of its financial position and in view of the large scale aid commitment to Korea, but would be financed out of U.S. foreign assistance to Korea either directly or indirectly. In other words, it was a question of whether the ocean freight charges on the PL 480 agreement would be financed

out of the PL 480 appropriation or out of the foreign assistance appropriation. It was felt to be advantageous to continue to finance these charges out of the PL 480 appropriation.

An offsetting benefit to the U.S. balance of payments position was achieved by an increase in the portion of the local currencies set aside for U.S. government uses to 19 percent. This amounted to a saving of \$1.8 million in U.S. balance of payments which is about half the amount of loss estimated in the report.

In considering proposed agreements during the last part of 1964 we examined all proposals carefully in the light of what the law required as well as our understanding of Congressional intent and made judgments as to whether their signature prior to the end of the calendar year was appropriate within the terms of the Congressional action.

In addition, although the legislation did not provide a termination date on the financing of ocean freight on the old terms for agreements entered into prior to December 31, 1964, we voluntarily established such a termination date as being December 31, 1965. For example, in the case of the three-year agreement with Colombia, which was signed on October 8, 1964 and would therefore extend through the calendar year 1966, we judged that it would be inappropriate to continue the financing of the ocean freight on the old basis for the entire period of the old agreement, although it would have been possible in accordance with the law to do so. We, therefore, provided that the financing on the old basis would extend only through calendar year 1965. Also we determined that it would be inappropriate to consider Pakistan's request for a two-year agreement which was presented in November 1964 with the obvious intention of having it signed before December 31, 1964 in order to take advantage of the ocean freight provisions before the new provisions took effect.

We believe that the signing of the Title I agreements during the last 10 days of 1964 for the eight countries mentioned in their report was appropriate within the terms of the Congressional action in all cases in the light of total U.S. Government interest.

With regard to the recommendation of the report that the President consider delegating more specific responsibilities to the Secretary of the Treasury and the Director of the Bureau of the Budget to give these officials an enhanced role in the decision making process involving Public Law 480 programs, we do feel that the representatives of the Secretary of the Treasury and the Director of the Bureau of the Budget on the Interagency Staff Committee are full fledged members speaking with equal voice with any members of the Committee.

As noted above, in the case of the Korean Government agreement, it was the general feeling of agencies, including the Budget Bureau, that if the ocean freight charges on U.S. flag vessels were not financed out of the PL 480 appropriation they would have to be financed out of the foreign aid appropriation, given the large U.S. financial commitment to the Government of Korea. Therefore, there was no objection on the part of these agencies to the expedited signing of the PL 480 agreement with Korea.

This Department regards it as its responsibility to insure to the best of its ability that Public Law 480 programs are administered in accordance with the intent of the Congress with particular attention to financial advantages to the United States. We therefore welcome all measures which will enhance the administration of the program as so stated above by the draft report.

Sincerely yours,

RAYMOND A. IOANES,
Administrator.

GAO note: Portions deleted were not pertinent to this report.

APPENDIX III

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 13, 1965.

Mr. OYE V. STOVALL,
Director, International Operations Division, United States General Accounting Office, Washington, D.C.

DEAR MR. STOVALL: This is in response to Mr. Lippman's letter of May 26, 1965, to Kermit Gordon, requesting the comments of the Bureau of the Budget on the draft report entitled "Unnecessary Transportation Costs and Loss of

Commercial Agricultural Sales Due to the Expedited Signing of Sales Agreements under Title I, Public Law 480."

We welcome your interest in this subject, because we are actively concerned with both the budgetary and the balance of payments impact of the P.L. 480 program. We feel, however, that full participation in the deliberations of the Interagency Staff Committee provides us with adequate opportunity to exercise our responsibilities in this regard and that a more specific delegation of responsibility from the President, as recommended in the draft report, is not necessary.

With particular reference to the cases cited in the report, the balance of payments and budgetary costs were taken fully into account. The decision that the United States should relieve the recipient countries of part of the dollar cost of shipping commodities on U.S.-flag vessels was made only after consideration of such offsetting factors as whether the agreements would otherwise not have been signed and whether this provision provided more leverage in negotiating better terms elsewhere in the agreement. Most important is the fact that in every case it probably would have been necessary to meet the foreign exchange costs directly or indirectly through our foreign aid program if they had not been met through P.L. 480. For example, in the case of a Title I agreement signed with Morocco in April of this year, the use of Supporting Assistance funds to finance freight costs was authorized because of Morocco's financial difficulties. Thus, the cost to the United States would not have been reduced had signature of the agreements been postponed until after December 31, 1964.

While the report correctly points out that the agreement with China involves a non-compensatory export level higher than that originally proposed by the Department of Agriculture, it fails to mention those aspects in which the terms of our P.L. 480 program in that country were made considerably more stringent than they had been in the past. Not only was the 1965 agreement the first time that compensatory requirements were included in the program, but there was a major shift from Title I, repayable in local currency, to Title IV, repayable in dollars at an accelerated rate; and the "usual marketing" requirements in these agreements was increased by an estimated \$24 million, of which the United States will receive a substantial share.

We will continue to evaluate carefully all proposed P.L. 480 agreements to ensure that they best serve total U.S. interest. We appreciate the opportunity to comment upon the draft GAO report on the subject.

WILLIAM D. CAREY,
Executive Assistant Director.

APPENDIX IV

Principal officials having responsibilities for the matters discussed in this report

DEPARTMENT OF STATE

	<i>Appointed or commissioned</i>
Secretary of State: Dean Rusk-----	January 1961.
U.S. Ambassador to the Republic of Korea: Winthrop G. Brown -----	August 1964.
U.S. Ambassador to the Republic of China: Jerauld Wright----	June 1963.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Administrator: David E. Bell-----	December 1962.
Director, U.S. Operations Mission to the Republic of Korea: Joel Bernstein-----	July 1964.
Director, U.S. Agency for International Development, Mission to the Republic of China: Howard L. Parsons ¹ -----	July 1962.

DEPARTMENT OF AGRICULTURE

Secretary of Agriculture: Orville L. Freeman-----	January 1961.
Administrator, Foreign Agriculture Service: Raymond A. Ioanes -----	April 1962.

¹ Transferred on Feb. 11, 1965, coincident with the phasing out of the mission.

EXHIBIT 4

GAO REPORT ON DISPLACEMENT OF COMMERCIAL DOLLAR SALES OF TALLOW TO THE UNITED ARAB REPUBLIC

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., July 20, 1965.

B-156922.

TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

Our review of surplus agricultural sales activities in the United Arab Republic disclosed that United States commercial dollar sales of tallow to the United Arab Republic have been displaced by sales of surplus tallow for foreign currency under title I, Public Law 480, programs.

We estimate that commercial sales totaling about \$5.5 million were displaced between 1962 and 1964 and that under existing agreements additional sales are likely to be displaced in 1965. This situation resulted because United States agencies made increasing amounts of title I surplus tallow available without establishing realistic commercial import requirements for the United Arab Republic. Commercial import requirements are specified in each Public Law 480 sales agreement as a means of ensuring that title I, Public Law 480, sales do not displace normal commercial sales.

In 1958 the United Arab Republic's imports of tallow amounted to about 32,000 metric tons, which were obtained from United States exporters for dollars. In 1964 the United Arab Republic's imports increased to about 56,000 metric tons, but United States commercial dollar sales decreased to 21,600 metric tons.

The Department of Agriculture did not agree that local currency sales under title I, Public Law 480, agreements resulted in a reduction of United States commercial exports. The Department stated that, in retrospect, it may be an open question as to whether or not the correct decision was made on the quantity of tallow that the United Arab Republic would have purchased commercially in the absence of a Public Law 480 agreement but that this was not the result of improper procedure in determining usual marketing requirements. The Department advised us that it is most difficult to say with any degree of certainty what quantity of tallow the United Arab Republic would in fact have purchased in the absence of a Public Law 480 agreement, given its deteriorating foreign exchange position.

We believe that the responsible United States agencies, in setting commercial import requirements for the United Arab Republic, did not make a realistic assessment of the established pattern of the United Arab Republic's tallow imports from the United States, the country's needs for tallow, and the country's willingness to utilize its foreign exchange holdings to purchase tallow through commercial channels. More realistic import requirements should have been established which would have made possible a substantially higher level of United States commercial tallow exports. The requirements should have been set on the basis of the level of established imports from the United States in the period from 1956 through 1960 and the United Arab Republic's willingness to utilize its foreign exchange in 1961, when United States commodity assistance was not available, to import tallow at a level in line with imports of previous years.

We believe that the real reason for the unrealistic assessment by the United States agencies involved in this matter, and the consequent failure to protect United States commercial exports, is the overriding consideration by the Department of State of the foreign policy aspects and implications of Public Law 480 programs, and the administration of these programs in a manner which focuses primarily on this consideration rather than on the safeguarding of United States commercial exports. The Department of State classified its comments as confidential. These comments together with our evaluation thereof are contained in a classified supplement to this report.

Our findings are being reported to the Congress because it may wish to clarify the provisions of Public Law 480 to express more specifically its intentions regarding the displacement of United States commercial sales by Public Law 480 programs for foreign policy considerations.

Copies of this report are being sent to the President of the United States; the Secretary of State; the Secretary of Agriculture; and the Administrator, Agency for International Development.

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

REPORT ON DISPLACEMENT OF COMMERCIAL DOLLAR SALES OF TALLOW TO THE UNITED ARAB REPUBLIC—DEPARTMENT OF STATE, DEPARTMENT OF AGRICULTURE, AGENCY FOR INTERNATIONAL DEVELOPMENT

INTRODUCTION

The General Accounting Office has reviewed selected aspects of surplus tallow sales to the United Arab Republic (UAR), as part of an overall review of surplus agricultural sales activities in the UAR under title I of the Agricultural Trade Development and Assistance Act of 1954 (commonly known as Public Law 480).

This report covers the part of our review that primarily was concerned with United States Department of Agriculture (USDA) and Agency for International Development (AID) policies and procedures in support of the decision to sell tallow to the UAR for Egyptian currency. We also evaluated this decision in the light of past United States commercial sales of tallow for dollars and the amount of Egyptian currency on hand for United States uses. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Our examination was directed primarily to those aspects of the activity which appeared to be in particular need of attention. The scope of our examination is further described on page 54.

BACKGROUND

Title I of Public Law 480 authorizes the President to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities, with payment to be made in local currency of the recipient country.

Public Law 480 states in pertinent part that it is the policy of the Congress to: “* * * stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in *excess of the usual marketings of such commodities* may be sold through private trade channels, and foreign currencies accepted in payment therefor. * * *” (Emphasis supplied.)

Title I of Public Law 480, which provides for such sales, requires the President to take reasonable precautions to safeguard the usual marketings of the United States and to assure that such sales do not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries. This is done by requiring recipient countries to procure with their own resources a stipulated quantity of the commodities from free-world sources and/or from the United States. USDA, in determining a country's usual marketings, considers such matters as the country's commodity requirements and production, its average imports of the commodities over a 3- to 5-year period, its balance-of-payments situation, the United States dollar sales of the commodities, and the Public Law 480 program in the country.

In Executive Order 10900 dated January 5, 1961, as amended, the President delegated to the Department of Agriculture, with several exceptions, the authority vested in him for administration of title I, Public Law 480. The principal functions delegated to other United States agencies are as follows:

Foreign policy and relations

1. All functions under the act, however vested, delegated, or assigned, have been made subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States as such policy relates to such functions.

2. The functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations conferred upon the President by the act have been delegated to the Secretary of State.

Uses of foreign currency proceeds

1. To the extent deemed necessary, the Director of the Bureau of the Budget is responsible for fixing the amounts of foreign currency sales proceeds to be used for the purposes set forth in section 104, Public Law 480.

2. The Secretary of the Treasury has been authorized to prescribe regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received under the act.

3. Specified Government agencies have been delegated the responsibility of carrying out the purposes described in the lettered paragraphs of section 104 of the act, using the foreign currencies made available under the act. The agencies with delegated responsibilities consist of the Department of Agriculture, the Department of State, the Department of Defense, the Bureau of the Budget, the Office of Civil and Defense Mobilization, the United States Information Agency, the National Science Foundation, and others.

Supervision and coordination of program activities

Subject to the direction of the President, the Director of the Food for Peace Program is responsible for the continuous supervision and coordination of the functions delegated in the Executive Order. This authority, however, does not terminate any delegation or other assignment of function made by other sections of the Executive Order.

On August 2, 1954, the Secretary of Agriculture established a committee within the Department, known as the Working Committee, for the purpose of carrying out the responsibilities of the Department under Public Law 480. The Working Committee consists of the Administrator, Foreign Agricultural Service (as Chairman); the Administrator, Agricultural Stabilization and Conservation Service; the Administrator, Agricultural Marketing Service; the Administrator, Economic Research Service; and the Executive Assistant to the Secretary of Agriculture.

The Working Committee reports to the Secretary of Agriculture through the Assistant Secretary for International Affairs. This Committee is responsible for recommending the commodities and maximum quantities of commodities for programming under the various Public Law 480 programs, including title I sales agreements, together with the countries eligible for programming. Also, the Committee makes recommendations on broad program aspects and day-to-day program requirements.

Pursuant to the President's request for interagency coordination of day-to-day operations under the act, the Secretary of Agriculture, on October 6, 1954, established the Interagency Staff Committee on Agricultural Surplus Disposal (ISC). The ISC Chairman is required to make the fullest possible use of existing services and facilities of the Department and to rely upon the advice of the Working Committee.

The membership of ISC includes staff-level representatives of agencies vested with responsibility for activities under the act. The Departments of Agriculture; State; Treasury; Commerce; Health, Education, and Welfare; and Defense; the Agency for International Development, the Office of Emergency Planning, the Bureau of the Budget, and the United States Information Agency are represented on ISC. A representative of the Office of Food for Peace attends the meetings as an observer. Additional representatives may be added by the Chairman if he considers it desirable.

The ISC is responsible for the development and review of programs and the negotiation of basic agreements under title I. Although the ISC technically is advisory in nature, as a practical matter its decisions largely determine the terms and conditions for negotiating Public Law 480 sales agreements with recipient countries. However, any member who is dissatisfied with a proposed policy, agreement, or operation may require its submission to policy officials in interested agencies or departments.

Utilizing the service and experience of other agencies represented on ISC, the Department of Agriculture takes the lead in the development and review of proposed programs. The Foreign Agricultural Service prepares the proposed program for each country, the negotiating instructions, and a draft sales agreement and submits them to ISC for review and approval. If all members agree on the proposed program, the negotiation instructions, and the draft of the sales agreement, the program is approved for negotiating. If the Committee is in agreement on the program but not on the currency uses, the program may be approved subject to the currency uses' being worked out and approved at a later date. If the Committee cannot agree on the program or the currency uses, the matter is referred to a subcommittee or to a member agency for study and recommen-

dation at a later meeting. When the question is resolved satisfactorily, the Committee approves the program.

The minutes of the ISC meetings are distributed to all members of ISC, to other agencies who may be interested in certain phases of programs, and to all United States Embassies as guiding principles to be followed and as a reflection of the position of the United States Government.

The ISC must analyze each program proposal to see that the program does not displace the usual marketings of the United States, that it is consistent with United States foreign policy, and that it is coordinated with the foreign assistance program and other United States programs. The Committee determines the broad categories of uses of the foreign currencies and applies any other title I criteria which must be considered because of other programs.

After ISC approves a proposed agreement, the Department of State transmits final negotiating instructions to the United States Embassy and formal negotiations are started with the foreign government. Any proposed modification of an approved sales agreement must be submitted to ISC for approval before the sales agreement may be modified. After the government-to-government agreement has been signed, further operations relating to the program are performed by operating divisions of the Department of Agriculture.

At the time of the initial title I sale of tallow to the UAR on November 11, 1961, the United States owned a substantial quantity of Egyptian currency. Also, at that time it was known that additional Egyptian currency would become available from loan repayments and from the title I program for fiscal year 1962 and following years. At June 30, 1964, the United States owned or was scheduled to receive from loan repayments about \$500 million in Egyptian pounds of which about \$61 million worth was available for immediate expenditure. The \$500 million represents about 50 years' supply for United States uses at the current rate of expenditure.

Section 402 of the Mutual Security Act of 1954, as amended, provided that funds would be made available annually to finance the export and sale for foreign currencies, or the grant, of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said act.

The UAR uses inedible tallow in manufacturing soap and edible tallow in manufacturing oleomargarine.

The United States Government officials primarily responsible for the administration of this program are shown in the appendix to this report.

FINDINGS

Displacement of commercial dollar sales of tallow to the United Arab Republic

United States commercial dollar sales of tallow to the United Arab Republic have been displaced by sales of surplus tallow for foreign currency under title I, Public Law 480, programs. We estimate that commercial sales totaling about \$5.5 million were displaced between 1962 and 1964 and that under existing agreements additional sales are likely to be displaced in 1965. This situation resulted because United States agencies made increasing amounts of title I surplus tallow available without establishing realistic commercial import requirements for the United Arab Republic. Commercial import requirements are specified in each Public Law 480 sales agreement as a means of ensuring that title I sales do not displace normal commercial sales.

In 1958 the UAR's imports of tallow amounted to about 32,000 metric tons, which were obtained from United States exporters for dollars. In 1964 the UAR's imports increased to about 56,000 metric tons, but United States commercial dollar sales decreased to 21,600 metric tons.

The following schedule shows the commercial sales and Public Law 480 sales of edible and inedible tallow from 1956 to 1964, according to the Department of Agriculture records we examined.

Tallow exported to the UAR from the United States, 1956 to 1964

[In metric tons]

Calendar year	Total exports	Financing		Public Law 480 exports
		Commercial	Section 402	
1956.....	22,400	22,400		
1957.....	30,930	30,930		
1958.....	32,336	32,336		
1959.....	24,510	11,710	12,800	
1960.....	30,006	13,806	16,200	
1961.....	26,667	26,667		
1962.....	43,669	20,161		23,508
1963.....	53,344	7,097		46,247
1964.....	56,475	21,637		34,838

As can be seen from the above table, during the period 1956 through 1958 commercial dollar sales averaged 28,555 metric tons a year (a metric ton equals 2,204 pounds). In 1959 and 1960, however, with the introduction of imports financed under section 402, United States commercial sales dropped an annual average of only 12,758 metric tons, while total imports from the United States held at an average of 27,258 metric tons. In 1961, in the absence of a section 402 program, commercial sales returned to a high of 26,667 metric tons. It should be noted that the United States is virtually the only supplier of tallow to the UAR.

The decrease in United States commercial tallow exports in 1962 through 1964 was due to (1) the establishment of unrealistically low "usual marketing" requirements as part of the title I, Public Law 480, agreements and (2) serious delinquencies on the part of the United Arab Republic in complying with these reduced import requirements.

Public Law 480, title I, sales of tallow started in fiscal year 1962 and continued under subsequent title I agreements for the UAR. These agreements specified specific quantities which the UAR was required to purchase commercially from the United States (i.e., "usual marketings"). However, our review disclosed that the usual marketings established for tallow were understated, principally because they were based on the average commercial imports by the UAR during a preceding 5-year period, excluding sales financed under section 402.

We believe that the establishment of more realistic usual marketing requirements would have made possible a substantially higher level of United States commercial tallow exports. The requirements should have been set on the basis of the level of established imports by the UAR from the United States during the period from 1956 through 1960 and UAR's willingness to utilize its foreign exchange in 1961 to import tallow at a level in line with imports of previous years. Using these criteria, the establishment of usual marketing requirements of 28,000 metric tons would have been arrived at to protect United States commercial sales. Instead, responsible United States agencies set substantially lower usual marketing requirements with the resultant loss in dollar sales, as shown in the following table.

[In 1,000 metric tons]

	Fiscal year			Total
	1962	1963	1964	
Title I sales agreement.....	20.0	30.0	37.5	87.5
Average historical level of imports from the United States, per our calculation.....	28.0	28.0	28.0	84.0
Usual marketing requirement in title I sales agreements.....	20.0	20.0	22.5	62.5
Loss of U.S. dollar sales.....	8.0	8.0	5.5	21.5

The foregoing computation of lost United States commercial sales has as its basis the fact that the UAR imported from the United States a total of 140,182 metric tons of tallow in calendar years 1956 to 1960, including those financed under section 402. Based on these data it seems reasonable that a minimum

expectation, and consequent usual marketing requirements, for United States tallow should have been at least 28,000 metric tons which is the average of the imports for the 5-year base period used by USDA in its calculation of usual marketing requirements.

We also noted that the United Arab Republic was seriously delinquent in complying with the reduced usual marketing requirements that had been established throughout the period of the title I, Public Law 480, sales of tallow. Under the Public Law 480 sales agreements, the usual marketing requirements must be met by the UAR's importing, with its own resources, the specified quantity of tallow in the fiscal year for which the requirement was established. The cumulative shortfall, by fiscal years from 1962, was as follows (in metric tons) :

Fiscal year	Usual marketings		Commercial imports	Shortfall
	For fiscal year	Cumulative		
1962.....	20,000	20,000	18,249	1,751
1963.....	20,000	21,751	12,505	9,246
1964.....	22,500	31,746	23,606	8,140
1965 (as of Apr. 30, 1965).....	25,000	33,140	¹ 13,754	-----

¹ Most current available data.

At an average price of about \$193 a metric ton, the shortfall in complying with usual marketings at April 30, 1965, amounted to \$3.7 million.

The establishment of unrealistic usual marketing requirements and the delinquency of the United Arab Republic in meeting even these reduced import requirements led to a reduction in commercial imports from the historical level of about 28,000 metric tons annually to an average of only 16,300 metric tons annually between 1962 and 1964. We estimate that, at world market prices in effect during these years, commercial dollar sales of tallow to the United Arab Republic amounting to \$5.5 million were displaced between 1962 and 1964, as shown below.

	Calendar year			Total
	1962	1963	1964	
Average historical level of imports from the United States, per our calculation..... metric tons.....	28,000	28,000	28,000	84,000
Actual imports by the UAR from the United States..... do.....	20,200	7,100	21,600	48,900
Loss of commercial dollar sales..... do.....	7,800	20,900	6,400	35,100
Average world market price..... per metric ton.....	\$156	\$149	\$187	-----
Estimated value of lost commercial sales..... in millions.....	\$1.2	\$3.1	\$1.2	\$5.5

NOTE.—Under existing agreements, additional sales are likely to be displaced in 1965.

Unrealistic usual marketings established

Tallow was added to the list of commodities sold to the UAR for Egyptian currency because of a UAR request submitted to the USDA in September 1961 for 34,000 metric tons of inedible tallow and 6,000 metric tons of edible tallow.

The Department of State negotiated an amendment on November 11, 1961, to the September 2, 1961, title I sales agreement on the basis of a sale of 20,000 metric tons of tallow with a 20,000-metric-ton usual marketing requirement. In an exchange of notes accompanying the agreement, the UAR agreed to purchase 20,000 metric tons of tallow with its own resources from the United States during fiscal year 1962, in addition to the quantity being provided under title I.

The usual marketing requirements for tallow under the title I sales agreement remained at 20,000 metric tons for fiscal year 1963 but was increased to 22,500 metric tons for fiscal year 1964 and to 25,000 metric tons for fiscal year 1965. The Department of State stated that these gradual increases in the usual marketing requirement took into account the increases in consumption envisaged in the multiyear agreement for fiscal years 1963 through 1965. The established amounts of usual marketings, however, are still less than the average annual amounts of tallow imported from the United States by the UAR prior to the title I sales of this commodity. Moreover, the UAR has not imported commercially all of the reduced amounts.

As shown elsewhere in this report, a number of factors are considered in determining a country's usual marketings. In this case, however, we have ascertained that only historical sales were used in making this determination. We were informed by a USDA official that only UAR-financed commercial imports of inedible tallow were included and that imports financed under section 402 were excluded because they were considered to be noncommercial transactions. The 5-year period 1956 to 1960 was used to arrive at the usual marketing requirement of 20,000 metric tons included in this amendment.

In regard to how section 402 commodity assistance is to be considered in setting usual marketing requirements, our review of the Public Law 480 legislation disclosed that no criteria for determining "usual marketings" were specified in the legislation. Although the act requires the President to take reasonable precautions to safeguard the usual marketings of the United States, the manner in which such precautions are to be taken is not specified.

Nevertheless, we do not believe that the usual marketing requirements of 20,000 metric tons were realistic. The UAR had imported substantially higher quantities from the United States prior to 1962 despite its limited foreign exchange reserves. Thus in 1961, when neither section 402 or Public Law 480 commodity assistance was available, the UAR imported over 26,000 metric tons of tallow on a commercial basis from the United States, and these purchases, which were made in dollars, occurred during a period when the UAR's foreign exchange difficulties were most severe.

With regard to the exclusion of commodities imported in 1959 and 1960 by the UAR under section 402 on the ground that such imports were noncommercial, our review showed instances where section 402 imports were considered as commercial transactions in setting usual marketing requirements for other countries. The Department of Agriculture agrees that this has been true in the past and may occur again for particular economic or foreign policy reasons. Further, we noted that recent decisions of the Interagency Staff Committee indicate that, in the future, country commodity imports financed by the United States, such as those financed under section 402, will be considered in establishing usual marketing requirements in light of the overall capability of the country to import commodities commercially and in a manner which will protect normal commercial markets.

The Department of Agriculture and the Department of State comments on this report indicate, in our opinion, that the reason for the establishment of usual marketing requirements for tallow at an unrealistic level, and the consequent failure to protect United States commercial exports, is the overriding consideration given to the foreign policy implications of Public Law 480 programs. The Department of State's comments are contained in the classified supplement to this report. The Department of Agriculture's comments relating section 402 commodity assistance, in determining the level of usual marketing requirements, to economic and foreign policy considerations are contained in this report.

Agency comments and our evaluation

We received comments on the foregoing findings from the Departments of State and Agriculture and from the Agency for International Development. The Department of State classified its comments as confidential, and, as stated, they are contained in the classified supplement to this report. AID advised us that it concurred in the comments of the Department of Agriculture concerning consideration of section 402 sales in determining usual marketing requirements. The comments by the Department of Agriculture are summarized below.

Department of Agriculture comments

The Department did not agree that local currency sales under title I, Public Law 480, agreements resulted in a reduction of United States commercial exports. The Department stated that, in retrospect, it may be an open question as to whether or not the correct decision was made on the quantity of tallow that would be purchased commercially in the absence of a Public Law 480 agreement but that this was not the result of an improper procedure in determining usual marketing requirements. The Department advised us that it is most difficult to say with any degree of certainty what quantity of tallow the UAR would in fact have purchased in the absence of a Public Law 480 agreement, given its deteriorating foreign exchange position.

The Department made the following additional points.

In determining usual marketing requirements, the Department attempts to judge what a country would be likely to purchase with its own resources in the absence of a Public Law 480 agreement. Since section 402 imports were

financed with foreign aid funds, they were noncommercial imports and should not be regarded as having been purchased through a country's own resources.

The assumption that the UAR would not have purchased the amounts of tallow provided under section 402 with its own resources appears to be borne out by the financial situation of that country. Beginning in 1958, the external financial condition of the UAR underwent a precipitous decline that reached its lowest point in the third quarter of 1962; that is, reserves fell steadily from \$429 million at the end of 1958 to \$195 million in September 1962.

Evaluation

The comments of the Department of Agriculture contain major inconsistencies in regard to the method of determining usual marketing requirements.

1. The Department stated that in determining usual marketing it considers the balance-of-payments situation of countries receiving title I, Public Law 480, assistance, but this is explicitly omitted in another part of the Department's comments, as follows:

"... the usual marketing requirement established represented a judgment of what the UAR could be expected to procure commercially in the absence of a PL 480 agreement. This judgment was based on available data of past commercial imports."

Our review confirmed the last sentence. We ascertained, through discussions with agency personnel and review of available documents, that only historical sales were used in determining the commercial imports which the UAR would be required to make and that foreign exchange shortages were not a consideration.

Further, we do not believe that it is realistic or in the best interests of the United States to forego commercial sales which the United States could make, solely because the importing country has experienced declines in its foreign exchange holdings. If the country has developed a pattern of commercial imports from the United States in past years and needs the commodities for its industries, it is likely to continue such commercial purchases regardless of the decline in its foreign exchange reserves. This is indicated by the fact that the UAR purchased 26,667 metric tons of tallow from the United States in 1961 with dollars when it could not obtain the commodity through AID financing or through Public Law 480, and these purchases were made at a time when the UAR was experiencing sharp declines in its foreign exchange.

2. The Department states, in one part of its reply, that since section 402 imports were financed with foreign aid funds they are noncommercial imports and should not be regarded as being purchased through a country's own resources. In another part of the Department's reply, however, it is stated that:

"There have been cases in the past, as there may be in the future, where particular economic or foreign policy reasons require negotiations and agreements in which imports financed under Section 402 or under other types of AID financing were or may be characterized as part of usual marketing requirements [i.e., commercial imports requirements] in reaching agreement with a foreign country. . . ."

It is evident that in the case of the UAR, tallow imports financed by AID under section 402 displaced commercial sales of tallow. Although there was no requirement to protect United States commercial exports under section 402, such requirement does exist as regards Public Law 480 surplus sales. Reasonable efforts to carry out this requirement would, in our opinion, have involved recognition of the fact that commercial tallow imports in 1959 and 1960 were reduced because the UAR was able to meet its needs through AID-financed imports. Adequate recognition of this factor would have resulted in usual marketing requirements for tallow being set at a considerably higher level.

Recent decisions of the Interagency Staff Committee indicate that, in the future, country commodity imports financed by the United States, such as those financed under section 402, will be considered in establishing usual marketing requirements in light of the overall capability of the country to import commodities commercially and in a manner which will protect normal commercial markets.

3. The Department stated that it agreed with our proposal that the Secretary of Agriculture establish procedures which will fully protect United States commercial sales by requiring that transactions previously financed by section 402 be considered in establishing the level of title I sales and in negotiating the quantities which countries are required to import from the United States on a commercial basis. The Department advised us that its policy is to take reasonable precautions to safeguard usual marketings of the United States and that this policy had recently been reinforced in an effort to assure that displacement of commercial sales was not taking place.

The main thrust of the Department's reply, however, is that the policies and procedures in effect at the time the Public Law 480 tallow agreements were made with the UAR were proper and that local currency sales under title I, Public Law 480, did not result in a reduction of United States commercial exports. This discrepancy, as well as the discrepancy between the Department's comments and the recently adopted policies of the Interagency Staff Committee described above, leads us to conclude that there is need for the Department to reappraise its thinking on this matter and to establish a firm definitive policy which will assure the maximizing of United States commercial sales abroad. It should be noted that one of the objectives of Public Law 480 legislation is to develop increased dollar markets for United States agricultural commodities through the use of title I sales.

The need for such policy is evidenced by the facts related in this report. United States commercial dollar sales of tallow have been displaced by Public Law 480 sales, but this displacement could have been avoided, in our opinion, had the Department of Agriculture and other responsible agencies established, and required adherence to, realistic usual marketing requirements in light of the UAR's historical commercial purchases of tallow and its need for that commodity. The record of UAR's tallow imports from 1956 through 1961 clearly shows that the UAR was importing its tallow requirements from the United States and that if it could not obtain such imports with United States financing it was prepared to use its own limited foreign exchange to do so.

4. Our report also notes that, at the time of the initial title I sales of tallow to the UAR, the United States owned a substantial quantity of Egyptian currency. These amounts accrued to the United States from the proceeds of title I commodity sales. Although most of the sales proceeds are granted or loaned to the UAR for economic development or other purposes described in Public Law 480 legislation, specified amounts are reserved for the United States and are available to pay its administrative expenses in the UAR.

The Department makes the point that it does attempt to avoid building up an excess of local currencies under the program and that:

"* * * In the case of UAR, the multiyear Title I, PL 480 Agreement covering Fiscal Years 1963, 1964 and 1965 provides for 10% for U.S. uses as compared with previous agreements providing for 20% or more."

We do not see how this provision avoids building up excessive holdings of foreign currency. Obviously if the United States receives for its own needs a lesser amount of local currency and gives away or writes off the remainder, as has been done in some countries, there will be less excess currency. (See our report on "Failure to Effectively Utilize Excess United States-Owned Foreign Currencies to Pay International Air Travel Ticket Costs Being Paid in Dollars," B-146749 dated April 15, 1965.) In the case of the UAR, however, the sales agreements for tallow make increased quantities of Public Law 480 local currency proceeds available to the UAR in loans which, as they are repaid, may eventually result in further accumulation of Egyptian currency surplus to United States needs in the foreseeable future.

It is equally apparent that the most effective way of avoiding a buildup of excess currency is to maximize United States commercial sales, with the concomitant increase in dollar earnings which would assist in alleviating United States balance-of-payments deficits.

Conclusions

It is evident that sales of tallow for local currency under Public Law 480 have displaced commercial United States dollar exports to the UAR. This occurred because responsible United States agencies provided the UAR with title I surplus tallow without requiring the UAR to import tallow commercially at a level in line with its past commercial imports. In setting the level of required commercial imports, the responsible United States agencies did not, in our opinion, make a realistic assessment of the established pattern of the UAR's tallow imports from the United States, the UAR's need for tallow, and the country's willingness to utilize its foreign exchange holdings to purchase tallow through commercial channels.

We believe that the real reason for the unrealistic assessment by the United States agencies involved in this matter, and the consequent failure to protect United States commercial exports, is the overriding consideration by the Department of State of the foreign policy aspects and implications of Public Law 480 programs, and the administration of these programs in a manner which focuses

primarily on this consideration rather than on the safeguarding of United States commercial exports. It is evident that this center of focus results in the following adverse effects.

1. One of the objectives of Public Law 480 legislation—to develop increased dollar markets for United States agricultural commodities through the use of title I foreign currency sales—is not achieved at least so far as tallow is concerned.

2. The loss of dollar sales in the UAR has impaired efforts to improve the critical balance-of-payments problem.

3. The reduction of the requirement for the UAR to purchase tallow commercially from the United States with dollars has permitted that country to conserve a substantial amount of its foreign exchange or to use it for different purposes, which, in effect, is a form of economic assistance. However, unlike normal economic assistance, it has not been approved by the Congress nor is it subject to the administrative controls imposed by United States agencies on the more usual forms of economic assistance which are designed to ensure that such assistance is used to further United States interests.

Matter for consideration of the Congress

We believe that the Congress may wish to clarify the provisions of Public Law 480 to express more specifically its intentions regarding the displacement of United States commercial sales by Public Law 480 programs for foreign policy considerations.

SCOPE OF EXAMINATION

Our examination of Public Law 480, title I, sales of tallow to the UAR consisted of a review of the reasonableness of, and the compliance by the UAR with, the usual marketing requirements established for this commodity. We reviewed correspondence, reports, and other pertinent material available to us at the AID Mission, the United States Embassy, and the office of the Agricultural Attaché, in the UAR. We also discussed the matters in this report with responsible officials of the AID Mission, the Embassy, AID/Washington, and USDA.

APPENDIX

Officials responsible for the matters discussed in this report

DEPARTMENT OF STATE	<i>Appointed or commissioned</i>
Secretary of State: Dean Rusk.....	January 1961.
Ambassador to the United Arab Republic:	
John S. Badeau.....	May 1961.
William O. Boswell (Chargé d'Affaires).....	June 1964.
Administrator, Agency for International Development:	
Fowler Hamilton.....	September 1961.
David E. Bell.....	December 1962.
Director, AID Mission to the United Arab Republic: Edwin G. Moline.....	September 1961.

DEPARTMENT OF AGRICULTURE

Secretary of Agriculture: Orville L. Freeman.....	January 1961.
Assistant Secretary of Agriculture—Marketing and Stabilization: John P. Duncan, Jr.....	February 1962.

FOREIGN AGRICULTURE SERVICE

Administrator:	
Robert C. Tetra.....	March 1961.
Raymond A. Ioanes.....	April 1962.
Assistant Administrator—Commodity programs: Donald M. Rubel.....	September 1962.
Agricultural attaché to the U.S. Embassy to the United Arab Republic:	
Herbert K. Ferguson.....	October 1959.
John W. McDonald, Jr. (first secretary of the Em- bassy and acting agricultural attaché).....	June 1963.
James A. Hutchins, Jr.....	September 1963.

EXHIBIT 5

QUESTIONABLE GRANT OF CORN FOR FAMINE RELIEF UNDER TITLE II OF
PUBLIC LAW 480

(By the General Accounting Office of the United States)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., July 16, 1965.

B-146820.

To the President of the Senate and the Speaker of the House of Representatives:

In our examination of the food donation program to the United Arab Republic under title II of Public Law 480, we found that the Agency for International Development granted about 186,000 metric tons of corn costing over \$23,700,000 in December 1961 on the basis of representations made by the United Arab Republic that a famine would occur as a result of crop failures.

The grant was made without adequate verification of the actual need for the requested assistance. Official statistics of the United Arab Republic, which were subsequently accepted by the United States agencies, showed that the corn crop had not failed and most of the corn was undelivered many months after it arrived in Egypt.

In addition, responsible United States agencies did not check on the distribution of 85 percent of the corn and do not know whether this quantity of corn ever reached intended recipients. The limited distribution checks which were made disclosed that substantial quantities, which the United Arab Republic had agreed to give to needy people, were sold. The Agency for International Development took no action to determine the extent of the corn sales and to initiate a claim against the country until we suggested that this be done. A subsequent audit of the records of agencies of the United Arab Republic disclosed that over 80,000 tons had been sold.

The Agency for International Development advised us that its approval of the title II program was based on a major shortfall in the corn and cotton crops. This approval was based not only on representations of the United Arab Republic, but also on the observations and estimates of United States officials then stationed in the United Arab Republic. We evaluated these observations and estimates and found that they were not based on any factual evidence and were contradicted by statistical evidence. Our evaluations are contained in the report.

The Department of State advised us that the decision to approve the grant of title II corn was justified on the basis of information that there had been a widespread crop failure in the United Arab Republic. The Department also advised us that the willingness to consider a title II program coincided with a conscious effort to improve relations with the United Arab Republic, its geopolitical importance, and the part it played in assuring peace and stability in the Near East. In our opinion, these foreign policy considerations were the underlying reasons for the grant of corn to the United Arab Republic and the reasons for the failure of responsible agency officials to adequately verify the need for title II commodities before approving the grant of corn.

We believe that there is a need to clarify, in existing legislation, the conditions under which the executive branch can donate surplus agricultural commodities to achieve political objectives. Public Law 480, as presently written, makes no specific provision for such donations. The Congress may, therefore, wish to consider enacting legislation which would require that commodities be donated under title II of Public Law 480 only upon certification by the United States Chief of Mission that he has verified the need for such commodities or upon the determination by the Secretary of State that such food donations are in the interests of the United States.

The Congress may also wish to consider whether it would be more appropriate to require that the expense of providing surplus agricultural commodities to foreign governments to meet United States foreign policy objectives be met from appropriations made available to the Department of State or the Agency for International Development rather than from Department of Agriculture appropriations.

We are issuing this report to the Congress because it may wish to consider the enactment of appropriate legislation to better control the administration of Public Law 480 programs.

Copies of this report are being sent to the President of the United States; the Secretary of State; the Secretary of Agriculture; and the Administrator, Agency for International Development.

FRANK H. WEITZEL.
Acting Comptroller General of the United States.

REPORT ON QUESTIONABLE GRANT OF CORN TO THE UNITED ARAB REPUBLIC UNDER
TITLE II, AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954
(COMMONLY KNOWN AS PUBLIC LAW 480) AGENCY FOR INTERNATIONAL DEVELOPMENT,
DEPARTMENT OF STATE

INTRODUCTION

The General Accounting Office has examined the grant of corn costing over \$23,700,000 made to the United Arab Republic (UAR) in December 1961 by the Agency for International Development (AID) under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended. Our examination was directed primarily toward an evaluation of the basis on which the Agency for International Development and the Department of State determined that an emergency need existed in the UAR for a grant of corn under title II. We also examined the adequacy of the actions taken by these agencies to ensure that foodstuffs were properly distributed and utilized. Our review was confined to the title II program in the UAR, and the findings in this report are not necessarily indicative of the administration of title II programs in other countries. Our examination was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67) and was made at AID's overseas Mission in the UAR (referred to in this report as the Mission).

The scope of our examination is further described in page 65. The officials responsible primarily for this grant are shown in the appendix to this report. (See p. 65.)

GENERAL COMMENTS

Title II of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) (7 U.S.C. 1691) authorizes the grant of surplus agricultural commodities to other nations for disaster relief. Section 201, as amended, of Public Law 480 (7 U.S.C. 1721) provides, quoting from the code, that:

"In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 1706 of this title) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government." (7 U.S.C. 1721)

Title II also authorizes the payment of ocean freight charges from United States ports to designated ports of entry abroad upon a determination by the President that it is necessary to accomplish the purposes of that title.

The President delegated the functions conferred upon him by title II of Public Law 480 to the Secretary of State by section 2 of Executive Order 10900, as amended, dated January 6, 1961 (7 U.S.C. 1691, note). The Secretary of State redelegated responsibility for title II functions to the Administrator of AID by State Department Delegation Order No. 104 effective September 30, 1961.

In addition to the commodities delivered under title II, commodities valued at over \$700 million have been delivered to the UAR through June 30, 1964, under other titles of Public Law 480.

FINDINGS

Questionable grant of corn to the UAR

The Agency for International Development granted about 186,000 metric tons of corn costing over \$23,700,000 to the United Arab Republic in December 1961 under title II of Public Law 480 on the basis of representations made by the United Arab Republic that a famine would occur as a result of crop failures. The grant was made without adequate verification of the actual need for the requested assistance. Official statistics of the United Arab Republic, which were subsequently accepted by United States agencies, showed that the corn

crop had not failed and most of the corn was undelivered many months after it arrived in Egypt.

In addition, responsible United States agencies did not check on the distribution of 85 percent of the corn and do not know whether this quantity of corn ever reached intended recipients. The limited distribution checks which were made disclosed that substantial quantities, which the United Arab Republic had agreed to give to needy people, were sold commercially. The Agency for International Development took no action to determine the extent of actual corn sales and to initiate a claim against the country until we suggested that this be done. A subsequent audit of the records of agencies of the United Arab Republic disclosed that over 80,000 tons had been sold.

Most of the UAR's corn crop is harvested in November and December of each year; therefore, AID should have discovered that the losses had not materialized before it accepted the UAR's representations on November 30, 1961.

The UAR on October 19, 1961, requested the United States to grant 200,000 tons of corn for human consumption under the provisions of title II of Public Law 480 to meet an emergency crop failure. On November 19, 1961, the UAR stated that its 1961 corn crop had suffered an estimated loss from insect infestation and floods of about 350,000 tons, or about 20 percent of its average annual corn crop of about 1,700,000 tons. The UAR stated also that the small farmers' ability to buy corn was greatly diminished because their cash crop, cotton, was also seriously damaged by insect infestation. The Mission informed AID/Washington on November 30, 1961, that the UAR's November 19 statements substantially explained and justified the need for 200,000 tons of corn as emergency assistance under title II and recommended that the UAR's request be approved. On December 28, 1961, AID/Washington authorized the shipment of up to 200,000 tons of corn to the UAR, to be distributed free to famine victims who had suffered food shortages as a result of insect infestation of crops and who could not purchase necessary food. One hundred and eighty-six thousand tons of granted corn arrived in the UAR between February 12 and July 22, 1962.

Estimated losses in the 1961 corn crop did not materialize.—According to official UAR statistics, the UAR's 1961 corn crop actually had not failed. It was harvested during the period when the corn grant was approved; therefore, the Mission could have discovered that the estimated losses had not materialized if the proper verification had been performed or a decision had been made to defer approval until adequate verification was made. The Mission had time to verify the UAR's representations, since the corn was not granted to relieve an immediate emergency.

The UAR's 1961 corn crop was within the range of the UAR's 1955-60 corn crops. A UAR Ministry of Agriculture Yearbook published subsequently to the grant of corn stated that the UAR's 1961 corn production was 1,617,000 tons. The Agricultural Attache of the United States Embassy in the UAR also reported after the grant of corn that the UAR's 1961 corn production was 1,617,000 tons. The Agricultural Attache's reports and the UAR's Yearbook showed that the 1960 corn production was 1,691,000 tons and that the 1955-59 average production was 1,624,000 tons with a range from 1,495,000 tons in 1957 to 1,758,000 tons in 1958.

In 1961 the UAR actually had a bumper corn crop for the area planted—a yield of 1.009 tons per feddan (1.038 acres)—but had reduced the acreage planted with corn. The UAR's Yearbook and the Agricultural Attache's reports showed that the area planted with corn dropped from 1,821,000 feddans in 1960 to 1,603,000 feddans in 1961. However, these sources also showed that the yield increased from 0.929 ton per feddan in 1960 to 1.009 tons per feddan in 1961. The average yield from 1955 to 1959 was 0.878 tons per feddan, ranging from 0.807 ton in 1959 to 0.935 ton in 1955.

The Agricultural Attache reported during 1959, 1960, and 1961 that a small part of the UAR's corn was produced in the summer crop and harvested in September and October and that most of its corn was produced in the fall crop which was harvested in November and December. The Mission recommended approval of the grant on November 30, 1961. If the crop was harvested by that time, the Mission should have discovered by physical inspection and other verification of the UAR's representations that the crop was a bumper crop for the acreage planted with corn and that the total corn production would, therefore, be within the normal quantity range of preceding years. Were it not possible to make a complete verification on November 30, 1961, because the entire crop had not been harvested, the approval of the grant of corn should have been deferred until such determination was made.

The feasibility of such a deferral is indicated by the Mission's recognition that the emergency need for famine relief was anticipated rather than immediate at the time it recommended approval of the UAR's request. The Charge d' Affaires of the United States Embassy in the UAR told us that the Mission did not recommend approval of the UAR's request in order to relieve a famine situation of pressing urgency. As indicated above, the UAR estimated that its 1961 corn crop would be 80 percent of normal, or 1,350,000 tons. A crop that was 80 percent of normal should have been large enough to meet the needs of the UAR for about 10 months, or from the beginning of the harvest season in September 1961 through June 1962. Thus, the Mission had sufficient time in which to verify the UAR's representations that a shortage of corn existed before recommending approval of the UAR's request and had time to consider alternatives to granting corn if assistance was actually needed.

The lack of urgency is further shown in the total quantity of corn scheduled for delivery to the UAR under other Public Law 480 programs. Enough corn was programmed for delivery to the UAR under titles I and III of Public Law 480 to avert the anticipated famine. A total of 327,000 tons of corn were programmed for delivery to the UAR at the time the Mission recommended approval of the grant of corn. At June 30, 1961, 27,000 tons of corn were programmed for delivery during fiscal year 1962 under title III. The title I sales agreement of September 2, 1961, made 100,000 tons of corn available to the UAR, and the November 11, 1961, amendment to that sales agreement made another 200,000 tons of corn available. The Agricultural Attache reported that the UAR's average annual corn imports for fiscal years 1957 through 1961 were 65,000 tons, with the maximum imports during that period being 80,000 tons in 1960, and that these imports were almost entirely consumed in the cities. Thus, the corn imports programmed under Public Law 480 provided about 262,000 tons (327,000 tons less the annual average imports of 65,000 tons) more than had previously been normally consumed in the cities. These programmed 262,000 tons plus the Embassy's estimate of 1961 corn production of 1,350,000 tons amounted to a total of 1,612,000 tons of corn available to avert famine in rural areas. The UAR's corn production, which was consumed by the rural population according to the reports of the Agricultural Attache, amounted to 1,691,000 tons in 1960 and averaged 1,624,000 tons from 1955 to 1959 with a range in those years from 1,495,000 tons to 1,758,000 tons. Thus, the available 1,612,000 tons of corn were sufficient to meet the normal needs of the UAR's rural population.

UAR's actions to alleviate losses of purchasing power caused by crop failure not considered.—The Mission recommended approval of the UAR's request partly on the basis that farmers had insufficient purchasing power to buy corn, even though the UAR had taken, and was considering taking additional, measures to alleviate losses of purchasing power. The UAR requested the corn on the basis that losses in cotton crop due to insect infestation had greatly diminished the farmers' ability to buy corn, as well as on the basis that the corn crop had suffered serious losses. The Mission recommended approval of the UAR's request on November 30, 1961, on the basis of both reasons. However, the UAR had stated on October 19, 1961, that it had waived land taxes and postponed repayment of agricultural debts to alleviate the hardship resulting from the crop losses. The UAR stated on October 19 and November 19, 1961, that it was considering distributing corn free or at a nominal price to further alleviate the problem. Thus, not only was sufficient corn available to meet the UAR's normal needs, but the UAR had taken, and was considering taking additional, measures to alleviate any losses of purchasing power that might have resulted from losses in the cotton crop. We found no evidence that the Mission considered the effects of the UAR's relief measures before recommending approval of the UAR's request.

UAR's representations of crop losses not verified.—The Mission did not verify the UAR's representations that the 1961 corn crop had suffered serious losses. We found no evidence that the Mission verified the existence of the estimated losses in the 1961 corn crop by determining exactly where the insect infestation and floods had occurred, or by physical inspections of the damaged areas or interviews with farmers suffering crop losses, or by other means. We found no indication that the Mission ascertained what evidence the UAR's representations of serious corn crop losses were based upon.

The Charge d'Affaires told us that Mission personnel and the Agricultural Attache made field inspections in which they viewed the damage to the 1961

corn crop before the Mission recommended approval of the grant. He also told us that the Mission Director discussed the crop damage with the UAR Minister of Supply, who, he said, had letters from various Governors regarding damage in their Governorates (provinces) before recommending approval of the grant. He said that the Mission Director talked with farmers regarding damage to their crops after recommending approval of the grant. However, the Mission Director was unable to give us any documentary evidence as to the existence and nature of these field inspections and discussions and the information obtained thereby.

Although the Mission based its recommendation for approval of the grant on the representations made by the UAR in its November 19, 1961, request, it did so without resolving the contradictory information contained in this letter concerning the required quantity of corn needed to feed the UAR's rural population. The request stated that the estimated annual per capita corn consumption of the UAR's 16,000,000 rural population was 120 kilograms, which would mean a total annual consumption of about 1,920,000 tons. The request stated also that the average corn production was about 1,700,000 tons. The former figure is far in excess of the UAR's annual corn production, which averages 1,624,000 tons.

Imported corn could not have made up the difference since corn imports never exceeded 80,000 tons in the prior 5 years and imported corn is almost entirely consumed by the urban population. Thus, although the UAR indicated that its rural population, which it stated was in need of assistance, normally consumed about 1,920,000 tons of corn per year, in reality it consumed only that amount produced within the UAR, which was far less than this quantity. The Mission did not resolve this conflicting information as to the quantity of corn consumed by the UAR's rural population.

Inadequate supervision by AID/Washington.—AID/Washington did not require the Mission to verify the UAR's representations or to consider alternatives to granting corn. The United States Ambassador to the UAR informed the Department of State on October 13, 1961, that the UAR would shortly request, under title II, 200,000 tons of corn for human consumption. AID/Washington knew at least as early as November 17, 1961, that the UAR had requested 200,000 tons of corn under title II. AID/Washington did not grant the 200,000 tons of corn until December 28, 1961. We found no evidence that AID/Washington required the Mission either to verify the UAR's representations that a serious crop loss had occurred or to consider alternatives to granting corn under title II if assistance was actually needed.

Final disposition of granted corn, not ascertained.—The Mission did not ascertain how the UAR disposed of over 85 percent of the granted corn, even though it was aware that the UAR did not distribute the corn within the stated distribution period and had sold part of the corn although all the corn was to have been distributed free.

On November 29, 1961, the UAR agreed that it would distribute the corn to needy famine victims from January to May 1962. However, very little corn was distributed through July 11, 1962. On March 15, 1962, a Mission official reported that the UAR did not plan to distribute the granted corn until the summer of 1962. Mission auditors repeatedly reported from April to June 1962 that very little granted corn was being distributed to recipients. For example, on April 26, 1962, they reported that only 266 tons had been distributed in Sharkia Governorate (province), although the UAR had stated on November 19, 1961, that especially heavy losses of corn had occurred in that province.

The auditors also reported on April 26, 1962, that they found no distribution going on in the other six provinces visited. They observed on July 1, 1962, that weevils had begun to infest granted corn that had been at a distribution center since March 3, 1962. They reported that no granted corn had been distributed by any of the 17 distribution centers visited in April 1962 and that only 4 of the 42 distribution centers visited in June and July 1962 had commenced distribution. They reported that UAR officials attributed the delay in distributing the corn to needy famine victims to the amount of time required to select recipients, prepare distribution lists, and print the coupons used in identifying the recipients. They also reported that the unloading of four ships was delayed temporarily because the UAR had blacklisted the ships due to calls at Israeli ports.

The Mission found initially that the UAR sold 14,500 tons of the granted corn, although all the corn was to have been distributed free. The UAR agreed on November 29, 1961, that it would distribute the corn free, and AID specified on December 28, 1961, that the corn was to be distributed free. The Mission auditors

found during their visits to distribution centers from April to October 1962 that 6,000 tons of the granted corn had been sold. Subsequently, the Mission was informed that an additional 8,500 tons of granted corn had been sold. The Mission took no action on this matter until we uncovered the situation and proposed to AID that it determine the extent of the corn sales and initiate a claim against the UAR for the value of the corn improperly sold. A subsequent audit by the Mission of the records of agencies of the UAR disclosed that over 80,000 tons of corn had been sold.

The Mission took no action to prevent further deliveries of granted corn after it discovered this lack of distribution, although delivery of granted corn worth millions of dollars could have been avoided by terminating further shipments. For example, on April 26, 1962, about 87,000 tons of granted corn had not yet arrived in the UAR. At the average cost of the granted corn of approximately \$127 per ton (\$23,700,000 divided by 186,000 tons), this undelivered corn was valued at about \$11,049,000. As late as June 1, 1962, about 62,000 tons of granted corn valued at about \$7,874,000 had still not arrived in the UAR. We found no indication that the Mission recommended discontinuance of further deliveries of granted corn after it discovered that the delivered corn was not being distributed.

The Mission did not ascertain how the UAR disposed of most of the granted corn. The Mission auditors found that the distribution centers had distributed free 12,000 tons in addition to the 6,000 tons that had been sold and had 24,000 tons on hand. They also found in their October 1962 visits that the remaining 144,000 tons of granted corn had been merged with other corn obtained from the United States upon orders of the UAR Government and that a single set of accounting records was being maintained for both. The Mission did not ascertain the final disposition of the corn granted to the UAR, apart from the 12,000 tons identified as having been distributed free and the 14,500 tons verified as having been sold. Since the title II corn had been merged with other United States-furnished corn, the Mission was not in a position to trace specific shipments of title II corn to individual recipients. Action should have been taken, however, to ensure that the quantity of corn given to the UAR for emergency relief purposes, i.e., 186,000 metric tons, actually reached needy recipients.

On July 26, 1964, 2 years after the last of the granted corn arrived in the UAR, the Mission obtained information showing which provinces received the granted corn. The Mission took this action as the result of our inquiries. The Mission did not ascertain what quantity of the granted corn was distributed free and how much was sold or otherwise disposed of. AID regulations assign responsibility for end-use audits and investigations to overseas Missions which are staffed with internal auditors to carry out this function. We discussed this deficiency with responsible Mission personnel but were unable to obtain any explanation on this matter.

Agency comments and evaluation.—The AID and Department of State comments are detailed below together with our evaluation.

1. AID's comments.—Approval of the title II program was based on a major short-fall in the corn and cotton crops. This approval was based not only on representations of the UAR Government, but also on the observations and estimates of United States officials then stationed in the UAR, particularly those of the Agricultural Attache in Cairo. His report dated November 9, 1962, considered the Ministry of Agriculture's estimate of 1,617,000 tons as unrealistically high and placed the 1961 crop production at 1,360,000 tons.

Evaluation: The Agricultural Attache's report was made nearly a year after the grant; it therefore reflects an ex post facto attempt to establish that which should have been established prior to the making of the grant.

Analysis of the report discloses that it is predicated on opinion rather than on substantiated facts, as follows:

a. After citing the Yearbook data, the report states a supposition that " * * * a record average yield is highly unlikely in a poor year of bad climatic and growing conditions together with the prevalence of diseases and insects that severely infested most of the crop." Yet the Mission was unable to produce at our request any evidence whatsoever in the form of documents or facts ascertained by field visits before the grant was made to show that the crop conditions were in any way unusual.

b. The report states that "Many believe that an average yield of 0.848 tons per feddan last year is quite reasonable. This would place the total crop production in 1961 at 1,360,000 tons instead of 1,617,000 tons presented

by the Ministry of Agriculture." There was no evidence of who were the "Many," their qualification, or the basis of their belief.

c. The report stated that this lower production estimate is substantiated by the fact that the largest corn imports in the UAR history were made in 1961-62 in order to cover up the corn deficit. It thus attempted to justify the existence of the need by the actions taken to fulfill it.

Subsequent to the Agricultural Attache's report, the Agriculture Yearbook 1961 crop estimate of 1,617,000 tons was used without qualification by the same Agricultural Attache in his May 11, 1963, report as his revised estimate of the 1961 UAR corn crop, and it was also used in a report of an Acting Agricultural Attache and by the current Agricultural Attache. The American Embassy also used this estimate in its Airgram No. 615, dated February 14, 1964, in statistics supporting its justification for a Public Law 480 sale to the UAR of 400,000 tons. The Embassy stated that the statistics presented were the best available.

AID also contends that there is no indication that we cross-checked the UAR Agriculture Ministry report with other published data available for the same year; for example, the official report of the UAR Ministry of Supply. AID further states that "The records of the Ministry of Supply indicate an unusually high figure for corn imports over the period 1961-63," and cite the same total corn import tonnage data as that given in the Agriculture Attache's November 1962 report. It was also noted that, since there is no evidence that stocks increased in the 1961-63 period, it must mean that consumption increased.

We have cross-checked the UAR official estimate of the 1961 corn crop with all available documentation. In addition to the documents cited above, the only other documents available that contain statistics pertaining to the size of the UAR's 1961 corn crop are the UAR's "Statistical Pocket Book" published by the UAR Administration of Public Mobilization; the "International Monetary Fund's Staff Report and Recommendations—1963 Consultations," dated April 10, 1964; and a publication entitled "The Agricultural Economy of the United Arab Republic" (Foreign Agricultural Economy Report No. 21) published in November 1964 by the Economic Research Service of the United States Department of Agriculture. All of these documents state that the size of the crop in question was 1,617,000 tons.

With regard to the contention that the high imports in 1961-63 indicate increased consumption, no evidence was furnished us to support this position. There was no evidence in the agency files to indicate that the Mission knew whether the increased corn imports went into inventory, were consumed, or were exported. The fact remains that the actual need for the grant of corn had not been established at the time the grant was made. We see no reason why approval of the grant could not have been deferred until it could be established definitely whether there was a crop failure and the degree of such failure, if any. The feasibility of deferring approval of the title II grant of corn is indicated by the Mission's recognition that the emergency need for famine relief was anticipated rather than immediate at the time it recommended approval of the UAR's request.

2. AID's comments.—Information received from the Mission indicates that, though the Audit Team discussed numerous matters concerning the title II program, there is no record that it ever requested comments as to the existence or nature of field inspections which are customarily made by Mission personnel concerned with agriculture in the UAR.

A study of reports filed by the Agricultural Attache reveals numerous references during the period September to November 1961 of infestation of both the cotton and the corn crops as well as losses due to floods.

United States personnel constantly travel throughout the UAR, and those expert in agriculture identified areas where infestation occurred and so reported at staff meetings of the Embassy and USAID. With United States Government cooperation, but with all costs paid by the UAR from limited foreign exchange, insecticides were airlifted urgently to Egypt in August/September 1961 in an effort to halt the damage to crops from the leafworm infestation affecting both corn and cotton.

Evaluation: We asked the Mission for evidence as to the existence and nature of the actions taken to verify the alleged crop failure. Contrary to the Agency's statement, the Mission was unable to furnish us with documentary evidence or concrete factual data ascertained by specific observation concerning the estimate of damage to the growing crop that was used as the basis for concluding that the losses had in fact occurred.

The information furnished, including the numerous references to infestation of both the cotton and the corn crops as well as to losses due to floods, was completely devoid of specific facts. The information consisted of broad generalities based on information said to have been furnished by the people concerned in the Ministry of Supply, by appropriate people in the Ministry of Agriculture, and statements made to us that the Nile flood conditions were observed daily by Embassy officials. There was no evidence available in the Mission to substantiate such reports nor is any now provided. The Agency response gives no clue to the rationale of accepting as valid the Ministry of Agriculture forecasts of future events while rejecting the Ministry's Yearbook reports on those that had occurred.

It appears to us therefore that the present insistence that such verification was made is not only unsupported by facts or the record but is contradicted by the best available information as to the actual crop results in 1961. Further doubt is cast on the reliability of AID's position by certain other considerations, which, while of only general bearing, nevertheless should have shown the need to ascertain the true crop conditions. For example, insect infestation and flooding are relatively normal conditions in Egypt. They are known to be aggravated by the fact that effective crop spraying is impracticable because of the practice of sowing corn by indiscriminately scattering seed and the common practice of small farmers' refusing to spray disinfectants in order to salvage the leaves from the stalks to feed their cattle.

One of the bases for AID's rejecting the crop statistics shown in the UAR Ministry of Agriculture Yearbook is that Ministry reports are frequently inaccurate or misleading. AID stated that this is particularly true with respect to agricultural statistics, since in many countries a high percentage of agricultural production fails to reach the commercial market and thus is not easily captured by the material statistical system. This would seem to suggest that actual production probably was greater rather than less than that shown by the Agriculture Yearbook.

A further indication that the alleged shortfall did not occur and that the title II grant was not needed exists in the fact that substantial quantities of title II corn were not distributed from January to May 1962, the period in which the supposed need existed. In fact there is no evidence that 85 percent of it ever was distributed for the purpose intended. The UAR had agreed, on November 29, 1961, to distribute the corn to needy famine victims from January to May 1962. However, very little corn was distributed through July 11, 1962. For example, Mission auditors reported that only 4 of the 42 distribution centers visited in June and July 1962 had commenced distributions.

3. AID's comments.—The Mission was fully aware of relief measures being taken by the UAR but concluded that these measures would not prove adequate. While the UAR in October and November 1961 was considering distributing corn free or at a nominal price to further alleviate the problem, it would not be an erroneous deduction to state that the possibility of taking such measures was a result of the hope that title II corn would become available, thus permitting free distribution to needy farmers. Corn programmed under titles I and III could not be shifted to avert the anticipated famine. Title I corn could not be used in this manner since the requirement for the UAR to pay for additional corn would have produced an undue burden on the already strained economy of the UAR. Title III corn had been earmarked for specific feeding programs and was required for this purpose.

Evaluation: We found no evidence to support AID's contention that it was aware of the relief measures being taken and that the UAR's actions had been evaluated and found to be inadequate. Public Law 480, titles I and III, agreements consummated before the title II grant was made assured the UAR of an increase of 262,000 tons over and above prior years' imports. Even had the alleged shortfall in the UAR crop occurred, the total thus available for consumption would have been 1,612,000 metric tons (1,350,000 metric tons plus 262,000 metric tons) or approximately the same as the average annual UAR crop.

These facts, as well as the other alleviation measures by the UAR, were known over a month before the title II grant and show that the threatened shortfall, if it occurred, could have been substantially offset from the UAR's own resources and those which it could expect to receive. Nevertheless, we found no evidence that the Mission actually considered these facts in connection with the title II request or of the basis for the conclusion that the Agency now

says was reached at that time that these partial measures would not prove adequate.

With regard to AID's reasons as to why title I corn could not be used, audits by the Mission disclosed that in fact quantities of title I corn were commingled with title II corn and distributions were made from the total quantity. With regard to title III corn, our review showed that large quantities of such corn were not specifically earmarked for feeding programs and were used outside the title III program.

4. AID's comments.—AID/Washington specifically requested the Mission to investigate the crop situation and outlined to the Mission the detailed information needed to justify the program. Verification was made by the Mission of the UAR's representation on the crop loss. In addition, verification was made by review of reports of the Agricultural Attache and the Mission Agricultural Officer.

Evaluation: The AID message that allegedly specifically requested the Mission to investigate the situation asked them to investigate the *drought* situation including the UAR's desire for title II program. The Mission's response did not in any way indicate that it had verified the need for the program; it merely stated that in the Mission's judgment the UAR's request substantially explained and justified the requirement.

AID's contention that verification was made by review of reports of the Agricultural Attache and the Mission Agricultural Officer also has no substance since, as noted above, such reports as were made stated that they were based on unverified information received from the UAR. The Mission Agricultural Officer, in response to our request, told us that he issued no written reports concerning the extent of damage to the UAR 1961 corn crop.

5. AID's comments.—Although it is true that final disposition of all corn granted under the title II program was not confirmed by audit, the General Accounting Office (GAO) draft report does indicate that 15 percent was accounted for. Further, as of April 1963 the AID Mission reported that 186,000 metric tons of corn had arrived in the country and that records had been examined in the UAR Ministry of Supply to show the total allocation and distribution of corn to the several governorates. In addition, some 42,000 tons of corn, or 23 percent of the total corn shipped, was traced by audit to distribution centers. Although end-use checks were limited because only a small quantity had been distributed to recipients, the Mission audit report concluded that "storage facilities, records, and methods of receipt and distribution are considered satisfactory." Although some problems were indicated—such as delays in distribution beyond the emergency period, the use of unmarked bags, and the need for more publicity—no specific recommendations were set out in the report.

The Mission obtained information listing provinces which had received the granted corn. Review of the data furnished by the GAO disclosed that this listing was checked with the UAR Ministry of Supply records showing actual distribution to the 25 governorates. This was in addition to the above-mentioned 42,000 tons (23 percent) of the total corn shipped which was traced to distribution centers, of which 12,000 tons were identified as having been distributed free. Further, all records covering distribution to end users were kept (and are still available) in the Agriculture Banks. The draft report does not indicate whether the audit team availed itself of these existing UAR records. With regard to the 14,500 tons of corn sold, the Mission has instituted measures for repayment although no deposits have yet been received from the UAR.

Evaluation: Mission verification that the UAR records showed the total allocation and distribution of corn to the several governorates is not evidence that the corn actually was distributed to those for whom intended by the grant, since the governorates represented merely central distribution points. That would be true even had the wholesale distribution been verified, which had been done only to the extent of the 42,000 metric tons described in our report as having been traced to that point by the Mission auditors.

As shown in our report, the Mission auditors found that 24,000 metric tons of that 42,000 metric tons remained at the distribution centers still undistributed to consumers as late as October 1962, that only 12,000 metric tons had been distributed free, and that 6,000 metric tons were sold; the Mission was also subsequently told by UAR that an additional 8,500 metric tons had been sold, or a total of 14,500 metric tons. The Mission had not ascertained the disposition of the remaining 159,500 metric tons (186,000 metric tons less the 26,500

metric tons sold and distributed free) despite the clear evidence that over half of the known dispositions were improperly made by sale. It was not until July 1964, and then only as a result of our review, that the Mission obtained information showing which provinces received the granted corn, and it did not even then know the final disposition.

The Agency's statement that its review of data we furnished disclosed a listing that had been checked with UAR records showing actual distribution to the 25 governorates, and that this was in addition to the above-mentioned 42,000 tons, improperly implies that this evidences actual distribution of the entire 186,000 metric tons. Such is not the case. We found no evidence that these quantities were actually delivered to needy individuals or even shipped to the distribution centers. In any event, determinations in respect to the title II program could not have been made from those particular records since both title I and II transactions were merged in the single set of records with the commodities under both titles being treated as fungible goods. Nor, in our opinion, could review of such records without independent verification be considered as fulfilling the agency responsibility.

Department of State comments.—The Department of State advised us that it concurred in the AID comments. The Department also stated that:

"Our willingness to consider a Title II program had an important psychological effect. It coincided with a conscious effort to improve US-UAR political relations. Because of the UAR leadership role in the Near East, its geopolitical importance, the part it played in assuring peace and stability in the Near East, * * * a determination had been made at the highest levels of our Government to carry out an action program designed to build a broad and useful relationship. Because there was a mutuality of interest in orderly economic development, much of our interest was focussed in this field. For a country with limited resources and no foreign exchange resources to fall back on, it was clear that an agricultural failure would have an adverse effect on the overall economy and could cause its burgeoning economic development program to falter. Thus it appeared desirable for humanitarian and political reasons to be associated with measures to alleviate the economic consequences of this agricultural short-fall on the masses of Egyptian farmers who had suffered."

Evaluation: Our study of title II, Public Law 480, discloses no specific authorization for the Executive agencies to grant commodities to foreign countries under section 201 of the act in order to improve political relations with these countries. Section 201, under which the grant of corn was made, permits emergency assistance to be furnished to friendly people in meeting famine or other urgent or extraordinary relief requirements by the transfer of surplus agricultural commodities. While "famine or other urgent or extraordinary relief requirements" are not defined in the legislation or in the legislative history, we find nothing in title II which would authorize the donation of corn to the UAR for the reasons cited by the Department of State. However, section 2 of Public Law 480 states it to be the policy of the Congress "to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States * * *." Presumably the grant of corn to the UAR for political reasons cited by the Department of State was made under the Department's responsibility for the conduct of foreign affairs.

CONCLUSION

We believe that the underlying reasons for granting corn to the UAR without adequate verification of the need for the commodity are to be found in the policies of the Department of State. The Department advised us that the willingness to consider a title II program coincided with a conscious effort to improve relations with the UAR, the country's geopolitical importance, and the part it played in assuring peace and stability in the Near East.

We have found no specific authorization in title II, Public Law 480, or in the legislative history of the act, which permits the grant of corn to achieve foreign policy objectives. However, the act does contain a general statement of policy of the Congress to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States.

Under these conditions, we believe that there is a need to clarify in existing legislation, the conditions under which the executive branch can donate surplus agricultural commodities to achieve foreign political objectives. Public Law 480, as presently written, makes no specific provision for such donations.

We also believe that there is a need to identify more specifically the agencies responsible for the decisions made relating to Public Law 480 programs. Under present arrangements, the Department of State carries out those functions relating to the Public Law 480 programs in advancing the foreign policy interests of the United States. However, there are no procedures involving title II grants requiring that the decisions of the Department in this area, which override other considerations, be explicitly stated and justified by the Department to the Congress. Further, the cost of title II programs which are motivated primarily by Department of State foreign policy considerations is shown in the Department of Agriculture's budget and defended before the Congress by the Department of Agriculture. We believe identification of agency responsibility in the decision-making process and presentation of program justification by the responsible agency would enable the Congress to better evaluate the purpose of the programs and to make better informed judgments relating to appropriations of funds necessary to carry out these purposes.

Matters for consideration by the Congress.—The Congress may wish to consider enacting legislation which would require that commodities be donated under title II of Public Law 480 only upon a certification by the United States Chief of Mission that he has verified the need for such commodities or upon the determination by the Secretary of State that such food donations are in the interests of the United States.

The Congress may also wish to consider whether it would be more appropriate to require that the expense of providing surplus agricultural commodities to foreign governments to meet United States foreign policy objectives be met from appropriations made available to the Department of State or the Agency for International Development rather than from Department of Agriculture appropriations.

SCOPE OF EXAMINATION

Our examination of this grant of corn to the UAR consisted of a review of the justification of the grant and its subsequent administration. We reviewed, in the UAR, correspondence, reports, and other pertinent material available to us at the AID Mission, the United States Embassy, and the office of the Agricultural Attache. We also discussed the grant with responsible officials of the AID Mission and the Embassy and with the Agricultural Attache.

APPENDIX

Officials responsible for approving and administering the grant of corn to the United Arab Republic (from October 19, 1962 (the date of the UAR's first request for the grant) to July 31, 1964 (the date of completion of our field review in the UAR))

	Tenure of office	
	From—	To—
Department of State:		
Secretary of State: Dean Rusk.....	October 1961.....	July 1964.
Ambassador to the United Arab Republic:		
John S. Badeau.....	do.....	June 1964.
William O. Boswell (Charge d' Affaires).....	June 1964.....	July 1964.
Administrator, Agency for International Development:		
Fowler Hamilton.....	October 1961.....	December 1962.
David E. Bell.....	December 1962.....	July 1964.
Director, AID mission to the United Arab Republic: Edwin G. Moline.....	October 1961.....	Do.

Senator GRUENING. I also direct that the report to the Congress of the United States, prepared by the Comptroller General of the United States and about to be released, be included at its completion in the record of this hearing.

To follow this, I direct that a copy of the letter of June 16, 1964, sent to the Honorable Allen J. Ellender, chairman of the Senate Committee on Agriculture and Forestry, and written by Joseph Campbell, former Comptroller General of the United States, be included in the record of this hearing.

(The above-mentioned report and letter follow:)

EXHIBIT 6

REPORT TO THE CONGRESS OF THE UNITED STATES

REVIEW OF PRECAUTIONS TAKEN TO PROTECT COMMERCIAL DOLLAR SALES OF AGRICULTURAL COMMODITIES TO FOREIGN COUNTRIES PURCHASING THE SAME TYPE COMMODITIES FOR FOREIGN CURRENCIES UNDER PUBLIC LAW 480

DEPARTMENT OF AGRICULTURE

COMPTROLLER GENERAL OF THE UNITED STATES,

Washington, D.C., August 18, 1966.

B-146820.

To the President of the Senate and the Speaker of the House of Representatives:

The accompanying report presents the findings based on our review of precautions taken by the Department of Agriculture to protect commercial dollar sales of agricultural commodities to foreign countries purchasing the same type commodities for foreign currencies under title I, Public Law 480. Foreign currencies received from title I sales are not as valuable as dollars to the United States because, in many countries receiving commodities under title I, the United States has accumulated foreign currencies which are surplus to its requirements and because, for the most part, the foreign currencies received are not convertible into dollars and are generally restricted to the uses stipulated in sales agreements entered into between the United States Government and the foreign governments.

Title I provides that, in negotiations of sales agreements with foreign governments, reasonable precautions be taken to safeguard usual marketings of the United States. The purpose of this provision is to avoid having sales for foreign currencies under title I displace normal commercial sales of United States agricultural commodities for dollars. In 1955, the President of the United States stated that such substitution would result in a budgetary cost without contributing to the solution of the problem of agricultural surpluses.

During our review, we analyzed export statistics applicable to three commodities purchased from the United States by 15 foreign countries for dollars. For 12 of these countries, we found sufficient information on one or more of the commodities to conclude that, after these countries started receiving commodities under title I, they decreased their commercial dollar purchases of the same type commodities. We estimate that, over a period of approximately 9 years, these commercial dollar purchases totaled about \$715 million less than those which the countries would have made had they maintained the level of their purchases prior to the initiation of title I programs. Decreases in sales of agricultural commodities for dollars are of added significance in view of the currently unfavorable international balance-of-payments position of the United States.

Because of the complexities involved in isolating the effects of various factors on international trade, there is no way of conclusively determining the causes of the decreases. In this connection, the requirement of Public Law 480, that reasonable precautions be taken to safeguard usual marketings of the United States, is related to international trade and, therefore, the manner in which that requirement is interpreted and administered is one factor directly affecting the amount of agricultural commodities sold by the United States for dollars.

In our opinion, the decreases which occurred from historical sales of commodities to certain foreign countries for dollars could be attributed, in part, to the fact that the United States Government had negotiated title I sales agreements which did not include terms and conditions designed to avoid such decreases; however, we are unable to conclude whether the omission of such terms and conditions was contrary to the intent of the Congress. In addition, we believe that certain procedures have not been adequate for determining and obtaining compliance by foreign governments with the terms and conditions of negotiated agreements.

Our review disclosed several recurring reasons why title I sales agreements often did not include specific provisions designed to avoid decreases from the quantities of United States agricultural commodities historically sold for dollars to the foreign countries purchasing the same type commodities under title I.

These reasons may be summarized as (1) the administrative decision, in recognition of the general principle of free trade, to eliminate the requirement in certain title I agreements that specific quantities of commodities be purchased commercially from the United States and to substitute a requirement that such commodities be purchased commercially from free world sources, including the United States, (2) the belief of Government officials that requirements for commercial purchases from the United States should be reduced or eliminated because foreign countries were considered unwilling or financially unable to meet their historical commercial purchases, and (3) the matter of foreign policy considerations. Also, primarily because of foreign policy considerations, commercial sales may have been lost where title I sales agreements were signed with foreign countries which were, in the opinion of officials of the United States Government, financially able to purchase commercially all of their requirements for such commodities.

Our review of Public Law 480 and its legislative history did not disclose what actions would be considered by the Congress as constituting compliance with the statutory admonition to take reasonable precautions to safeguard the usual marketings of the United States, what factors should be considered in determining the quantities of commodities that would constitute usual marketings, and under what conditions countries would be considered eligible to receive commodities under title I.

In a letter dated August 17, 1965, the Associate Administrator, Foreign Agricultural Service, Department of Agriculture, informed us that, although he believed that the title I program had been operated in accordance with the legal requirement to take reasonable precautions to safeguard usual marketings of the United States, a further tightening up of safeguards had taken place within the past few years.

In view of the manner in which this statutory provision has been implemented and the doubt which we believe exists as to whether the Department of Agriculture's interpretation thereof is in accordance with the legislative intent, we are suggesting that the Congress may wish to express its views concerning the criteria to be applied in carrying out the law. In this connection, we believe that, if usual-marketing requirements in title I agreements are reduced below historical levels because foreign countries wish to use their foreign exchange resources for economic development or other similar purposes, the reductions are, in effect, comparable to an additional contribution by the United States Government to activities and programs of the type generally carried out by the Agency for International Development. Since these indirect contributions are not reported by that Agency, the Congress may not be fully aware of such development assistance in excess of funds specifically provided under the Agency's program.

Our review disclosed also that the Foreign Agricultural Service used certain criteria and procedures which we believe were not adequate for determining compliance of foreign governments with usual-marketing commitments established in title I sales agreements and for obtaining additional commitments under certain circumstances. As a result, the Foreign Agricultural Service determined, in a number of instances, that foreign governments had complied when, in fact, they had not made the additional commitments or had not carried out their prior commitments to buy commercially certain agricultural commodities. The Administrator, Foreign Agricultural Service, in a letter to us dated October 5, 1965, indicated that, in line with our proposal, certain corrective action would be taken.

These matters are being reported to inform the Congress of the administrative interpretations and practices used in carrying out the title I program, which, in our opinion, have had an adverse effect on dollar sales of United States agricultural commodities and on the balance-of-payments position of the United States, and to suggest that the Congress may wish to express its views on these matters.

Copies of this report are being sent to the Director, Bureau of the Budget; the Secretary of Agriculture; the Secretary of State; the Administrator, Agency for International Development; and the Chairman, Interagency Staff Committee on Agricultural Surplus Disposal.

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

INTRODUCTION

The General Accounting Office has examined into the administrative controls established and the operating procedures followed by the Department of Agriculture for determining and safeguarding the normal sales of agricultural commodities for dollars to foreign countries purchasing the same type commodities for foreign currencies under title I of the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480 (7 U.S.C. 1691). Our examination, which was undertaken as part of a general review of practices followed in administering title I sales, was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The scope of our review is described on page 85 of this report.

GENERAL INFORMATION

Title I of Public Law 480 authorizes the President of the United States to negotiate and carry out agreements with friendly nations, or organizations of friendly nations, providing for the sale of surplus agricultural commodities and for the receipt of payment therefor in the local currencies of the recipient foreign countries. The act authorizes the Secretary of Agriculture to determine the commodities and quantities which may be included in sales agreements negotiated under title I and provides that the Commodity Credit Corporation (CCC) make funds available to finance the sale and exportation of such commodities, whether sold from private stocks or from stocks of CCC.

Title I of Public Law 480 was originally conceived as a measure for disposing of United States surplus agricultural commodities in such a way as to not upset normal trade channels and to bring about an increase in the consumption of such commodities abroad. By authorizing the President of the United States to sell such commodities for local currencies of foreign countries, the Congress removed a sales deterrent which had been caused by the shortage of dollars available to foreign countries to pay for such commodities.

To avoid having sales for local currencies under title I displace normal commercial sales, the Congress has provided in section 101(a), as amended (7 U.S.C. 1701), that, in negotiating sales agreements under title I, the President shall:

“* * * take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries; * * *.”¹

The term “usual marketings” has been defined by the Department of Agriculture as that quantity of a commodity which a country would be expected to obtain from abroad, using its own financial resources, in the absence of imports obtained under concessional arrangements, such as purchases with local currencies under a title I program. It should be noted from this definition that the quantity of a country's former commercial purchases from abroad—that is, its historical purchases—does not necessarily constitute usual marketings. The Department's definition relates primarily to what a country may reasonably be expected to purchase from abroad during a future period. The application of this definition necessarily requires the exercise of informed judgment on the part of Government officials responsible for establishing the level of usual marketings.

The President's first semiannual report, issued in January 1955, on activities under Public Law 480 pointed out the need for carefully scrutinizing each country program developed under Public Law 480 to ensure that normal dollar markets for United States agricultural commodities are protected and to safeguard against the substitution of local currency sales for sales which otherwise would be made for dollars. The report stated that such substitution would result in a budgetary cost without contributing to the solution of the problem of agricultural surpluses.

By Executive Order 10560, superseded by Executive Order 10900 dated January 5, 1961, as amended (7 U.S.C. 1691 (note)), the President delegated to the Secretary of Agriculture all functions conferred upon the President by title I, except those specifically delegated to others in the order. The Secretary of State was specifically delegated the function of negotiating and entering into

¹ The phrase “or normal patterns of commercial trade with friendly countries” was added by the act of September 6, 1958 (72 Stat. 1790).

agreements under title I and all functions under Public Law 480 were made subject to his responsibilities regarding the foreign policy of the United States.

On January 24, 1961, the President established the office of the Director, Food for Peace, in the Executive Office of the President and assigned to the Director responsibility for the continuous supervision and coordination of the President's title I functions which had been delegated or otherwise assigned to other officers or agencies of the Government. The President noted that the delegation to the Director was not to be construed as terminating any delegations or other assignments of title I functions made to other officers or agencies of the Government.²

To carry out his assigned functions under title I, the Secretary of Agriculture, in a memorandum dated October 6, 1954, indicated that the Administrator of the Foreign Agricultural Service (FAS) would "have primary responsibility for carrying out the functions of the Department under title I." At the same time, in order to ensure the effective coordination requested by the President of day-to-day operations through appropriate interagency relationships, the Secretary of Agriculture established the Interagency Staff Committee on Agricultural Surplus Disposal (ISC) and appointed the Administrator, FAS, as chairman.³ The Secretary of Agriculture stated that the functions of the ISC would include the development and review of programs and operations required under title I and the review of basic agreements to be negotiated under title I.

The membership of the ISC comprised representatives of various other departments and agencies, including the Department of State and its Agency for International Development (AID); the Departments of Defense, Treasury, and Commerce; and the Bureau of the Budget. In November 1961, the Secretary of State delegated to AID responsibility for coordinating Department of State and AID positions on title I proposals and for representing the Department of State on the ISC.

The President's first semiannual report on activities under Public Law 480 stated that the ISC was "responsible for consideration of specific proposals for sales or grants and for working out the detailed provisions of agreements, terms of sale, and the like." In actual practice, FAS drafts the proposed terms of title I sales agreements, including the usual-marketing requirements, and submits the drafts to the ISC for consideration. After the draft agreements are reviewed and approved by the ISC, they are forwarded to the Department of State for negotiation with the foreign governments concerned.

The FAS, over the years, has developed a concept of "usual marketings" which, in our opinion, allows for considerable administrative discretion. Thus an official of FAS stated to us:

"* * * we think of * * * [the usual-marketing requirement] as that quantity of an agricultural commodity which the recipient country would buy from free world sources in the absence of P.L. 480 programs. Since, by this definition, there can be no precise method for determining a usual marketing, we arrive at it by reviewing a country's historical imports in light of its ability to buy."

FAS is responsible for initially drafting the proposed terms of title I agreements and for maintaining controls to determine whether foreign countries comply with the usual-marketing requirements contained in title I sales agreements. The principal officials of the Departments of Agriculture and State concerned with the administration of the activities discussed in this report are listed in the appendix.

From inception of the title I program in July 1954 through December 1964, the United States Government entered into sales agreements with 50 foreign governments. The export market value of the agricultural commodities programmed under those agreements, including ocean transportation costs financed by CCC, was \$10.6 billion. The principal commodities programmed and their export market value, not including ocean transportation costs, were wheat and wheat flour (\$5.4 billion), cotton (\$1.3 billion), fats and oils (\$1.1 billion), rice (\$600 million), feed grains (\$500 million), tobacco (\$300 million), and dairy products (\$100 million).

Our review included an inquiry into the factors considered by the Department of Agriculture in establishing usual-marketing requirements and the procedures

² Exec. Order 11252, October 20, 1965 (30 Fed. Reg. 13507), transferred all functions of the Director, Food for Peace, to the Secretary of State effective November 1, 1965.

³ In April 1956, the Assistant Administrator, Market Development and Programs, now designated as Assistant Administrator, Export Programs, was appointed chairman of the ISC in lieu of the Administrator.

it used in determining compliance with such requirements. In that connection, we reviewed in varying degrees the situations involved in title I agreements signed with 15 foreign countries for sales of wheat and wheat flour, cotton, and tobacco. These sales agreements represented about 50 percent of the export market value of all commodities programmed to all countries under title I agreements through June 1964. The particular countries and commodities included in our review were selected with the objective of obtaining a comprehensive view of factors affecting the establishment of usual-marketing requirements. Our review did not include all aspects of the administration of title I activities.

In a report to the Congress entitled "Displacement of Commercial Dollar Sales of Tallow to the United Arab Republic," issued on July 20, 1965 (B-156922), we expressed the opinion that, because of overriding foreign policy considerations, commercial sales of tallow by the United States were displaced by title I sales for foreign currencies. We also submitted a report (classified "confidential") to the Congress entitled "Effects of Foreign Currency Sales On Commercial Sales of Wheat to the United Arab Republic * * *" (B-157438, March 11, 1966).

FINDINGS AND MATTER FOR CONSIDERATION OF THE CONGRESS

The United States has experienced significant decreases from its historical level of sales of agricultural commodities for dollars to some foreign countries that have been purchasing the same type commodities from the United States for foreign currencies under title I, Public Law 480. Foreign currencies received from such sales are not as valuable as dollars because, in many countries receiving commodities under title I, the United States has accumulated foreign currencies which are surplus to its requirements and because, for the most part, the foreign currencies received are not convertible into dollars and are generally restricted to the uses stipulated in sales agreements entered into between the United States Government and the foreign governments.

We analyzed export statistics applicable to three commodities purchased for dollars by 15 foreign countries which also received one or more of the same type commodities with title I financing. For 12 of the countries, we found sufficient information on one or more of the commodities to establish a reasonably firm figure as to the annual quantities that those countries had purchased commercially from the United States before they started receiving the same type commodities under title I (also referred to as "historical purchases"). We then ascertained the quantities which the countries had purchased commercially from the United States from the time they first received the same type commodities under title I through fiscal year 1963.

Our comparison of these data showed that, after the foreign countries started receiving the commodities under title I, they decreased their commercial dollar purchases of the same type commodities. We estimate that, through fiscal year 1963, these commercial dollar purchases totaled about \$715 million less than those which the countries would have made had they maintained the level of their historical purchases, as follows:

Estimated decreases in historical dollar sales from inception of title I program through fiscal year 1963

Commodity	Number of countries in analysis ¹	Amount of decreases (millions)
Wheat and wheat flour.....	7	\$353.1
Cotton.....	6	275.0
Tobacco.....	8	86.4
Total.....		714.5

¹ For 1 or more of the 3 commodities, certain of the 15 countries had increased their dollar purchases during the period (totaling about \$10.1 million), and, in a number of cases, we could not readily determine a sufficiently reliable basis for establishing historical purchases on which to estimate decreases.

Decreases in sales of agricultural commodities for dollars are of added significance in view of the currently unfavorable international balance-of-payments position of the United States.

Because of the complexities involved in isolating the effects of various factors on international trade, there is no way of conclusively determining the causes

of the decreases. In this connection, we note, however, that one of the provisions of Public Law 480 provides that, in negotiations of agreements for the sale of agricultural commodities under title I, reasonable precautions be taken to safeguard usual marketings of the United States. Therefore, the manner in which this requirement is interpreted and administered is, in our opinion, one factor directly affecting the amount of agricultural commodities sold by the United States for dollars.

In our opinion, the decreases which occurred from historical sales of commodities to certain foreign countries for dollars could be attributed, in part, to the fact that the United States Government had negotiated title I sales agreements which did not include terms and conditions designed to avoid such decreases; however, we are unable to conclude whether the omission of such terms and conditions was contrary to the intent of the Congress. In addition, we believe that certain procedures have not been adequate for determining and obtaining compliance by foreign governments with the terms and conditions of negotiated agreements.

**TITLE I AGREEMENTS LACKED TERMS AND CONDITIONS DESIGNED TO AVOID DECREASES
IN SALES OF AGRICULTURAL COMMODITIES FOR DOLLARS**

Title I agreements for the sale of agricultural commodities for foreign currencies to countries formerly purchasing such commodities for dollars often either did not require the foreign countries to purchase a specific additional quantity of the same type commodities for dollars from the United States or required the foreign countries to purchase quantities for dollars which were less than their historical purchases.

The legislative history of Public Law 480 and subsequent statements by officials of the executive branch of the Government before congressional committees show that it was the intent of the Congress, in section 101(a) with respect to usual marketings, to require, among other things, that programs under title I be administered in a manner which would not displace the usual sales of commodities for dollars by the United States but which would result in sales additional to such usual dollar transactions.

Officials of the Department of Agriculture have stated that, for purposes of Public Law 480, determinations of usual sales of commodities for dollars by the United States are made on the basis of the dollar sales made to a foreign country during a representative historical period of from 3 to 5 years, with due consideration given to the country's current ability to buy commodities for dollars. Our review showed that the historical reference period generally preceded the year in which commodities were first furnished to the foreign country under title I.

Title I sales agreements negotiated with foreign governments usually contain a standard provision whereby the foreign governments agree to:

"* * * take reasonable precautions to assure that all sales and purchases of agricultural commodities pursuant to this Agreement will not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries."

This standard provision, which is consistent with the wording of section 101(a), is included even in those situations where United States Government officials determine that the foreign governments will not be required to purchase from the United States for dollars any of the same type commodities being furnished under title I.

A Department of State attorney concerned with title I matters informed us that the standard usual-marketing provision included in title I sales agreements was not intended to obligate foreign countries to purchase any specific or minimum quantity from the United States. Instead, he said, the purpose of the provision was to protect United States interests against unanticipated situations.

For example, if there was a change in the conditions upon which a determination originally had been made to not require any purchases for dollars under a title I sales agreement, the standard provision could be used as a basis for requesting a foreign country to purchase a portion of its commodity needs for dollars from regular commercial sources. When a determination had been made, however, that a country desiring to purchase commodities for foreign currencies under title I would normally purchase commercially the same type commodities from the United States or from countries friendly to the United States, the attorney indicated that provisions requiring such commercial purchases in

specified quantities were included in correspondence between representatives of the United States Government and the foreign government. This correspondence, known as an exchange of notes, became part of the overall title I agreement.

The provisions in the exchange of notes may require that specified quantities be purchased commercially by the foreign countries from United States sources (referred to as a United States usual-marketing requirement) or from free world sources (referred to as a global usual-marketing requirement). The global requirement may stipulate that a specific minimum quantity be purchased from the United States.

Our review of records at the Department of Agriculture and discussions with officials of the Department and the Agency for International Development (AID) disclosed several recurring reasons why title I sales agreements often did not include specific provisions designed to avoid a decrease from the United States historical sales of agricultural commodities for dollars to the foreign countries purchasing the same type commodities under title I.

These reasons may be summarized as (1) the administrative decision, in recognition of the general principle of free trade, to eliminate the requirement in certain title I agreements that specific quantities of commodities be purchased commercially from the United States and to substitute a global requirement that such commodities be purchased commercially from free world sources, including the United States, (2) the belief of Government officials that requirements for commercial purchases from the United States should be reduced or eliminated because foreign countries were considered unwilling or financially unable to meet their historical commercial purchases of agricultural commodities, and (3) the decision, based primarily on foreign policy considerations, to omit from certain title I agreements adequate provisions for protecting the dollar sales historically made by the United States. Also, primarily because of foreign policy considerations, commercial sales may have been lost where title I sales agreements were signed with foreign countries which were, in the opinion of officials of the United States Government, financially able to purchase commercially all their requirements for such commodities.

Our review of records at the Department of Agriculture and discussions with officials of the Department and AID disclosed that frequently there were a number of different considerations involved in the decreases from historical dollar sales and in the reductions made by the Department in the usual-marketing requirement from one year to the next. In the following sections, we have directed attention to decreases in which the dominant contributing factors appeared to be one or more of the several recurring reasons previously cited.

Required use of United States sources for commercial commodity purchases changed to use of free world sources

We noted that, since about 1959, title I agreements providing for the sale of wheat for foreign currencies did not require that foreign countries commercially purchase additional specified quantities of wheat from the United States but required only that they purchase those quantities commercially from free world sources. We found that annual commercial purchases of wheat from the United States by certain foreign countries were substantially less under these agreements than they had been under prior title I agreements which required specific commercial purchases of wheat from the United States. Although in some cases commercial purchases from the United States increased after elimination of the specific United States usual-marketing requirement, such increases would not have been precluded if the requirement had been retained in such agreements.

The change in practice apparently was related to the act of September 6, 1958 (72 Stat. 1790), which amended section 101(a) of Public Law 480 to provide that, in addition to taking reasonable precautions to safeguard the usual marketings of the United States, the President take precautions to ensure that sales under title I would not unduly disrupt normal patterns of commercial trade with friendly countries.

Shortly after passage of this amendment, the then Acting Administrator, Foreign Agricultural Service (FAS), in a memorandum dated January 21, 1959, to the Assistant Secretary of Agriculture, indicated that the Department of State was insisting that a title I sales agreement then being drafted for country A not include a United States usual-marketing requirement for wheat. Such a requirement had been included in the previous title I agreement with that country.

The Acting Administrator indicated that the Department of State was unwilling to consider a reduced usual-marketing requirement for United States wheat

and was seeking to establish a principle of no United States specific usual-marketing requirement for wheat or flour. The Acting Administrator stated that there was nothing in the legislative history of Public Law 480 to support the premise that specific United States dollar trade was not to be protected to the fullest reasonable extent and indicated that this insistence by the Department of State represented another move in a continuing line of similar moves to eliminate specific United States usual-marketing requirements. He recommended that the Department of Agriculture insist on a specific United States usual-marketing requirement in the title I agreement because "if we yield on the principle we may well see the end of U.S. usual marketing requirements. We must hold firm in order to support the intent of the law and in the interest of protecting our dollar market."

Nevertheless, a practice was adopted of omitting from subsequent agreements covering wheat the requirement that foreign countries buy commercially specified quantities of wheat from the United States and of substituting a global usual-marketing requirement which did not commit foreign countries to buy specified quantities from the United States.

An FAS official informed us that adoption of the practice was based, in part, on Cabinet-level decisions which required "greater consideration of the normal marketings of nations friendly to the U.S." In this connection, an AID official informed us that the revised practice was in accord with the position taken by the United States in various forums "where we espouse the principle of free trade and urge other countries to remove restrictive practices". The AID official indicated, however, that foreign relation problems on commodities other than wheat were not as significant and that, consequently, it was not necessary to eliminate the concept of specifying a United States usual-marketing requirement with respect to those commodities.

Although the foreign relation problems on commodities other than wheat were stated to be not as significant as those on wheat, our review disclosed that the practice had been followed in connection with some title I agreements involving other commodities. For example, country B purchased substantially less cotton from the United States than it had purchased formerly when the title I agreement had specified the United States usual-marketing requirement, however, the country maintained its commercial purchases from free world sources other than the United States at about their normal levels.

In our opinion, there is nothing in Public Law 480 which requires the elimination from title I sales agreements of the requirement that foreign countries purchase commercially from the United States specific minimum quantities of the same type commodities being furnished under title I for foreign currencies. This requirement, on the contrary, appears to have been a logical administrative action designed to carry out that section of the law which provides that, in negotiating agreements under title I, the President take reasonable precautions to safeguard usual marketings of the United States.

The 1958 amendment to Public Law 480, which added the legal requirement that, in negotiating agreements under title I, the President take precautions also to ensure that sales under title I not unduly disrupt normal patterns of commercial trade with friendly countries, did not eliminate the requirement for safeguarding the usual marketings of the United States, nor did it, in our opinion, require a change in the more effective administrative policy then used for implementing that requirement. As explained by an official of AID, however, the practice previously followed of requiring the recipient foreign country to buy additional specified quantities of the same commodities from the United States for dollars might have represented some conflict with the general principle of "free trade."

The Associate Administrator, FAS, informed us that, although it was true that since 1959 FAS had not generally specified a separate requirement for purchasing wheat from the United States, FAS reserved the right to establish such a separate requirement if it should be needed. He indicated, however, that, as a result of the practice being followed by FAS, considerable advantage had accrued to the United States in its relations with other wheat-exporting countries without any significant losses in the total export sales of United States wheat for dollars. In this connection, he indicated that, if another wheat-exporting country obtained part of the United States historical dollar market for wheat in the recipient country, the exporting country would, in his opinion, have less wheat to sell in other markets. As a result, according to the Associate Administrator, the United States would probably sell more wheat in such other markets than it otherwise would.

We agree that it is conceivable that the United States may have sold more wheat than it otherwise would to some third country as a result of allowing its historical dollar market for wheat to be displaced in a country receiving wheat under title I. We believe, however, that the practice followed by FAS results in replacing positive controls for protecting usual marketings of the United States with reliance on possible global occurrences which are not within the control of United States officials.

Foreign countries considered unwilling or financially unable to meet level of their historical purchases

Provisions for adequately protecting the historical sales of agricultural commodities for dollars were not included in certain title I sales agreements because the foreign countries were considered by Government officials to be unwilling or financially unable to purchase commercially quantities equal to their historical purchases of the same type commodities that were being furnished under title I. Our review disclosed, however, that the foreign countries generally had sufficient resources with which to continue buying such quantities with dollars but preferred to use their available resources for other purposes which they considered more important.

Officials of the Department of Agriculture have stated that the quantity of a commodity which a foreign country will be required to purchase commercially in addition to that which will be provided under title I is based on the quantity actually purchased during a representative historical period of from 3 to 5 years, unless there are extenuating circumstances. According to the officials, exceptions are made when the foreign country's foreign exchange position is so weak that it is undesirable, in terms of overall United States objectives, to insist that a substantial part of the foreign country's limited foreign exchange holdings be used to maintain usual commercial imports of food or fiber. In this connection, a responsible official of FAS wrote to us, during the course of our review, and stated:

"* * * Therefore, in determining the size of the usual marketing, the Inter-agency Staff Committee is sometimes faced with selecting one of two alternatives which are to: (1) sell nothing, or (2) adjust usual marketing requirements in some cases below previous years' levels as a reflection of a deteriorating financial condition under which a country is unwilling to allocate foreign exchange for imports of agricultural commodities. * * *

Examples of where a foreign country's financial condition, or unwillingness to use its own resources to purchase agricultural commodities, was an important consideration in establishing usual-marketing requirements follow.

Country B.—Tobacco was being provided under title I sales agreements that did not include requirements for country B to purchase any tobacco commercially. An FAS official informed us that United States tobacco was considered a luxury item in country B and that the decrease in dollar sales of tobacco from those previously made by the United States was attributed to country B's need to utilize its foreign exchange for higher priority purchases and for industrial goods. The official stated that, in the course of negotiating a title I sales agreement, the government of country B stipulated that it would not, under any circumstances, agree to a usual-marketing requirement for tobacco.

Country C.—Title I agreements signed prior to April 1960 included a provision that country C must commercially purchase a specific quantity of tobacco from the United States. A title I sales agreement signed in April 1960 did not include such a requirement. An FAS official had recommended against a usual-marketing requirement because he considered country C to be in a weak financial position. This action was taken even though information in FAS files indicated that signing a title I agreement without some provision for usual marketings would result in a displacement of dollar sales.

Prior to signing the title I agreement in April 1960, an FAS official in Washington, D.C., wrote to an American Embassy official in country C, stating that FAS was anxious to move the maximum practicable quantity of tobacco under the title I program and that "if we could get a formal communication, in the meantime, regarding * * * [country C's] future intention of allocating no additional dollars for purchase of tobacco, it would facilitate our getting approval for the program here." The embassy official replied that officials of country C had assured him categorically that they would not be able to allot free foreign

exchange for the importation of tobacco. In this connection, an FAS official wrote to us, during the course of our review, and stated as follows:

"* * * [Country C's] holdings of gold and foreign exchange, which reached \$400 million in December 1959, are not necessarily relevant to * * * [country C's] ability or willingness to buy tobacco when more essential imports are needed. Furthermore, the Government was busily engaged in reorganization and building programs after the bloodless coup d'etat the year before, and wasn't about to purchase with its own resources a luxury item."

Similarly, our review disclosed that usual-marketing requirements for tobacco purchases were reduced or eliminated in title I agreements signed with three other countries, because those countries would not allocate foreign exchange for commercial purchases of tobacco.

We found also that foreign countries obtained other title I commodities at the same time that they were allowed to reduce purchases of such commodities from the levels of previous commercial purchases from free world sources, because they preferred to use their foreign exchange for purposes other than purchasing food. For example, the United States had agreed that, because of country B's financial situation, the usual-marketing requirement for wheat for fiscal year 1963 had to be reduced to half the quantity that country B previously had been required to purchase commercially—a reduction from 400,000 to 200,000 metric tons. Previously, the Government of country B had objected strongly to a usual-marketing requirement of 400,000 metric tons and, according to an FAS official, insisted that such a requirement "would force them to use hard currency for the purchase of wheat which could better be used on economic development projects."

The Associate Administrator, FAS, informed us that, in the cases discussed above, a careful judgment had been made as to whether the foreign countries would be able to maintain their historical dollar purchases and that the conclusion had been, and was, that they could not reasonably be expected to do so. He indicated that, if FAS had insisted on retaining the usual-marketing requirements in the face of deteriorating foreign exchange positions, many of the Public Law 480 programs would have been reduced and some of them might not have been concluded at all. If this had happened, according to the Associate Administrator, FAS would not have met the objective of the law which was to meet consumption needs of countries that did not have foreign exchange resources to provide for such needs out of their own earnings.

Most of the foreign countries that receive agricultural commodities from the United States under title I are considered to be "underdeveloped countries." These countries generally are in the process of carrying out economic development projects for which substantial foreign exchange resources are required to import technical services, capital equipment, and industrial goods. The United States Government, primarily through the Agency for International Development, often contributes substantial financial assistance to those countries for their economic development projects. To the extent that the foreign countries are required under title I sales agreements to use their foreign exchange resources for purchasing agricultural commodities commercially, those countries have that much less of their own foreign exchange available for economic development projects or for other preferred purposes.

We believe that, if usual-marketing requirements in title I agreements are reduced below historical levels because foreign countries wish to use their foreign exchange resources for economic development or other similar purposes, the reductions are, in effect, comparable to an additional contribution by the United States Government to activities and programs of the type generally carried out by AID. Since these indirect contributions are not reported by AID, the Congress may not be fully aware of such development assistance in excess of funds specifically provided under the AID program.

Reductions in sales for dollars related to foreign policy considerations

Foreign policy considerations often were cited by United States Government officials as one of the justifications for signing title I sales agreements which did not contain requirements adequate for maintaining the level of the United States historical sales of agricultural commodities for dollars. Further, primarily because of foreign policy considerations, commercial sales may have been lost where title I sales agreements were signed with foreign countries which were, in the opinion of officials of the United States Government, financially able to purchase commercially all their requirements for such commodities.

Our review indicated that rarely had political considerations been advanced as the sole justification for United States officials negotiating title I sales agreements with foreign countries. It was not unusual, however, for foreign policy to be advanced as an important consideration in establishing the level of usual-marketing requirements in sales agreements. The extent to which foreign policy considerations significantly affect title I agreements is illustrated in the following situations.

Country D.—Prior to November 1958, title I sales agreements required country D to purchase commercially from free world sources (global usual-marketing requirement) 245,000 metric tons of wheat, of which 125,000 metric tons were to be purchased commercially from the United States. Substantial quantities of the wheat which country D purchased commercially from the United States under those agreements were financed by AID.

The title I agreement signed with country D in November 1958 provided for a reduction of the global usual-marketing requirement from 245,000 to 150,000 metric tons; the reduced amount included 50,000 metric tons to be purchased commercially from the United States. The record showed that the requirement was reduced even though representatives of the Department of Agriculture had proposed that the usual-marketing requirement remain at the higher level.

An AID official indicated to us that at least part of the reduction in the global usual-marketing requirement could have been attributed to a high-level political decision to increase the quantity of wheat which originally was to be provided to country D for local currencies under title I. The AID official indicated also that, after it was decided to decrease the wheat quantities specified in the global requirement, it was necessary to reduce also the portion of the requirement relating to wheat to be purchased commercially from the United States so that the usual marketings of another wheat-producing country would be protected.

In a letter dated October 27, 1958, to the Acting Secretary of Agriculture, the Under Secretary of State had recommended that the quantity of wheat to be purchased commercially from the United States be reduced since such reduction would help United States relations with the other wheat-exporting country. In this connection, the AID official wrote to us that a "country would not object if we could take over its market in a country if it is done with fair competitive practices. It does object, however if we do it on concessional terms in a manner which is as irrational as the case of * * * [country D] * * *."

Another title I sales agreement with country D, which was signed in December 1962, provided for a further reduction in the global usual-marketing requirements, from 150,000 to 125,000 metric tons a year for calendar years 1963-65, with no requirement that a specific quantity be purchased commercially from the United States. In this connection, the minutes of the Interagency Staff Committee dated August 16, 1962, contained the following explanation.

"The Bureau of the Budget favored a Title IV program [long-term credit sales repayable in dollars] instead of the proposed Title I program, because of * * * [country D's] improved economic position and because of the Embassy's recommendations. Commerce concurred in this position. Agriculture, State and AID favored a Title I program for political reasons. * * *"

At the time the December 1962 agreement was signed, country D was rated by the International Monetary Branch of the Economic Research Service (ERS), Department of Agriculture, as being in a "good" financial position. A "good" financial rating is defined by ERS as meaning that a country has "exchange holdings, if prudently managed, adequate to meet current import needs without difficulty; balance of payments situation under control; outlook either favorable or stable and without major adverse elements." This rating is intended to indicate that a foreign country is able to pay hard currencies, such as dollars for its import requirements. An official of FAS informed us that the United States had signed the title I sales agreement with country D only because of the foreign policy considerations involved but that the Department of State had not furnished written justification in support of such considerations.

In this connection, an AID official wrote to us, during the course of our review, and stated that:

"Title I agreements with this country are very difficult to follow. Figures don't 'stand still' and do not mean too much. Reasons for this situation are political—both in the U.S. as well as abroad."

Country E.—A title I agreement was signed in October 1962, although officials of the Departments of Agriculture and Treasury had stated that coun-

try E was then in a position to purchase its import needs on a full commercial basis. In this connection, an official of FAS wrote to the United States agricultural attache in country E on October 15, 1962, as follows:

"The basic situation as it appears to us is that * * * [country E] has very likely already achieved a state of economic development which makes it possible to purchase import needs on a full commercial basis. For your information this is the judgment of the Treasury Department as well as our judgment. Therefore, if it were not for strong political reasons advanced, it is quite likely that the decision on purely economic grounds would have been for no PL 480 program at all. * * *"

Country F.—A title I agreement was signed in August 1961 because, according to files in FAS, the Department of State considered the agreement important for foreign policy reasons. In connection with tobacco to be furnished under the title I program, memorandums of conversations with interested third countries indicated that representatives of the Department of State had informed the third countries that the tobacco to be provided country F under the title I program would be at the expense of United States sales of tobacco for dollars and that "the PL 480 sales which we had been making to * * * [country F] each year since 1955 had on the whole been at the expense of United States dollar sales rather than third country sales."

The Department of Agriculture's opposition to the sale was explained in a Department of State memorandum, as follows:

"* * * the sale of tobacco to * * * [country F] under PL 480 was no longer justified on economic grounds. In fact, the sole justification of the proposed sale was the political considerations involved. The USDA [United States Department of Agriculture] did not favor the proposed sale, since it was convinced that * * * [country F] would pay dollars for all the American tobacco it needed and that the PL 480 sale would thus displace dollar sales. The USDA had agreed to the program only because the State Department has asked it to for political reasons."

We noted several other instances where foreign policy considerations influenced title I determinations. In replying to our inquiries, an FAS official advised us, in part, as follows with respect to such considerations for specific country programs.

Country G.—"Usual marketings for wheat, tobacco and feed grains were omitted on the basis of foreign policy reasons in favor of assisting * * * [country G] in its difficult financial position resulting from the earthquake."

Country H.—"The record indicates that although * * * [country H's] financial position was relatively favorable, there were strong over-riding foreign policy considerations, both political and economic, that made a PL 480 program for * * * [country H] desirable."

Country J.—"Finally there were over-riding political considerations throughout the thread of negotiations which has to be dealt with in terms of U.S. long range objectives and enlightened self interest."

Country K.—"In order to foster political and economic relations, the Department of State requested the Interagency Staff Committee to consider initially a Title I program for wheat."

The Associate Administrator, FAS, informed us that in some cases foreign policy considerations had necessarily influenced the establishment of usual-marketing requirements and that, if FAS had, in some of those cases, insisted upon rigid maintenance of usual-marketing requirements at historical levels regardless of the financial condition of the country, the program would not have met the objectives of Public Law 480. Also, regarding the question as to the conditions under which countries would be considered eligible to receive commodities under title I, the Associate Administrator stated that it was the policy of the Department of Agriculture, as the foreign exchange positions of foreign countries improve, to move them from title I foreign currency sales to title IV long-term dollar credit sales and, ultimately to straight commercial sales.

Although Public Law 480 cites the improvement of foreign relations of the United States as one of its objectives, we found nothing in the act or its legislative history that would clearly resolve the frequent conflict between the expressed need to recognize foreign policy considerations and the need to take action to avoid decreases in dollar sales by the United States. We found that, when such conflicts arose, foreign policy considerations generally were held to be overriding.

Overall agency comments

In a letter dated August 17, 1965, the Associate Administrator, FAS, commented on the matters discussed in this report. Officials of AID, the Department of State, and ISC informed us that they had no comments to offer. The comments of the Associate Administrator were further clarified in a meeting with us on September 9, 1965, and were supplemented by a letter dated October 5, 1965, from the Administrator, FAS.

The Associate Administrator, FAS, stated that he believed that the title I, Public Law 480, program had been operated in accordance with the legal requirement to take reasonable precautions to safeguard usual marketings of the United States. Although recognizing that, when compared with historical sales, sales of agricultural commodities for dollars to certain foreign countries included in our review had decreased, the Associate Administrator believed that it was not possible realistically to demonstrate that the foreign countries would have made additional purchases of agricultural commodities for dollars. He indicated that countries experiencing balance-of-payment difficulties might well have chosen to reduce consumption rather than to use scarce dollar exchange to buy food in quantities equal to their historical purchases. In this connection, the Associate Administrator indicated also that, while it was recognized that the law did not prescribe the factors which should be considered in safeguarding usual marketings of the United States, he believed that the factors considered by United States officials had been appropriate.

Further, the Associate Administrator stated that, although all title I agreements had been developed to include reasonable precautions to safeguard usual marketings of the United States, a further tightening up of such safeguards had taken place within the past few years in furtherance of the President's instructions to make savings in the United States balance of payments through Public Law 480 operations. In this connection, he indicated that, if one were to consider usual marketing as a possible range of dollar sales obtainable rather than as a specific determinable figure, United States officials currently attempt to establish usual-marketing requirements in amounts which they believe to be as close to the top of the range as they consider obtainable.

Conclusion

We believe that the decrease in sales of agricultural commodities for dollars discussed herein may be attributed, in part, to recognition given by Government officials to the principle of free trade, the desire of foreign governments to use their available resources for purposes other than the purchase of agricultural commodities, and the matter of overriding foreign policy considerations. We believe that recognition of these factors in the determination of usual marketings may have had an adverse effect on the dollar sales of the United States and on its related balance-of-payments position. Although we believe that certain practices followed by United States officials have contributed to decreases from the level of historical sales for dollars of agricultural commodities, such practices have, for the most part, resulted not from weaknesses in program administration but from the particular interpretations placed by Government officials on the legislative provision concerning safeguards over such dollar sales.

Our review of Public Law 480 and its legislative history did not disclose what actions would be considered by the Congress as constituting compliance with the statutory admonition to "take reasonable precautions" to safeguard the usual marketings of the United States, what factors should be considered in determining the quantities of commodities that would constitute "usual marketings," and under what conditions countries would be considered eligible to receive commodities under title I.

Matter for the consideration of the Congress

In view of the manner in which the statutory provision for safeguarding usual marketings under Public Law 480 has been implemented and the doubt which we believe exists as to whether the Department of Agriculture's interpretation thereof is in accordance with legislative intent, the Congress may wish to express its views concerning the criteria to be applied in carrying out the law.

INADEQUATE CRITERIA AND PROCEDURES FOR OBTAINING AND DETERMINING
COMPLIANCE WITH USUAL-MARKETING COMMITMENTS

Our review of selected agreements disclosed that FAS used certain criteria and procedures which we believe were inadequate for determining compliance of

foreign governments with usual-marketing commitments established in title I sales agreements and for obtaining additional commitments under certain circumstances. As a result, FAS determined, in a number of instances, that foreign governments had complied when, in fact, they had not made additional commitments or had not carried out their prior commitments to buy commercially certain agricultural commodities. We estimate that the additional commitments not obtained, and those obtained but not carried out, had sales values totaling in excess of \$3 million.

In addition, we noted similar situations involving commitments with sales values of about \$3 million, which, in our opinion, had not been properly administered by FAS but which may not have resulted in decreases in dollar sales because the sales values could have been offset against purchases made in excess of usual-marketing requirements stipulated in later years. We noted also a \$1.9 million shortfall (deficit) involving a global usual-marketing requirement, part of which could have represented a decrease in United States dollar sales.

As previously noted, usual-marketing commitments are obtained from foreign governments in the negotiation of title I agreements as a means of safeguarding the normal foreign commercial markets of the United States and of friendly foreign countries against the possibility of displacement by title I sales. Responsibility for determining compliance by foreign governments with their commitments and for obtaining additional commitments under certain circumstances, as well as for maintaining the necessary controls to accomplish those functions, has been assigned to FAS. In our opinion, however, FAS top management has not provided adequate written criteria, procedures, or instructions for the guidance of its operating personnel, as to specific personal responsibilities for carrying out these functions.

We noted the following deficiencies which are discussed in detail in subsequent sections of this report: (1) shortfalls in meeting requirements were, in effect, waived when they were offset against purchases made when no usual-marketing requirements existed, (2) inconsistent types of information were used for determining compliance with usual-marketing commitments, (3) data used in determining compliance with usual-marketing requirements were not adequately analyzed, (4) periods for delivery of title I commodities were extended but additional usual-marketing commitments were not obtained, and (5) certain additional usual-marketing requirements were not recorded for compliance follow-up.

Shortfalls offset against purchases made when no usual-marketing requirements existed

When shortfalls occurred in the commercial purchases which title I agreements required foreign countries to make during specified periods of time, FAS followed a practice of offsetting such shortfalls against dollar commercial purchases made in subsequent periods when no usual-marketing requirements were in effect. In our opinion, this practice has had the effect of improperly waiving certain usual-marketing requirements and of negating those terms of title I agreements which were designed to safeguard usual marketings.

When considering the sale of a commodity for foreign currencies to a country, representatives of the United States Government determine whether the country normally would purchase commercially the same type commodities from the United States, or from countries friendly to the United States, in the absence of a title I agreement. If they determine that such commercial purchases would be made, the representatives, in order to comply with the legal requirements for safeguarding usual marketings, negotiate a title I sales agreement committing the foreign country to buy commercially additional specified quantities of the same type commodities during the period of time—usually 1 year—set forth in the agreement. If the foreign country does not carry out its purchase commitments during the specified period, the shortfalls in quantities purchased are carried forward and added to any usual-marketing requirements established for that country in a title I agreement during the following year.

Our review disclosed situations, however, where no title I agreements were in effect in subsequent periods and, therefore, no usual-marketing requirements had been established for the periods to which the shortfalls were being carried forward. These situations occurred either because of a lapse of time between the termination of one title I agreement and the signing of another or because of the termination of the title I program in the foreign country. As a result, all commercial purchases made by a foreign country during a period when no new usual-marketing requirements had been agreed to were counted by FAS as help-

ing the country meet its shortfall in compliance with the usual-marketing requirements set for the previous period. FAS did not, however, require that the foreign country make good its shortfall through commercial purchases in the subsequent period over and above those which the country normally would have made.

For example, under a title I agreement for calendar year 1960, country K fell short by 194 metric tons in meeting its usual-marketing requirement of 1,500 metric tons of tobacco to be purchased from the United States. The next title I agreement with country K, signed in October 1961, established a new usual-marketing requirement of 1,500 metric tons of tobacco for the period July 1, 1961, to June 30, 1962. Thus, during the 6-month period January 1961 through June 1961, no usual-marketing requirement for tobacco was in effect. During those 6 months, however, country K bought 420 metric tons of tobacco from the United States and FAS offset against those commercial purchases the 194-metric-ton shortfall—having a sales value of about \$300,000—carried forward from calendar year 1960.

On the basis of the usual-marketing requirements of 1,500 metric tons a year established for the 1-year periods prior and subsequent to the interim 6-month period, it appears that country K would normally buy 750 metric tons of tobacco from the United States during a 6-month period. Therefore, we believe that the shortfall of 194 metric tons of tobacco for calendar year 1960 should have been offset against commercial purchases of tobacco during the interim 6-month period only to the extent that such purchases exceeded the normal sales of 750 metric tons.

Our review disclosed also that about \$316,000⁴ in usual-marketing requirements for countries D and J had, in effect, been waived as a result of shortfalls in compliance being offset in a manner similar to that described for country K.

In views of FAS's inherent responsibility for properly administering those terms of title I agreements designed to safeguard the usual marketings of the United States, we believe that FAS should offset shortfalls only against those commercial purchases in subsequent periods that exceed the foreign country's normal purchases for such periods.

In response to our suggestion, the Associate Administrator, FAS, advised us that he believed that it would be inappropriate to invoke a specified usual-marketing requirement against a foreign country during a period when Public Law 480 commodities were not being received by the country. He stated, however, that the current FAS practice was not to allow shortfalls to be offset during such a period but to consider including them in establishing usual-marketing requirements for the next agreement period.

We believe that the new procedure, if properly implemented, should help to obtain for the United States those dollar commercial sales to which it is entitled under the terms of title I agreements.

Inconsistent types of information used for determining compliance with usual-marketing commitments

The FAS did not use consistent types of information in determining whether foreign countries had complied with their usual-marketing commitments during successive periods, which resulted in an increase in the possibility of commercial purchases by a foreign country being counted more than once toward compliance with such commitments. In this connection, we noted that the records did not show the shortfalls that would have been disclosed if FAS had used consistent information.

In determining whether foreign countries had complied with their commitments to purchase specific quantities of commodities commercially in the United States, FAS generally used export statistics published monthly by the United States Department of Commerce. The Department of Commerce compiles these statistics on the basis of quantities shipped from the United States during each month but not necessarily delivered overseas during the same period. We noted a number of instances, however, where FAS had determined compliance in certain periods on the basis of information which was not consistent with the Department of Commerce export statistics used in prior and succeeding periods. Had FAS made its determinations on the basis of export statistics,

⁴ Includes about \$200,000 which could properly have been offset against purchases made by country J in excess of usual-marketing requirements in a period following that used by FAS for the offset. Therefore, the \$200,000 is not included in our estimate of \$3 million in decreased sales cited on pages 78-79.

it would have found that certain foreign countries had not complied with their commitments for the periods involved.

In the instances noted, FAS had used information other than that furnished by the Department of Commerce, relating to such items as quantities imported or purchased by the foreign countries. This other information indicated compliance with usual-marketing commitments, whereas the Department of Commerce information normally used did not. Furthermore, the use of inconsistent types of information—such as reports on exports from the United States in one year and on imports by the foreign countries in the next—could result in the same commercial purchase being counted toward satisfying usual-marketing commitments for each of 2 years, when commodities are exported toward the close of one year but not received overseas and classified as import until the next year.

For example, on the basis of Department of Commerce data showing exports from the United States, FAS initially determined that country K had fallen short by 337 metric tons of tobacco (valued at about \$520,000) in meeting its usual-marketing commitment to purchase commercially not less than 1,500 metric tons of tobacco from the United States during fiscal year 1962. Export data had been consistently used in 1961 and prior periods for determining whether country K had complied with its usual-marketing commitments. In this instance, however, FAS revised its initial determination to show that Country K had met its fiscal year 1962 usual-marketing commitment. This revision was made on the basis of a message from the American Embassy in country K that an official of a local tobacco company "stated further that his company contracted for 1,726,890 net kilograms [about 1,727 metric tons] of leaf tobacco from the U.S. valued at 2.5 million payable in free dollars." Although this information was used for determining compliance, it merely showed a contractual relationship and did not show that 1,500 metric tons of tobacco had been shipped to country K during 1962 in satisfaction of its commitment.

FAS used still another type of information—reports on actual imports by country K compiled by the American Embassy—to determine compliance by that country with its usual-marketing commitment to purchase tobacco commercially from the United States during fiscal year 1963. Thus three different types of information were used for determining compliance with usual-marketing commitments in three successive periods: (1) 1961, United States exports reported by the Department of Commerce, (2) 1962, an unsupported statement furnished by the American Embassy as to the quantity of tobacco contracted for by a company in country K, and (3) 1963, imports reported by the American Embassy. The two last types of information could have resulted in duplications, in that the quantities contracted for and counted in fiscal year 1962 may have actually been imported in fiscal year 1963 and counted again in that year when import data were used to determine compliance. We found no indications that FAS had attempted to reconcile the information.

In another case, a title I agreement with country L committed that country to purchase commercially from the United States 80,000 metric tons of wheat by September 30, 1959, and an additional 80,000 metric tons by June 30, 1960. FAS determined that country L had complied with its first commitment, on the basis of two contracts providing for Commodity Credit Corporation-owned wheat to be bartered to that country. Compliance with the second commitment was determined on the basis of actual wheat exports from the United States. The export data, according to FAS, included quantities exported under the barter contracts and previously counted toward the first commitment. If FAS had consistently used actual data on exports from the United States in determining compliance by country L with its two usual-marketing commitments, FAS records would have shown a shortfall of 31,500 metric tons of wheat purchases (valued at about \$2 million⁵) by that country in meeting its usual-marketing commitments.

Since most countries receive the same type commodities under title I agreements for several successive years and have usual-marketing commitments for each year, it seems that a single, consistent and reliable type of information should be used for determining compliance each year to avoid the possibility of the same shipment being counted twice and, therefore, of noncompliance being overlooked. For example, export statistics developed by the Department of Commerce are readily available and appear to meet the criteria of reliability and consistency.

⁵ Although FAS did not establish this amount as a shortfall to be met in the subsequent year, country L purchased sufficient quantities in the following year to compensate for the shortfall. Therefore, the \$2 million is not included in our estimate of \$3 million in decreased sales cited on pages 78-79.

By letter dated October 5, 1965, the Administrator, FAS, advised us that FAS agreed with us on the importance of using consistent data in order to avoid the possibility of double counting.

Weaknesses in analyzing data for determining compliance with usual-marketing requirements

Responsible FAS employees did not, in our opinion, take sufficient care in analyzing the pertinency of data used for determining compliance by foreign countries with their usual-marketing commitments. As a result, commercial purchases by foreign countries were considered to be greater than those justified on the basis of a careful analysis of available information and this led to shortfalls being undetected.

For example, a title I agreement authorized country J to purchase for local currencies \$4.6 million worth of tobacco, including \$1 million worth of tobacco leaf content⁶ in United States cigarettes. The agreement also required country J to procure and import with its own resources \$1 million worth of United States-produced tobacco, or tobacco products such as cigarettes, to protect the usual marketings of the United States. The agreement provided that, with respect to cigarettes, only those costs representing the leaf content would be eligible for financing under title I and that the remaining costs would be counted toward compliance with the \$1 million usual-marketing requirement.

In determining compliance with the usual-marketing requirement, FAS used Department of Commerce export statistics. These statistics included the cost of all tobacco exported to country J, including tobacco and tobacco products financed under title I. FAS adjusted these statistics to eliminate the cost of the quantities financed under title I. The resulting amount represented the cost of tobacco and tobacco products purchased from the United States by country J with its own resources. Employees of FAS, however, added \$500,000 to this amount because of a misunderstanding which led them to believe that the Department of Commerce figures did not include manufacturing costs paid by country J from its own resources. As a result, country J was given credit for \$500,000⁷ in nonexistent commercial purchases from the United States.

We believe that a careful reading of the explanatory information issued by the Department of Commerce on its published export statistics would have disclosed to FAS that the valuations used for the statistics on tobacco products included the total costs of the cigarettes exported and that no adjustment for processing costs was necessary in the export statistics for country J.

In another case, to protect the usual marketings of the United States, the title I agreement required country M to pay dollars for the cost of manufacturing the cigarettes for which the leaf content was financed under title I and, in addition, to purchase commercially from the United States a minimum of \$500,000 worth of tobacco products annually for a period of 2½ years.

In determining compliance with this requirement, FAS calculated the difference between the Department of Commerce export data (which included the total cost of cigarettes exported) and the export costs financed under title I (which did not include the manufacturing cost of the cigarettes financed under title I). This difference, which FAS counted toward country M's compliance with the usual-marketing commitment, included manufacturing costs of about \$245,000 paid by country M in connection with cigarettes financed under title I. Such manufacturing costs, according to the title I agreement, should not have been counted toward compliance. Therefore, the net effect of the calculation was to give country M credit for about \$245,000⁸ in commercial purchases during the 2½-year period, which should not have been allowed.

A similar situation occurred regarding a usual-marketing requirement for country A to purchase commercially from free world sources, including the United States, a specific quantity of wheat flour during the period January 1, 1961, through March 31, 1962. The export statistics used by FAS for determining whether country A had complied were expressed in quantities of wheat, rather than of wheat flour. Inasmuch as it takes 100 pounds of wheat to yield about 72.5 pounds of flour, failure to convert wheat statistics to flour statistics will result in overstating the quantity of flour exported by about 38 percent.

⁶ FAS considers the leaf content value to be 50 percent of the cigarette value.

⁷ Country J's purchases in the following year would have compensated for the shortfall which would have been disclosed if FAS had properly analyzed the data. Therefore, the \$500,000 is not included in our estimate of \$3 million in decreased sales cited on pp. 78-79.

⁸ Country M's purchases in the following year would have compensated for the shortfall which would have been disclosed if FAS had properly analyzed the data. Therefore, the \$245,000 is not included in our estimate of \$3 million in decreased sales cited on pp. 78-79.

Because FAS did not make such a conversion, its records did not show a shortfall of about 24,700 tons of flour valued at about \$1.9 million.⁹ An FAS official agreed with our view that compliance by country A with its usual-marketing commitment had been improperly calculated and that a sizable shortfall had been made by country A in meeting its commitment.

By letters dated August 17 and October 5, 1965, FAS officials advised us that actions had been taken to correct their records in connection with the transactions discussed above.

Additional usual-marketing commitments not always obtained in extensions of periods for delivery of title I commodities

The FAS did not obtain additional usual-marketing commitments from foreign governments in all instances when the periods for delivery of title I-financed commodities were extended beyond the periods originally fixed by title I agreements for compliance with usual-marketing requirements. As a result, FAS relinquished one of the available controls for safeguarding the usual marketings of the United States and the United States may have lost dollar sales of about \$1.2 million.

At the time that a title I agreement is negotiated, the foreign government is informed, according to part II of the negotiating instructions approved by the Interagency Staff Committee on Agricultural Surplus Disposal, that an extension of the commodity delivery period beyond the period covered by the usual-marketing requirement will make it necessary for the United States to obtain adequate assurances covering additional usual-marketing requirements for the extended delivery period. FAS carries out the functions of authorizing extensions in commodity delivery periods and of obtaining additional usual-marketing commitments from foreign governments applicable to the extended periods.

In our review of selected purchase authorizations issued during the period July 1959 through March 1963, we noted seven cases where FAS had extended the commodity delivery periods, varying from 3 to 13 months, without obtaining additional usual-marketing commitments for the extended periods. In four of these cases, the foreign countries' commercial commodity purchases from the United States did not equal the purchases which would have been required had usual-marketing requirements based on prior requirements been established. As a result, we estimate that the sales of commodities for dollars by the United States may have been about \$1.2 million less than they otherwise should have been. In the three other cases, we found that, although no additional usual-marketing commitments had been obtained for the extended delivery periods, the foreign countries' commercial purchases were sufficient to cover the commitments that should have been obtained.

An FAS official indicated to us that he was unable to explain why additional usual-marketing commitments had not been obtained from the foreign governments when the commodity delivery periods were extended. Another official informed us that there were no written criteria, procedures, or assignments of responsibility for obtaining usual-marketing commitments in connection with extensions of delivery periods. He stated, however, that he was trying to ensure that such additional commitments were obtained or that there were satisfactory reasons why such commitments should not be obtained.

Another official of FAS informed us that, although not completely documented, consultations had been held in most cases and that it had been determined for various reasons that the establishment of new usual-marketing commitments was not warranted. However, by letter dated October 5, 1965, the Administrator, FAS, advised us that he had reconfirmed to all personnel the policy that deliveries may not be extended into a subsequent supply period unless the foreign country agrees to maintain appropriate usual marketings.

Certain additional usual-marketing requirements not recorded in control records for compliance follow-up

FAS employees did not record for follow-up certain additional usual-marketing commitments obtained from foreign governments when the delivery periods for title I-financed commodities were extended beyond the periods originally authorized. Because the records were incomplete, they did not provide an effective basis for follow-up determinations as to compliance by foreign countries with established usual-marketing requirements. This increased the possibility

⁹ Since this shortfall involved noncompliance with a global usual-marketing requirement, it was not possible to estimate the adverse effect on the United States. Therefore, the \$1.9 million is not included in our estimate of \$3 million in decreased sales cited on pp. 78-79.

of noncompliance by foreign countries going undetected and of normal commercial sales of commodities by the United States, or by countries friendly to the United States, being reduced. Our review disclosed one such instance which involved a possible loss of about \$1.2 million in sales of cotton by the United States.

After title I agreements have been signed with foreign countries, the section in FAS responsible for maintaining records used for determining compliance with usual-marketing requirements obtains copies of the agreements, or of summaries of the agreements, and records in its control records the data concerning any usual-marketing commitments agreed to by the foreign countries. This section also receives final drafts of original purchase authorizations to be issued under the agreements, compares the information thereon with its control records, and makes any necessary changes in the usual-marketing commitments previously recorded. These commitments are indicated on transmittal forms forwarding the drafts.

We found, however, that, when purchase authorizations had been amended to extend the periods of time for making deliveries of commodities, the amendments were not cleared through the section responsible for maintaining the control records, although sometimes additional commitments were agreed to by importing countries in connection with the extensions in delivery periods. As a result, this section was not made aware of the additional commitments and, because its records were not adjusted, the section did not have an effective control for determining or requiring compliance by foreign countries with their usual-marketing commitments.

For example, a title I agreement was signed with country F on August 14, 1961, for the sale of cotton and tobacco. The agreement contained usual-marketing provisions which committed country F to make commercial purchases from the United States during calendar year 1961 of \$750,000 worth of tobacco and \$1,750,000 worth of cotton. At the country's request, the period for delivering commodities under the purchase authorizations issued pursuant to the title I agreement was extended by a year to December 31, 1962. Country F agreed that, in the interests of safeguarding the United States usual marketings during the extended delivery period, it would commercially purchase from the United States during calendar year 1962 the same quantity of commodities that it had agreed to purchase during calendar year 1961—\$750,000 worth of tobacco and \$1,750,000 worth of cotton.

The purchase authorizations were amended by FAS to extend the delivery period for the title I-financed commodities as requested, but information regarding the additional usual-marketing commitments agreed to by country F was not recorded and followed up to determine compliance.

Our review of export statistics indicated that, although country F had purchased a sufficient quantity of tobacco during calendar year 1962 to fulfill its commitment concerning that commodity, it had commercially purchased only about \$586,000 worth of cotton from the United States. Since the country had committed itself to purchase \$1,750,000 worth of cotton, a shortfall of about \$1,164,000 resulted. FAS was not aware of the noncompliance with the cotton usual-marketing commitment because the commitment had not been recorded for follow-up.

An FAS official wrote to us on January 23, 1964, stating that no harm had resulted from the failure to record the shortfall because "during CY 1963 * * * [country F] purchased \$1,901,000 of cotton from the United States which would offset the shortfall from CY 1962." Our review showed, however, that no new usual-marketing requirements were effective for country F during calendar year 1963 and that its total cotton purchases during that year were counted by FAS as meeting the shortfall in compliance from calendar year 1962. As discussed starting on page 79 of this report, we believe that FAS should not permit shortfalls to be offset against commercial purchases made by the foreign countries in subsequent periods, except to the extent that such purchases exceed the foreign countries' normal purchases for those periods.

We pointed out to FAS officials two other examples where the procedures being followed had not resulted in the recordation of additional usual-marketing commitments obtained in amending purchase authorizations to extend the commodity delivery periods. Subsequently, an FAS official informed us of the adoption of a new procedure whereby FAS will issue new purchase authorizations, rather than amending existing purchase authorizations, when commodity delivery periods are extended. Therefore, because all new purchase authoriza-

tions are to be cleared, prior to issuance, through the section responsible for maintaining the control records, information should be available to this section for recording changes in usual-marketing commitments obtained from foreign governments.

We believe that the revised procedure, if properly implemented, should result in establishing adequate control records from which a determination can be made as to whether foreign countries are complying with their usual-marketing requirements.

Conclusion

The foregoing deficiencies in the manner in which FAS determined whether foreign governments had complied with their usual-marketing commitments and obtained additional commitments under certain circumstances emphasizes, in our opinion, a need for more concern on the part of responsible FAS officials in providing guidance to operating personnel for carrying out this significant phase of administering activities under title I of Public Law 480. We believe that these deficiencies may have contributed to some of the losses of dollar sales of agricultural commodities by the United States and to the concurrent losses of opportunities to reduce this country's balance-of-payments deficit.

Unless FAS obtains and records additional usual-marketing commitments when warranted, the United States may lose significant dollar sales to countries participating in the title I program. Also, unless FAS effectively carries out its responsibilities for determining and bringing to the attention of proper authorities all shortfalls in usual-marketing commitments, the possibilities for taking action to enforce those commitments are limited.

On the basis of our review, we believe that the employees who carry out functions relating to determinations of usual-marketing compliance are handicapped by the lack of written procedures and criteria necessary to the effective performance of their duties. In our opinion, such written guidelines are needed to fix clearly the duties of each individual concerned with the compliance functions, thereby imparting a sense of personal responsibility for his actions, and to enable management through periodic reviews to identify and correct areas of weakness with a view toward achieving more effective operations.

We proposed that the Secretary of Agriculture require the Administrator, FAS, to prepare written criteria, procedures, and specific assignments of responsibility for the guidance of employees charged with functions relating to determinations of compliance by foreign governments with their usual-marketing commitments. The Administrator, FAS, in commenting on our proposal, advised by letter dated October 5, 1965, that:

"There is, in fact, a substantial body of written criteria, procedures, or instructions dealing with requirements for compliance with usual marketing undertakings entered into by other governments as a condition for the financing of commodities under title I, PL 480 agreements. These exist in the form of FAS regulations, in standard negotiating instructions for title I, PL 480 agreements, in FAS organization charts, in job descriptions, and in internal office memoranda. We are reviewing this, however, in the light of suggestions in your report and our discussions and will proceed to bring our criteria, procedures and instructions for guidance of operating personnel in line with your suggestions insofar as possible."

The Associate Administrator, FAS, had advised us in an earlier letter that certain erroneous recordings with respect to usual-marketing requirements and status of compliance, which had been disclosed in our review, had been corrected.

Since the Foreign Agricultural Service has indicated that certain corrective actions have been or will be taken, we are not making any recommendations on this matter at this time.

SCOPE OF REVIEW

Our examination was made in Washington, D.C. It included a review of the considerations involved in the establishment of usual-marketing requirements contained in selected sales agreements signed under title I, Public Law 480, from inception of title I programs in fiscal year 1955 through fiscal year 1963 and of the procedures followed by the Department of Agriculture in determining whether foreign countries were complying with their usual-marketing commitments. We examined related files and records of the Department of Agriculture and held discussions with officials of the Departments of Agriculture and State and the Agency for International Development. We also reviewed the pertinent legislation and Executive orders and the reports of congressional hearings concerning the administration of the title I sales program.

APPENDIX

Principal officials of the Department of Agriculture and the Department of State concerned with administration of the activities discussed in this report

DEPARTMENT OF AGRICULTURE

	<i>Tenure of office</i>
Secretary of Agriculture:	
Ezra Taft Benson-----	January 1953 to January 1961.
Orville L. Freeman-----	January 1961 to present.
Assistant Secretary of Agriculture, International Affairs: ¹	
Earl L. Butz-----	August 1954 to July 1957.
Don Paarlberg-----	August 1957 to October 1958.
Clarence L. Miller-----	December 1958 to January 1961.
John P. Duncan, Jr-----	February 1961 to February 1962.
Roland R. Renne-----	March 1963 to March 1964.
Dorothy H. Jacobson-----	April 1964 to present.
Foreign Agricultural Service:	
Administrator:	
William G. Lodwick-----	July 1954 to April 1955.
Gwynn Garnett-----	April 1955 to June 1958.
Max Myers-----	July 1958 to March 1961.
Robert C. Tetro-----	March 1961 to April 1962.
Raymond A. Ioanes-----	April 1962 to present.

DEPARTMENT OF STATE

Secretary of State:	
John Foster Dulles-----	January 1953 to April 1959.
Christian A. Herter-----	April 1959 to January 1961.
Dean Rusk-----	January 1961 to present.
Agency for International Development:	
Administration: ²	
James H. Smith, Jr-----	October 1957 to January 1959.
James W. Riddleberger-----	March 1959 to February 1961.
Henry R. Labouisse-----	February 1961 to November 1961.
Fowler Hamilton-----	September 1961 to December 1962.
David E. Bell-----	December 1962 to July 1966.
William S. Gaud-----	August 1966 to present.

¹ Responsibility for the Foreign Agricultural Service was assigned to the Assistant Secretary of Agriculture, Marketing and Foreign Agriculture from August 1954 to February 1962, and the officials listed held that position; to the Under Secretary of Agriculture, Mr. Charles S. Murphy, from February 1962 to February 1963; and to the Assistant Secretary of Agriculture, International Affairs, beginning in March 1963.

² Incumbents from October 1957 to November 1961 occupied the position of Director of the International Cooperation Administration which was terminated on November 3, 1961, and its functions redelegated to the Agency for International Development. Mr. Fowler Hamilton was named Administrator, Agency for International Development, effective September 30, 1961.

EXHIBIT 7

LETTER TO THE HONORABLE ALLEN J. ELLENDER, CHAIRMAN OF THE COMMITTEE ON AGRICULTURE AND FORESTRY, U.S. SENATE

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 16, 1964.

B-140093.

Hon. ALLEN J. ELLENDER,

Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 18, 1964, requests our comments on S. 2687, which would extend the Agricultural Trade Development and Assistance Act of 1954, as amended, 22 U.S.C. 1922 (hereinafter referred to as "P.L. 480"), and make certain amendments thereto.

The extension of P.L. 480 involves matters of policy which are primarily for determination by the Congress and ones on which we have no recommendations to make. We do have some comments, however, as a result of our reviews of P.L. 480 and foreign assistance programs which we believe warrant serious consideration by the Congress.

Section 3 of S. 2687 would amend section 103(b) of P.L. 480 to provide that agreements for the sale of surplus agricultural commodities under Title I shall not be entered into which call for appropriations to reimburse Commodity Credit Corporation (CCC) in an amount in excess of \$7.1 billion in the five year period starting January 1, 1965, in addition to unused authorizations from prior years. Agreements during any one of such five years may not be entered into which would call for appropriations to reimburse CCC in an amount in excess of \$2.5 billion. However, these limits can be exceeded by the amount of loan repayments received in dollars under Title I or certain dollar amounts received as reimbursements from other agencies for the purchase of foreign currencies.

Data submitted by the executive branch indicates that the foregoing authorization is designed to permit commodities in the amount of \$9 billion, including associated costs, to be sold under Title I in the five year period. As far as we have been able to determine, the data submitted to the Congress justified this amount solely on estimates that annual sales will be reached during 1965-1969 in the same volume as the annual level of Title I sales for the past five years. Once this total amount is authorized the proposed Title I sales, programs of the executive agencies are not subjected to annual appropriation reviews by the Congress. Annual appropriations are made by the Congress, however, based on estimates of amounts necessary to reimburse the Commodity Credit Corporation for the commodities to be shipped abroad under the Title I program during the budget year and for prior year costs not previously reimbursed.

Under this arrangement the executive branch has almost unlimited discretion within the \$9 billion ceiling, to determine such matters as the countries with whom sales agreements will be made, the amounts of surplus agricultural commodities that will be sold in each country and the type of commodities to be included in the sales. In addition, the executive branch has wide latitude in determining the conditions of sale in such matters, such as: whether sales of surplus commodities will be for local currency, United States dollars, or long term credits; the amounts of sales proceeds to be made available for loans or grants to the recipient country; and the amounts of sales proceeds which will be made available for United States uses.

It is evident that P.L. 480 Title I sales of surplus agricultural commodities are not strictly commercial transactions since the sales proceeds which accrue to the United States are in the local currencies of the recipient country, most of which are given back to the country in the form of loans or grants. Such "sales" are but one part of the total program of economic assistance provided to achieve United States foreign policy objectives. However, no equivalent degree of congressional review exists over the programs and conditions under which surplus agricultural commodities are provided to foreign countries similar to that which exists over other elements of the foreign assistance program. Since such commodities are an integral part of the foreign assistance program and provide resources for economic development and other purposes which differ only in composition from the other kinds of resources provided to these countries under foreign assistance legislation, the Congress may wish to consider the desirability of requiring the executive agencies to submit annual justifications, as part of the appropriation process, for the sales programs which are proposed under Title I, taking into account such matters as the ability of the recipient countries to procure the commodities with dollars or on long term credit, the extent of foreign currencies currently being held by the United States in these countries, the extent to which additional Title I sales would increase such holdings and the purposes for which the local currencies would be used. This could be accomplished by substituting the language "not to exceed \$2,500,000,000 provided annually in appropriation acts," for the phrase "in excess of \$2,500,000,000" in line 19, page 2, of S. 2687. In this manner, the Congress would be in a position to (1) evaluate the economic assistance being furnished in the form of surplus agricultural commodities in the light of other types of assistance being provided, (2) consider the impact of the P.L. 480 program on the over-all program of the United States to achieve its economic and political objectives in each of the recipient countries, and (3) assure optimum movement abroad of surplus agricultural commodities.

The foregoing would appear to be especially pertinent in light of the following considerations:

1. Very large amounts of local currencies have accrued in many countries from Title I sales which are excess to any foreseeable needs of the United States and which may present considerable difficulties to the countries concerned. Continued accumulation of such excesses under the broad authority proposed to be

given to the executive agencies to provide additional commodities to foreign countries and incur additional associated costs totaling \$9 billion may compound these difficulties. The following table shows the trend of United States holdings of local currencies in countries which have been determined to be excess currency countries.

Equivalent value in millions of dollars, at the then current rate of exchange

Country and currency	June 1961	June 1962	June 1963
India (rupees).....	\$977	\$1,022	\$1,010
Poland (zlotys).....	349	393	442
Yugoslavia (dinars).....	104	178	279
United Arab Republic (pounds).....	129	156	211
Pakistan (rupees).....	209	165	190
Israel (pounds).....	72	47	68
Burma (kyats).....	37	33	32
Indonesia (rupiah).....	78	96	1 21

¹ Change in exchange rate during fiscal year 1963 caused \$130,000,000 decrease.

2. P.L. 480 exports of farm products during fiscal year 1963 account for 30 percent of the total agricultural exports of the United States. They represent 76 percent of all wheat exported, 21 percent of total edible vegetable oil exports, 58 percent of total milled rice exports and 34 percent of all cotton exports. This large volume of agricultural commodity movements under P.L. 480 presents a danger of displacing normal commercial dollar sales and a consequent adverse effect on the United States balance of payments position.

3. The executive agencies have pointed out that the P.L. 480 programs have operated to develop commercial markets in countries which heretofore have not deemed it desirable to procure United States farm products. Increasing dollar purchases of wheat by Japan and of soybean oil by Spain have been cited as outstanding examples. However, the continued programing of Title I sales to such countries as India, Pakistan and the United Arab Republic is not likely to develop commercial dollar markets. While the executive agencies are aware of this problem and have developed elaborate mechanisms for considering these matters at the time sales agreements are negotiated, the Congress may feel it desirable to undertake annual reviews of the agencies' plans and programs in this respect.

4. Title I foreign currency sales agreements, since the start of the program, have involved about \$14 billion. Title IV sales agreements which involve dollar payments by foreign governments have amounted to about \$236 million. The proposed authorization of \$9 billion is premised on annual sales agreements at about the same level as in the preceding five year period. The Congress may want to consider the desirability of annual reviews of the agricultural sales programs to assure the proposed level of local currency sales does not overlook the possibility of maximizing dollar commercial sales and that such level is in consonance with the objective of moving the P.L. 480 program toward increasing use of Title IV dollar sales.

5. In recent years congressional attention has been focused on the desirability of reviewing United States economic assistance to foreign countries in light of the countries' own efforts to develop their economies. Foreign assistance legislation has, in the past, required the development of plans by United States agencies for the phase down of United States assistance as the foreign economies improve and United States economic assistance attains its objective of helping the recipient countries to become self-sufficient. Proposed surplus agricultural commodity assistance, since it is an integral part of economic assistance being furnished foreign countries, could well be considered by the Congress as coming within the same objective and subject to the same annual scrutiny. In this respect, we have noted in some of the reviews we now have underway that certain AID missions are treating commodities available under P.L. 480 as but one type of economic resource being furnished to the country to assist it in its economic development and undertake negotiations with the country for additional quantities of P.L. 480 commodities in light of the programs which the country itself has undertaken to achieve self-sufficiency. Under these circumstances, P.L. 480 sales agreements are used as a lever to increase the pace of country agricultural development and to hasten the time when Title I local currency sales can be eliminated. In other countries, we noted little effort on

the part of AID in this direction and as a result the underdeveloped countries seem to feel that foreign import requirements will be met for the indefinite future through P.L. 480 transactions. The authorization of an annual level of Title I, P.L. 480 operations for the subsequent five year period at the same level as the preceding levels without an annual review by the Congress would appear to do little to alter the attitude of these countries and alleviate the pressure on the executive agencies to provide additional quantities of P.L. 480 commodities.

Section 11 of S. 2687, would add a new section 309 to P.L. 480, which appears to have the objective of establishing tighter annual congressional review and control over certain sections of P.L. 480 by requiring the submission of data in the annual budget to (1) show that maximum use is being made of surplus commodities and foreign currency proceeds to carry out programs that would otherwise require appropriated funds; (2) justify annual surplus commodity programs in terms of the need for and intended use of United States-owned foreign currency; and (3) justify agreements that would generate foreign currencies over and above these requirements. These objectives are generally in line with those we have delineated above. The proposed amendment contains a number of requirements for the submission of detailed information deemed necessary to carry out these objectives. In addition, section 309 would provide for annual submission of estimates of the value of commodities to be covered by sales agreements or grants negotiated or made under Titles I and IV and section 202 of P.L. 480 during each fiscal year and limits the amount of agreements which can be entered into to such estimates.

A number of reviews we have performed bear out the need for improved controls to assure maximum utilization of foreign currency proceeds in lieu of United States dollars. For example, we reported the Congress in October 1962 (B-146749), that dollar expenditures abroad could be reduced if better use were made of United States-owned local currencies. In addition, congressional hearings in November 1963 disclosed that substantial dollar expenditures had been made by the United States in India to finance the purchase of goods for other friendly countries when at the same time substantial amounts of Indian currency were available for United States use.

Although we agree with the objectives embodied in the proposed section 309, it appears that the prescribed methods of accumulating and reporting data, and imposing program limitations, might not effectively achieve these objectives. However, data is readily available within the executive departments which would permit the compilation of meaningful information on country programs in terms of the commodity needs of the countries, the level and type of commodity assistance being proposed and the availability and utilization of local currencies in each of the countries securing assistance under P.L. 480.

We believe, therefore, that objectives such as those sought in the proposed amendment could be achieved by requiring submission to the Congress in support of the annual budget of the following types of data for each country involved in surplus commodity programs:

1. For each fiscal year, the amounts of proposed sales agreements under P.L. 480 together with the justification for entering into these agreements. The justification should include sufficient information on economic conditions in the country, including country agricultural commodity requirements, local production, normal commercial procurements from the United States and other countries, foreign exchange holdings, and such other economic data as would permit an evaluation of the need for the level and type of assistance being proposed.

2. Historical data regarding sales agreements entered into and commodities furnished in prior years. This information would be useful in permitting the Congress to detect trends and ascertain progress being made towards achieving congressional intent to shift emphasis of programs from local currency sales to dollar sales and to phase down programs as country economic conditions improve.

3. The extent of foreign currencies generated from United States dollar programs and surplus commodity programs, in sufficient detail to show the program origin of the funds and the agreed purposes for which they may be used.

4. Projected amounts of generation and proposed usage of foreign currency, by source and application, during the budgeted fiscal year. Should proposed agreements result in accrual of foreign currencies which cannot be used within the foreseeable future, the reasons for entering into such agreements.

5. Actual dollar expenditures by United States agencies in such country during the preceding fiscal year, together with an analysis of reasons why available foreign currency was not used in lieu of dollars.

6. Proposed dollar expenditures of United States agencies in each country for the budgeted fiscal year, together with an analysis of reasons why available or projected generations of foreign currency is not proposed for use in lieu of dollars.

Submission of the above data would permit the Congress to subject P.L. 480 programs to the same type of analysis as is required for proposed economic and military assistance programs. If considered in conjunction with data now submitted for those programs, the Congress would be in a position to evaluate assistance in the form of surplus agricultural commodities in light of other types of assistance being provided, and to evaluate the impact of the P.L. 480 program on the over-all United States program for achievement of economic and political objectives in each of the recipient countries.

We also believe that the Congress may wish to consider the adoption of language similar to that included in section 634 of the Foreign Assistance Act of 1961, as amended, which requires the Administration to notify appropriate congressional Committees of significant changes to programs as previously submitted and justified in lieu of the last sentence of section 309 which would restrict the Administration to the detailed budget estimates. This provides the Administration with the flexibility it believes necessary to carry out foreign policy while permitting the Congress to evaluate the need for any significant changes to original plans and programs.

S. 2687 would amend section 104(c) of P.L. 480 to authorize the use of foreign currencies to procure equipment, material, facilities, and services for the common defense including internal security. Section 104(c) presently contains authorization for such use to procure military equipment, materials, facilities and services for the common defense.

United States-owned local currencies have been provided for military budget support purposes in 6 countries under section 104(c) (Taiwan, Iran, Korea, Pakistan, Turkey and Vietnam) and for military base construction and mapping services in a number of these and other countries. These programs have been justified as necessary to support large military forces which these countries cannot support from their own resources.

Our review of military budget support programs carried out with section 104(c) funds by the Department of Defense have disclosed significant deficiencies in programing and administration. Foreign currencies in some instances have been made available without regard to actual need, funds have been released for general purposes and have been merged with country funds instead of being identified with specific projects of priority need, and reviews by United States agencies of the actual usage of funds have been incomplete and ineffective.

The fiscal year 1965 budget presentation to the Congress shows that the Agency for International Development presently administers programs in about 30 countries relating to internal security, including counterinsurgency and para military operations. United States dollar funds totaling about \$84 million are estimated for expenditure on these programs through June 30, 1964, and about \$20 million is proposed for fiscal year 1965.

The proposed amendment to section 104(c) would permit the use of foreign currency generated under P.L. 480 to meet local operating and maintenance costs of internal security forces that are now being almost completely financed by recipient countries. Only a few of the countries with AID supported internal security programs have been supported to any extent with United States-owned foreign currencies and, with the exception of Vietnam and Indonesia, foreign currency amounts have been relatively small. In Vietnam, counter-insurgency programs have been jointly financed by the United States and Vietnam, and United States foreign currencies used have been generated by cash grants and a commodity import program. In Indonesia, United States-owned foreign currency has been made available for construction of facilities.

We perceive no objection to the use of P.L. 480 foreign currencies to support essential internal security programs, where the alternative would require generation of foreign currencies through cash grants or commodity import programs. It should be recognized, however, that the assumption by the United States of the responsibility for supporting internal security forces heretofore supported by

the country governments may involve the development of a military force structure in excess of the forces established as an objective by the Joint Chiefs of Staff, would tend to diminish the incentives for the country government to mobilize effectively its own internal resources, and would decrease the amounts of local currencies available for economic development. We believe, therefore, that the use of P.L. 480 foreign currencies to support internal security programs requires a thorough review to assure that (1) United States-owned foreign currencies are used only if the local costs of these programs is clearly beyond the capability of the recipient country to finance from its own resources, and (2) United States foreign currencies are a supplement to, rather than a substitute for, recipient country funds now being used to support these programs. In this respect, the Congress may wish to consider the following factors which indicate that the use of P.L. 480 foreign currencies could be a substantial and continuing cost to the United States:

(1) Internal security forces being assisted by AID amount to several hundred thousand personnel. For example, internal security forces number 123,000 in Indonesia, 120,000 in Brazil, and 46,000 in Burma. Even partial support of the local costs of these forces could be very costly.

(2) The use of foreign currency for section 104(c) purposes is not controlled through the provision of appropriations, since this section of P.L. 480 is exempted from the provisions of section 1415 of the act of July 15, 1952, 66 Stat. 663, 31 U.S.C. 724. There would be less incentive to limit the size of internal security programs since these programs would not require the same degree of justification and budgetary control as appropriated funds.

(3) Our reviews of the use of section 104(c) foreign currencies for common defense programs have shown that substantial amounts of currencies have been released to recipient countries without a firm determination as to need and without appropriate safeguards to assure proper and effective use.

In light of the foregoing, your Committee may wish to consider limiting the authorization for use of foreign currencies for internal security programs to those situations where the President determines that counter-insurgency activities require the use of United States-owned foreign currencies. This could be done by including in the bill a provision similar to those in sections 505 and 512 of the Foreign Assistance Act of 1961 (as amended by section 202 of the Foreign Assistance Act of 1963, 77 Stat. 384), limiting the furnishing of military assistance for internal security requirements unless the President determines otherwise and promptly reports such determination to the Congress.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. STAATS. This morning I wish to call to your attention four reports issued to the Congress within the last year which I believe are of particular interest to this subcommittee. They deal with the following matters.

REPORT ON MAINTAINING NORMAL TRADE

The first is safeguarding normal patterns of commercial trade.

Title I sales by their very nature are on terms highly favorable to recipient countries. The United States receives, in payment for its commodities, foreign currencies which, for the most part, are not convertible into U.S. dollars. Only a portion of the proceeds are available for U.S. use, and the balance is made available to recipient countries in the form of loans and grants. In 10 countries, the United States has accumulated amounts of foreign currency which exceed a 2-year U.S. requirement as estimated by the Treasury Department.

These are, Mr. Chairman, popularly referred to as excess currency countries under Public Law 480.

TITLE I PRECLUDES COMMERCIAL SALES DISPLACEMENT

The favorable terms of title I sales agreements make it important that reasonable safeguards be employed to insure against the displacement of commercial sales. Section 101(a) of Public Law 480 provides that in negotiating title I sales agreements, the President shall take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under the act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries. Pursuant to this requirement of the act, title I sales agreements with recipient countries provide generally that additional specified quantities of commodities, known as "usual marketing requirements" will be imported on commercial terms from the United States or countries friendly to the United States during the period covered by the agreement.

The term "usual marketings" has been defined by the Department of Agriculture as that quantity of a commodity which a country would be expected to obtain from abroad, using its own financial resources, in the absence of imports obtained under concessional arrangements, such as foreign currency purchases under a title I program. This definition obviously allows for considerable administrative discretion, since there is no precise way to know what a country would buy in the absence of a title I agreement.

TWO CASES REPORTED OF PROBABLE COMMERCIAL SALES DISPLACEMENT

Our reviews to date have indicated that title I programs must be considered in light of the economic and political factors for each individual country. These factors are so variable that we are not now in a position to comment on the overall effectiveness of efforts to safeguard usual patterns of commercial trade. We have reported on two instances where we believe it likely that Government-financed programs have displaced some commercial sales which might otherwise have been made.

In July 1965 we issued a report to the Congress on the displacement of commercial dollar sales of tallow to the United Arab Republic. This report disclosed that with the introduction of U.S. Government-financed tallow into the United Arab Republic, that country's commercial imports of tallow dropped significantly below prior historical levels of import.

UNITED ARAB REPUBLIC IMPORTS LESS U.S. COMMERCIAL TALLOW

In 1958 the United Arab Republic's imports of tallow amounted to about 32,000 metric tons, which were obtained from U.S. exporters for dollars. In 1964 the United Arab Republic's imports increased to about 56,000 metric tons, but U.S. commercial dollar sales decreased to 21,600 metric tons.

The report concluded that in setting the levels of required commercial import, the responsible U.S. agencies did not make a realistic assessment of the established pattern of the United Arab Republic's tallow imports from the United States, the United Arab Republic's

need for tallow, and its willingness to use its limited foreign exchange holdings to purchase tallow through commercial channels.

POLITICS OUTWEIGH ECONOMICS

It seemed likely that more consideration was not given to these factors because of the foreign policy aspects and implications of Public Law 480 programs and the administration of these programs in a manner which focused primarily on this consideration rather than on the safeguarding of U.S. commercial exports.

We reported this matter to the Congress because we thought it might wish to clarify the provisions of Public Law 480 to express more specifically its intention regarding the displacement of U.S. commercial sales by Public Law 480 programs for foreign policy considerations.

UNITED ARAB REPUBLIC ALSO IMPORTS LESS WHEAT FROM UNITED STATES AS FOREIGN CURRENCY SALES EXPAND

In March 1966 we reported to the Congress on the effects of commercial sales of wheat to the United Arab Republic. This report was classified "confidential." A copy has been furnished this subcommittee.

This report showed that commercial wheat imports of the United Arab Republic declined significantly as U.S. Government-financed wheat sales for foreign currency expanded. Attachment II to this statement contains factual data of an unclassified nature on the magnitude of title I programs and commercial imports of wheat.

(The attachment referred to follows:)

EXHIBIT 8

COMMERCIAL IMPORTS OF WHEAT AND WHEAT FLOUR (IN WHEAT EQUIVALENT) BY THE UNITED ARAB REPUBLIC

Fiscal year	Commercial imports (in metric tons)	
	From United States	From countries friendly to the United States
Before Public Law 480:		
1952.....	306,000	¹ 596,000
1953.....	339,000	568,000
1954.....	242,000	42,000
After Public Law 480:		
1955.....	23,000	65,000
1956.....	48,000	54,000
1957.....	14,000	177,000
1958.....	10,000	708,000
1959.....		736,000
1960.....	29,000	198,000
1961.....	57,000	41,000
1962.....	2,000	109,000
1963.....		236,000
1964.....		¹ 24,000

¹ Estimated.

Sources: Compiled from the best available information from sources such as Foreign Agricultural Service, Department of Agriculture publications; other Department of Agriculture records; and U.S. Embassy reports and other records.

SELECTED TITLE I DATA ON WHEAT PROGRAMED FOR THE UNITED ARAB REPUBLIC

	Approximate quantity						
	Fiscal years—					Total	Export market value (in millions)
	1960 ¹	1961 ¹	1962 ¹	1963 ¹	1964 ¹		
Title I program.....	800	1, 100	1, 300	1, 400	1, 600	6, 200	\$381.7
Title I actual deliveries.....	953	972	1, 565	1, 442	1, 691	6, 623	380.5
Usual marketing requirements.....	450	300	300	150	250	1, 450	-----
Waivers of usual marketings....	223	200	191	-----	100	714	43.7

¹ 1,000 metric tons.

SPEED-UP CERTAIN TITLE I AGREEMENTS

Mr. STAATS. The second area, Mr. Chairman, has to do with the expedited signing of title I sales agreements.

A major cost element of the title I Public Law 480 surplus agricultural commodity program is that of oceangoing transportation. The United States has financed a major portion of these costs in dollars. However, as a result of a legislative change to Public Law 480 enacted in October 1964, the recipient country is required to pay a major part of the dollar costs for ocean transportation under agreements concluded on or after January 1, 1965.

In April 1966 we issued a report on the expedited signing of certain agreements under title I. This report pointed out that the Department of State and the Agency for International Development had made special efforts to insure that agreements for the sale of surplus agriculture commodities to the Republic of Korea and the Republic of China were signed on or before December 31, 1964. This enabled these countries to avoid the effects of the new legislation.

It is our understanding that the Congress established the effective date of the requirement, that recipient countries pay the foreign exchange costs of ocean freight at January 1, 1965, in order to avoid defaults on agreements previously entered into or a need for the United States to renegotiate agreements ready for signing when the legislation was enacted. The agreements that we reported on did not appear to fall into either of these categories.

ACTION COSTS U.S. SEVERAL MILLION DOLLARS

In this report we estimated that by signing agreements with the two countries on December 31, 1964, the United States will pay several million dollars in additional dollar costs for ocean freight charges over what would have been paid had the agreements been signed on the following day, January 1, 1965, or thereafter.

In the case of Korea, it is possible that additional economic assistance would have been needed in subsequent years to help meet these ocean freight costs. The Republic of China no longer receives economic assistance from the United States.

TITLE II CORN GRANT TO U.A.R. SEEN "QUESTIONABLE"

Turning to the third report, this has to do with the management of foreign donation program.

In July 1965 we submitted a report to the Congress on what we considered to be a questionable grant of corn to the United Arab Republic under title II of Public Law 480. This report disclosed that about 186,000 metric tons of corn, costing over \$23 million, had been given to this country on the basis of representations by the recipient that a famine would occur as a result of crop failures. Official statistics of the United Arab Republic, which were subsequently accepted by the U.S. agencies, later showed that the corn crop had not failed and most of the corn was undelivered many months after it arrived in the United Arab Republic.

We were advised by the Agency for International Development and by the Department of State that approval of this grant of corn was based on information then available as to the recipient's crop failures. The Department of State also advised us that the willingness to consider a title II program coincided with a conscious effort to improve relations with the United Arab Republic, its political importance, and the part it played in assuring peace and stability in the Near East.

We reported this matter to the Congress with the thought that it consider enacting legislation to require either a certification that the need for title II donations had been verified, or a determination by the Secretary of State that such food donations were in the interests of the United States.

CONGRESS LACKS PROPER CONTROL

The fourth report had to do with congressional review and control.

In June 1964 we commented to the chairman of the Senate Committee on Agriculture and Forestry, at his request, on pending legislation to extend the Public Law 480 program. In these comments we noted that title I Public Law 480 sales were but one part of the total economic assistance provided to achieve U.S. foreign policy objectives in a given country, yet no equivalent degree of congressional review existed over the title I programs similar to that in effect for other elements of the foreign assistance program. Therefore, we pointed out that the Congress might wish to consider the desirability of requiring the executive agencies to submit annual justifications, as part of the appropriation process, for the sales program proposed under title I.

The report indicated that an account could be taken of such matters as the ability of the recipient countries to procure the commodities with dollars or on long-term credit, the extent of foreign currencies currently being held by the United States in these countries, the extent to which additional title I sales would increase such holdings and the purposes for which the local currencies would be used. In this manner, the Congress would be in a position to (1) evaluate the economic assistance being furnished in the form of surplus agricultural commodities in the light of other types of assistance being provided, (2) consider the impact of the Public Law 480 program on the overall program of the United States to achieve its economic and political objectives in each of the recipient countries and (3) assure optimum movement abroad of surplus agricultural commodities.

GAO ENLARGES REVIEW PROGRAM OF PUBLIC LAW 480 ADMINISTRATION

Turning now to the current studies of the General Accounting Office in this area: We are currently reviewing other phases of program administration under Public Law 480, and making additional reviews of some of the matters previously discussed, which may be of interest to this subcommittee. The reviews in process, and some of the problem areas with which we are dealing, include the following:

1. We have undertaken reviews in several countries of surplus commodity distribution through nonprofit voluntary agencies under title III of Public Law 480. One concern that we have here is with the practicability of developing program criteria that can be used to balance humanitarian and surplus disposal considerations against the capability and willingness of recipient countries to feed their own needy as against administrative capabilities of U.S. Government agencies and voluntary relief agencies.

There are indications, for example, that some title III relief programs were maintained at high levels, or even expanded, at the same time that the recipient countries were moving toward a position of economic viability and were developing exportable surpluses of some of the commodities being donated.

We have also been reviewing the wide range of problems that have been experienced in insuring that commodities were accounted for properly and were distributed in accordance with approved program plans.

U.S. LOSES \$700 MILLION IN COMMERCIAL SALES

2. In our further reviews of the manner in which normal patterns of commercial trade are safeguarded during the negotiations of title I sales agreements, we have noted that between fiscal year 1955 and fiscal year 1963, the United States has experienced decreases of over \$700 million from its previously recorded levels of sales of wheat, cotton, and tobacco in 15 countries.

AGENCIES' INSTRUCTIONS INADEQUATE

We have found also in a number of instances that the Department of Agriculture has determined that foreign governments have complied with their usual marketing commitments to import specified quantities of agricultural commodities from free world countries when in fact these quantities had not been imported.

It appears that personnel charged with insuring compliance were unaware of this situation because adequate written criteria, procedures, or instructions had not been developed for the guidance of personnel detailed to carry out these functions. The examples of noncompliance involved more than \$3 million.

CONCLUSIONS TENTATIVE AS DISCUSSIONS CONTINUE

We wish to emphasize that our findings concerning these two latter areas that I have been discussing are tentative and are still in the process of being developed and discussed with the executive agencies involved.

Mr. Chairman, as you know, this is our usual procedure.

Before we complete our report and send it to the Congress, we always check them out carefully with the agencies from the standpoint of their factual accuracy and from the standpoint of permitting the agency to state its position carefully and in writing, to be included in our report when it comes to the Congress.

Mr. Chairman, this concludes my statement on the examinations that we have been making of program administration under Public Law 480. As I mentioned earlier, we have also done work with respect to such problem areas as the administration and use of foreign currencies generated under this program. We plan to continue our work in all of these areas and to report the results of our reviews to the Congress and to appropriate agency officials.

During our reviews we have received the cooperation of agency personnel, both in Washington and at overseas locations. The agencies have not always agreed with our findings, particularly with our observations on some agency actions that had broad implications or raised questions which, in our opinion, warranted reporting to the Congress.

AGENCIES WELCOME GAO RECOMMENDATIONS

We have generally found agency officials receptive to our suggestions for administrative improvement. For example, just to name one, the Department of Agriculture has advised us, in response to suggestions during our current examination, that they have taken measures to insure that usual marketing commitments are complied with in the future.

This concludes my statement, Mr. Chairman.

I would be very happy to attempt to answer any questions that you have, with the assistance of my two colleagues here.

Senator GRUENING. Thank you very much.

That is an excellent statement.

Yes; I do have a few questions on certain matters that I would like to have discussed, if you will.

DO RECIPIENTS KNOW U.S. ORIGIN OF COMMODITIES?

The Public Law 480 programs have been described as the food-for-peace program or the food-for-freedom program. Yet, as I understand it, the title I program is strictly a commercial program.

Do the people of the country receiving title I commodities know that these commodities come from the United States?

Mr. STAATS. Well, Mr. Chairman, on this, I am not sure that we can be too definitive.

Senator GRUENING. Let me elaborate my question.

Are title I commodities marked or labeled to show that they have been sent by the United States?

Do the people in a country receiving Public Law 480 assistance pay for the commodities which we send to the country?

Is the price paid by the people controlled by the country receiving the title I commodities?

Do you know of any instances in which foreign governments have resold Public Law 480 commodities to their people at a profit to the government?

LAW DOES NOT SPECIFY

Mr. STAATS. With respect to your question as to marking or labeling, according to our understanding, Mr. Chairman, there is no legal requirement or any requirement by regulation at the present time so that the recipient will know that the item comes from the United States under title I.

H.R. 1558, which is the House bill, proposes in section 105(1) a new requirement that, insofar as practicable, food sold for local currencies shall be marked or identified as being acquired on a concessional basis from the U.S. Government or from the American people.

So this is a matter that is under consideration in connection with the extension of Public Law 480.

U.S. INFORMATION AGENCY NOT "FULLY EFFECTIVE"

With respect to the broader point as to whether our U.S. Information Agency's program is adequately carrying the message to the people of these recipient countries, and whether or not it is fully understood, this is a much more difficult question to answer. I know that efforts of this kind are being made but whether or not they are intensive enough or adequate, or whether or not the message has been gotten through, I can only conjecture a judgment that it has not been fully effective, and I would presume that this is the reason that the Congress is giving consideration to this point in connection with title I, in connection with extension of the law.

PROFITMAKING IN PUBLIC LAW 480 COMMODITIES?

Now, the second question, as to whether or not we know of any indications of commodities having been resold at a profit: There has been one report of the GAO, as you know, in connection with the sale of corn to Egypt, where the corn was actually sold, and this was set out in detail in the report that GAO made to the Congress last year.

Senator GRUENING. Do you know whether the Agency has taken any steps to remedy that situation, to take such action that it is not likely to recur, or at least to indicate that it did tolerate the violations, and would not tolerate such violations in the future?

Mr. STAATS. We do not have anything definite on that. Perhaps Mr. Hylander or Mr. Stromvall could answer that question in greater detail.

Mr. HYLANDER. In this one specific case in Egypt, it is our understanding that collections were not made for the items which were sold as such, but that the country did make available a similar quantity of the commodity which it had purchased, and then did make this available to the recipients.

To my knowledge, there has been no overall change in the procedure, or a tightening up in this area.

Mr. STAATS. I think it is generally a matter of the tightness of administration of each transaction or of each item, as to the extent of external audit, the extent of management review of it.

It is quite likely that this will vary at different times and in different places, depending on the people concerned.

Senator GRUENING. Well, it has seemed to us that Egypt has exhibited some of the most flagrant examples of violation of all the comities that are supposed to exist between friendly nations, with their actions in carrying on an aggressive war in Yemen for the last 3½ years at a cost that our military estimates at \$500,000 a day, continuing hostilities and making war on Israel, shooting down an unarmed U.S. plane, urging the Libyans to drive us out of Wheelus Air Base, aiding Communists in the Congo; permitting the burning of the Kennedy Library, violating our agreements, and steadily denouncing the United States. I think that some action by the United States to rectify this situation would be somewhat overdue in this matter, considering this long series of violations.

STUDY NEEDED

Mr. STAATS. Mr. Chairman, we are not aware of any specific study made by either the Agriculture Department or AID as to what really happened on the markup of commodities which have been sold under title I. We are of the view that such a review might well be in order.

We all know about the publicity given to the situation in Vietnam, and we do have some work underway in connection with the AID commodity import program in Vietnam. But at this point I am not prepared to give you more than the fact that we are making such a review there.

But it does seem to us that the question is a very pertinent one, as to whether there has been undue speculation. These commodities do flow through the country's normal commercial channels and there are certainly opportunities here for careful scrutiny as to how this actually works out in practice so that it will accomplish the intended purpose.

U.S. FOREIGN AID OFTEN ANONYMOUS

Senator GRUENING. On the general question of whether the commodities are labeled, and whether the recipient country allows its people to know that these come from the United States, this has been a constant problem in the foreign aid program for years. We find it practically all over the world. There are only one or two countries that make a practice of giving credit to the United States for the origin of its aid, and in most countries the governments prefer to conceal that. This has occurred in any number of places. It has repeatedly been called to the attention of the aid program.

I found, for instance, on a visit to Central America where the United States by agreement pays two-thirds of the cost of construction of the Inter-American Highway, that it really pays more, and we further discovered that with one exception, all of those countries were paying their one-third out of our foreign aid funds.

So, Uncle Sam has really been paying practically all of it, and yet there has been a great reluctance on the part of these recipient governments to have any signs on these highways to indicate that the United States is contributing the major portion of this program. We find that pretty much all over the world, with one or two notable exceptions: Israel for example is a shining exception. We found the roads there marked clearly that they were built in part with funds received from the United States, and Israel actually produced a motion picture in color showing what our AID program had done for that country.

But in many cases, the AID program has tried to bring about evidence of this kind of appreciation and has been constantly frustrated because the rulers of these countries do not want it known. They would like to get full credit for the projects which are financed by our aid.

I think that this is something that we have to continue to insist upon, just as a matter of fairness to ourselves.

COMMODITIES DIVERTED TO UNFRIENDLY NATIONS?

One other thing: Public Law 480 contains the following provision in section 304:

The President shall exercise the authority contained in Title I of this Act * * * (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

Have you found any instances in your audits of title I programs or of programs under other titles of Public Law 480, in which countries receiving foodstuffs or commodities were sending these or like commodities to unfriendly nations?

Now, you have answered this with respect to Egypt. Are there any other examples you could cite?

Mr. STAATS. I do not know of any examples, Mr. Chairman. Perhaps Mr. Hylander could answer that.

EXAMPLES OF VIOLATIONS CLASSIFIED

Mr. HYLANDER. There are cases in reviews which we have underway now under title III. But the countries involved and the transactions involved are classified as security information, we have been told by the executive agencies. However, we can furnish this information to the subcommittee.

Senator GRUENING. You say that other cases of violation are classified?

Mr. HYLANDER. Yes.

Senator GRUENING. Does the agency classify them?

Mr. HYLANDER. Yes.

Senator GRUENING. In other words, the State Department does not want to have it known that these countries are violating their agreements?

Mr. HYLANDER. Well, I can't speak for them.

CONGRESS SHOULD KNOW

Senator GRUENING. It seems to me that would be a case in which they should be more than willing to let the Congress know this, let the Congress take appropriate action. I think this is a matter that we shall have to look into.

I feel there is altogether too much classification, too much classifying of material which should not be classified, because it reflects unfavorably on the performance of the administration.

The purpose of classification should not be to conceal error, but unfortunately it frequently is.

GAO AGREES

Mr. STAATS. Mr. Chairman, I would like to make the general point here that as far as our procedure in the General Accounting Office is concerned, we must of necessity, in our public reports, follow whatever classification is established by one of the executive branch agencies. However, we have insisted and will continue to insist on the right of furnishing that information to the appropriate committees of the Congress, so that the Congress will be aware of anything which we develop, even though the information is classified.

But we have no alternative but to follow the classification in our public reports when it is established by the executive branch agencies.

Senator GRUENING. Well, I request that these two other examples of classified information be furnished to the subcommittee. Of course, we will respect the classification, but we would like to have the information so that we can pursue our investigation further.

Mr. STAATS. We shall be glad to do so.

Senator GRUENING. We would like to find out why these are classified and find out the nature of the violations that they conceal.

WHO RUNS PUBLIC LAW 480?

Mr. Staats, you have noted in some of your reports the predominate role played by the Department of State in setting the terms of the Public Law 480 agreements, with the result that overriding consideration is given to achieving what the Department of State construes to be our political objectives in the country.

For example, I noted that your report on displacement of commercial dollar sales of tallow to the United Arab Republic states:

We believe that * * * the consequent failure to protect U.S. commercial exports is the overriding consideration by the Department of State of the foreign policy aspects and implications of Public Law 480 programs, and the administration of these programs in a manner which focuses primarily on this consideration rather than on the safeguarding of the U.S. commercial exports.

Which agency actually runs the Public Law 480 program, the Department of Agriculture or the Department of State?

AGRICULTURE AND STATE SHARE RESPONSIBILITY

Mr. STAATS. Mr. Chairman the authority under Public Law 480, with the exception of title III which has to do with the arrangements through voluntary agencies, is vested in the President. In the case of title III, that is vested directly in the Department of Agriculture.

The President in turn has delegated his responsibilities under the other titles of the act, in the case of title I and title IV, to the Department of Agriculture, and title II to the Secretary of State, who, in turn, has redelegated that responsibility to AID, the Agency for International Development.

INTERAGENCY STAFF COMMITTEE COORDINATES

Now, as a practical matter, there has been an arrangement for some time for the working out of the negotiation pattern for any particular country, which has been developed through what has been called the

interagency staff committee, chaired by the Department of Agriculture, an official of the Foreign Agriculture Service, and which includes on it representatives of the agencies that I indicated in my statement, including Defense, State, AID, USIA, Budget Bureau, and the Office for Emergency Planning.

Now, this is an instrument of a type which takes committee action and therefore it tends to blur, to some degree, the direct responsibility for negotiating arrangements for a particular country. However, I think it has to be made clear, in fairness, that the committee doesn't bind any particular agency. Any one representative on that committee can and sometimes does go to the agency head in order to try to sustain their position on it.

But the Executive order does make it clear that title I and title IV are delegated functions to the Secretary of Agriculture, and title II to the Secretary of State.

I think that the answer to your question is that the Executive order does make it clear who is responsible in each of these instances, but that, as a practical matter, it is a committee action, and what forces have been applied in a given instance, in a committee operation of this type is something that is difficult to generalize upon.

Senator GRUENING. Would you say that the responsibility lies with State or Agriculture?

AGRICULTURE MUST BOW TO STATE

Mr. STAATS. I think technically, legally, the responsibility for title I and title IV is with the Secretary of Agriculture. He must carry this out under the Executive order in consonance with U.S. foreign policy, and I think this must be getting at the point which is relevant in the case of our report on tallow, and perhaps behind your question.

Perhaps the wording of the Executive order itself will bring this out a bit more sharply than I have stated it.

It says in section 3 of Executive Order 10900 that:

The functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations conferred upon the President by the act are hereby delegated to the Secretary of State.

So the responsibility for actually working out the negotiations in a given case is clearly with the Department of State.

All functions under the act, however vested, delegated or assigned, shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States as such policy relates to such functions.

So it would appear that in a given case, where foreign policy considerations may be heavily involved, the Secretary of Agriculture would be found under his discretion in title I and title IV by the judgment of the Department of State.

However, I have worked in the executive branch long enough, Mr. Chairman, to know that if the Secretary of Agriculture felt strongly enough on a given matter he would have recourse to the White House and to the President, if necessary, to sustain his position.

So I think I would have to answer your question by saying that the Secretary of Agriculture does have this responsibility, subject to the State Department's foreign policy considerations, unless he feels that,

in a given case, the other considerations are such that he ought to make his case directly to the President.

Senator GRUENING. Are there any notable examples of differences between the Secretary of State and the Secretary of Agriculture that you know of?

Mr. STAATS. We have not, to the best of my knowledge, in any of these 30 reports that we have prepared and submitted to the Congress, found instances where this has actually happened.

Perhaps my colleagues here can check me on this. They have been there much longer than I have.

Mr. HYLANDER. I don't know of any.

DOES STATE USE PUBLIC LAW 480 FOR POLITICAL OBJECTIVES?

Senator GRUENING. Mr. Staats, your report on the expedited findings of certain title I agreements states that the Department of State and the Agency for International Development had made special efforts to insure that agreements for the sale of surplus agricultural commodities to the Republic of Korea and the Republic of China were signed on or before December 31, 1964. This enabled these countries to avoid the effect of newly enacted legislation which required recipient countries to pay foreign exchange costs of ocean freight, starting with agreements signed after that date.

Your report shows that agreements with the eight countries were entered into in the last 10 days of December, thus causing the United States to pay the costs of ocean transportation which the Congress intended the countries to pay.

These eight agreements amounted to over \$123 million and involved ocean transportation costs of about \$14 million, which will be borne by the United States.

Is this not another instance in which the real direction of the Public Law 480 program by the Department of State to achieve political objectives is made evident?

Has not the State Department and AID found another spigot for giving economic assistance by paying for transportation costs on Public Law 480 shipments which the Congress wanted the countries to pay?

Do you have any suggestions on how the Congress can stop this sort of evasion of its clear purpose?

CURE IS ADMINISTRATIVE, NOT LEGISLATIVE

Mr. STAATS. I do not have any specific suggestions, other than what has already been offered, namely, to call this to the attention of the Congress in a fairly public way, so that there is perhaps a deterrent for the future.

It is not the kind of thing, in my opinion, that can be dealt with legislatively. It is more the manner in which a program is administered. In our view, in this particular case, it was not administered in accordance with the intent of the provision of law. This is the reason we made the report.

TITLE I AGREEMENTS WITH TAIWAN CALLED VIOLATIONS

Senator GRUENING. In the same report, on the expedited signing of title I agreements, you note—and I quote:

... since at least 1957, the United States (1) has provided Taiwan with over 200,000 metric tons of wheat annually under title I and similar programs, (2) has given Taiwan most of the local currency derived from the sale of this wheat, and (3) has imposed no conditions on the sale of identical or similar grains. Thus Taiwan has been able to export rice without limitation and to use essentially free United States wheat.

Does this not violate the very purpose of the Public Law 480 programs to make increased amounts of foodstuffs available for consumption by the people and not to enable the country to increase its export trade?

Your report also notes that the Department of Agriculture attempted to limit the amount of rice that Taiwan could export in 1965, but that the Department was overridden by the Department of State.

Does this not show that this whole program is being run by the Department of State as an additional foreign aid program?

STATE AND AID PREVAIL

Mr. STAATS. With your permission, I would like to ask Mr. Hylander to comment on this question, Mr. Chairman.

Senator GRUENING. I would be happy to have him do so.

Mr. HYLANDER. Certainly in this case, our view would be that the Department of State and AID were dominant in the interagency consideration of this matter, and that their views did prevail, and that until this recent agreement, they had not, as far as we know, previously taken any action along these lines.

This does point out, certainly, the prominent role of foreign policy considerations in administering the program.

WHY GIVE TITLE I COMMODITIES TO TAIWAN?

Senator GRUENING. Now, do you have any idea why we are continuing to provide Taiwan with title I commodities instead of selling them the commodities they want, on a commercial basis for dollars? I understood that Taiwan was now fully capable of paying for its food imports, and I think you stated, Mr. Staats, earlier that our aid program in Taiwan had ceased.

Are you familiar with the total amount of money that we have poured into that little island?

Mr. STAATS. I do not, Mr. Chairman, offhand, have the facts as to the total amount of aid. The only reason that I could give you with respect to our continuation there, in respect to Taiwan, is that we do have substantial local currency requirements in Taiwan for United States use, and this will undoubtedly continue as long as we have there the military program that we do have.

But that is only my surmise or judgment as to the basis for the continuation of that program other than the general foreign policy considerations.

“ . . . 600,000 MEN . . . BUT WE DO NOT SEEM TO FIND ANY USE
FOR THEM . . . ”

Senator GRUENING. You say we have a military program there.

I understand we have been supporting an army of 600,000 men there for a good many years, but we do not seem to find any use for them, any outlet or other for their military activities.

Mr. STAATS. There has been some, but it has been very, very small, I believe, Mr. Chairman.

Senator GRUENING. Well, hardly sufficient to justify our supporting an army of 600,000 men, would you say?

Mr. STAATS. This is a matter of foreign policy judgment, Mr. Chairman, and I am not sure I have a valid opinion about it.

GRUENING QUERIES LOSS OF COMMERCIAL DOLLAR SALES

Senator GRUENING. Mr. Staats, the Comptroller General sent a letter to the chairman of the Senate Committee on Agriculture and Forestry on June 16, 1964, pointing out that the large volume of commodity movements under Public Law 480 presents a danger of displacing normal commercial dollar sales and a consequent adverse effect on the U.S. balance of payments.

Have you found in your audits significant instances in which commercial dollar sales have been displaced by Public Law 480 sales for local currency?

In view of the fact that Public Law 480 contains specific provisions to prevent such displacement, how do you account for the fact that such displacements have occurred?

CRITERIA VAGUE

Mr. STAATS. Mr. Chairman, the language of Public Law 480, which relates to the question that you have raised, is very general. With your permission, I would like to read the exact text.

It provides in section 101(a) that the President, in carrying out his responsibilities under the legislation, “shall take reasonable precautions to safeguard usual marketings of the United States, and to insure that sales under this act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.”

Now, that is all there is in the law by way of guidance to the Secretary of Agriculture as to how he shall carry out his responsibilities.

GAO WANTS SHARPER GUIDELINES

The suggestion made in the GAO reports was perhaps that the Congress might find it useful in the law, or in the legislative committee reports, and so forth, to spell out the criteria and the basis for the judgment to be made.

I do not find anything in the House committee report on the extension of the legislation which would seem to deal directly with the point that I am making.

So I would assume that the point has been considered in the House committee, and for good and sufficient reasons, it has not been accepted.

In the one case that we referred to, in the United Arab Republic, the Department of Agriculture disagreed with us as to our judgment that there had been the effect of displacement of commercial sales.

I have just read that report again in the last 24 hours, and my own opinion is that while judgment on this plays a substantial part, nevertheless it would appear that the case is pretty strong that they have not carefully reviewed the matter from the point of view of commercial sales.

There had been a history here, a pattern, that even though their foreign exchange holdings were declining, this was a sufficiently important element in their economy that they might have been willing to have imported more commercially.

From all of the records on it, it would seem that in this case, the GAO has a pretty good case.

NO DOLLAR REFUND FROM U.A.R.

Senator GRUENING. In your report on the questionable grant of corn to the United Arab Republic under title II, Public Law 480, you say that about 86,000 tons of corn that were to be distributed free to needy people in Egypt suffering from famine was, in fact, sold by the Egyptian Government.

Your report notes that AID agreed to initiate a claim against the United Arab Republic for the value of the corn so diverted in accordance with the terms of the United States-United Arab Republic agreement.

Do you know whether AID has obtained a refund from the United Arab Republic?

Mr. STAATS. I believe Mr. Hylander commented on this point earlier, but perhaps he would restate it.

Mr. HYLANDER. As I understand, the claim has not been processed but that, instead, the United Arab Republic has made available the equivalent amount of corn which had been sold and this quantity has been donated to the needy.

Senator GRUENING. So that the people were finally fed?

Mr. HYLANDER. That is what we have been advised on that, yes. There has not been a dollar refund or a claim. That is our understanding.

Senator GRUENING. Do you know that that has actually happened?

Mr. HYLANDER. No, we have not personally checked this out. This is what we have been told.

TITLE I SALES CONTINUE TO TAIWAN, ICELAND, ISRAEL

Senator GRUENING. I noticed that in one of your reports, you listed a number of countries receiving agricultural commodities under title I of Public Law 480 whereby payment is made in local currency, most of which is turned back to the countries for their use. The countries included Taiwan, Iceland, and Israel.

I had understood these countries to be in financially sound positions and fully capable of paying for their commodity imports with dollars.

Do you have any idea why title I local currency sales have been continued to these countries long after they have reached a high level of economic development?

Mr. STAATS. Mr. Chairman, I do not have any direct information on that, other than the point I made a little while ago with respect to Taiwan, where we do have continuing local currency requirements for U.S. Government use.

With respect to the other two countries, I do not have anything to offer as an explanation in answer to your question.

SEES "PERPLEXING" PROBLEM OF INTERAGENCY COORDINATION

Senator GRUENING. The entire matter of who really directs Public Law 480 programs and how interagency coordination is achieved is most perplexing, I think we will agree. On the one hand we have the responsibilities of the Secretary of Agriculture in determining what commodities are available for sale or donation under Public Law 480, and on the other hand, we find the responsibility for negotiating Public Law 480 agreements with recipient countries vested with the Secretary of State, including the final determination of what the terms of those agreements shall be.

Then we have an interagency staff committee with State, AID, Agriculture, and the Bureau of the Budget advising the Secretary of Agriculture, but with State being the dominant element because of the overriding considerations given to foreign policy objectives.

We have also seen the establishment of a Director for Food for Peace in the Office of the President, whose terms of reference and functions were so nebulous that he was finally moved over to the Department of State.

Can you tell us how this complex interagency coordination works in practice and what ideas you may have on providing a better administrative arrangement?

CONGRESS SHOULD PAY MORE ATTENTION TO PUBLIC LAW 480

Mr. STAATS. Mr. Chairman, I outlined a few minutes ago the description of the delegation under the Executive order to the Secretary of Agriculture and the Secretary of State, and also the arrangements for the interagency staff committee.

I would add perhaps to what I have said in this manner: There has been, I think, growing recognition of the need to relate Public Law 480 programs more closely and directly to the programs developed for the AID program. This was touched on in the testimony presented before the House Agriculture Committee at some length by Secretary Freeman.

The point that we have made, in the General Accounting Office, in our comments to the committee, was that we did not feel that the Congress was giving the same kind of detailed review with respect to the Public Law 480 element of our total foreign aid program that Congress was giving with respect to the rest of the AID program.

BETTER INTERAGENCY COORDINATION IN OFFING

Now, it is my understanding that certain steps have been taken or are in process to try to improve this coordination between Agriculture and AID, by way of attempting to have Agriculture's staff participate more directly in the internal meetings of AID when country programs are being developed, so as to accomplish two things: (1) To be sure that the food element of aid program does fit in with the rest of the program in connection with fertilizers and so forth; and (2) with respect to whether or not there is adequate self-help being initiated by the country that is receiving the aid.

BOTH CONGRESS AND AGENCIES SHOULD IMPROVE PROCEDURES

Now, these are fairly recent developments, and I think we can be hopeful with respect to the effect of this. But the essential point I wanted to make was that there are two different considerations here. One is the extent to which Congress itself reviews in detail the Public Law 480 development of our aid program; the other is the degree to which AID and Agriculture, in effect, hammer out the details of a country program which includes both the food element and other elements of our assistance efforts.

I think this is hopeful, I think it is in the right direction, that it is the kind of thing which ought to be looked at carefully by Congress from time to time as to how it actually works out in practice.

CONGRESSIONAL REVIEW COMES EVEN MORE SHARPLY INTO FOCUS

Senator GRUENING. Maybe this is an embarrassing question, but do you think that Congress should be a little more vigilant or a little more aggressive in trying to get its purposes carried out? I do not know that you can answer that.

Mr. STAATS. I am not sure that I can answer that question in all candor. I do believe that different procedures have been followed by two different committees of Congress with respect to the authorization of the two elements of what I would consider essentially an integrated program.

Now, if the Congress accepts the concept in the administration proposal and the House committee report does accept the concept that we no longer consider Public Law 480 primarily as a way to dispose of agricultural surpluses, but rather as a way of accomplishing both that objective and also the objective of foreign aid, then the point that I am making with respect to congressional review comes even more sharply into focus.

CONGRESSIONAL EFFORTS BLOCKED

Senator GRUENING. Of course, the Congress has had numerous experiences of frustration when it writes a provision as to the foreign aid program such as withdrawing aid to a country which has persistently violated its agreements or misbehaved generally, but custom requires that this always be accompanied with a statement that this shall not be done unless the President finds it in the national interest to amend or discontinue a foreign aid program that has been in effect for several

years; and, somehow, it is always found to be in the national interest that this aid be continued.

I do not know what more the Congress can do, unless it would take the extremely radical step of just making a flat out-and-out prohibition of aid, which it has never seen fit to do until the present time. It is always couched in terms of "unless the President finds it in the them all over the world to needy recipients.

Whether the President makes these decisions personally or not is rather doubtful. They are probably made by some official down the line in State or AID. But the ultimate outcome is that the Congress has been, in many instances, frustrated by the executive agency.

This is a question which the Congress itself will have to resolve in the future.

GAO CONTINUES TITLE III REVIEW

I understand that you have been making some extensive studies of the title III programs under which the United States donates food-stuffs to charitable and religious organizations who, in turn, distribute them all over the world to needy recipients.

Can you describe some major problems which have developed in the administration of this program—that is, the charitable donations under title III?

Mr. STAATS. Yes, Mr. Chairman.

Senator GRUENING. I think you have already covered that very well.

Mr. STAATS. I think we have covered it fairly well in our statement.

There are some commodities which cannot be accounted for because the food was distributed to ineligible recipients, or where fees were charged to recipients, or where food was used to pay for some of the administrative costs of operating the programs in the country itself.

But these are matters which are still under review. We are going to be involved in the subject and we will expect to be reporting to the Congress on it.

Senator GRUENING. Mr. Staats, I think that this will conclude our hearing at this point.

GRUENING PRAISES GAO

I would highly commend your agency on the vigilance it has shown and the efforts it has persistently made to improve the situation, to secure more efficient management in our executive agencies, and to work reasonable economies in the administering of these programs.

They are tremendous programs. They exceed in dimension anything that we have seen before, and I think we all appreciate the difficulties under which your organization labors.

I believe we all appreciate that you have done a very excellent job in pointing out what is wrong, and I am sure you will continue to do so.

Mr. STAATS. I appreciate that statement very much, Mr. Chairman.

Senator GRUENING. I appreciate very much your coming here with your assistants. Your testimony has been very helpful.

Mr. STAATS. Thank you very much.

Senator GRUENING. Thank you.

We will now recess, subject to the call of the Chair.

(Whereupon, at 11:15 a.m., the hearing was recessed to reconvene at the call of the Chair.)

COORDINATION IN THE ADMINISTRATION OF PUBLIC LAW 480

THURSDAY, JUNE 30, 1966

U.S. SENATE,
SUBCOMMITTEE ON FOREIGN AID EXPENDITURES,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10:05 a.m., pursuant to recess, in room 3302, New Senate Office Building, Senator Ernest Gruening (chairman of the subcommittee), presiding.

Present: Senator Gruening.

Also present: Herbert W. Beaser, chief counsel; Joseph Lippman, staff director; William J. Walsh III, professional staff member; Nicholas Carbone, staff investigator; Mary A. Miller, clerk; Joyce Polk, assistant clerk; and Harriet S. Eklund, editor.

OPENING STATEMENT OF THE CHAIRMAN

Senator GRUENING. The hearing will please come to order.

On June 2, 1966, the Subcommittee on Foreign Aid Expenditures began a series of hearings on the administration of Public Law 480. At that time, Mr. Elmer Staats, the Comptroller General of the United States, testified on the findings of the General Accounting Office which resulted from extensive audits of program administration by that office.

These audits disclosed serious deficiencies in the way these programs had been administered. Today we will hear from the responsible officials of the Department of Agriculture, Department of State, the Department of the Treasury, and the Agency for International Development in response to the charges made by the Comptroller General. Several additional matters developed by the subcommittee staff, and about which the agencies have been informed will also be covered in today's hearing.

ENACTMENT OF PUBLIC LAW 480 SHOULD "SAFEGUARD THE USUAL
MARKETINGS OF THE UNITED STATES"

The Comptroller General reported on two instances in which Public Law 480 programs have displaced commercial sales which might otherwise have been made. In one instance commercial sales of wheat to the United Arab Republic declined from an average of 300,000 metric tons to an average of about 20,000 metric tons after we began supplying the United Arab Republic with increasingly large quantities of wheat under Public Law 480. This occurred despite the provisions

of Public Law 480 that the President shall take reasonable precautions to safeguard the usual marketings of the United States.

The Comptroller General also presented evidence that the United States lost about \$40 million in sales of wheat to Egypt because the State Department agreed to waive the commitments which the United Arab Republic had entered into to purchase specified quantities of wheat with dollars from the United States.

INEPT HANDLING IS "CHARACTERISTIC" OF PUBLIC LAW 480 ADMINISTRATION

The situation described by the Comptroller General appears to be characteristic of the way the Public Law 480 program has been administered. Thus, the Comptroller General has stated that:

In our further reviews of the manner in which normal patterns of commercial trade are safeguarded during the negotiation of title 1 sales agreements, we have noted that between fiscal year 1955 and fiscal year 1963 the United States has experienced decreases of over \$700 million from its previously recorded levels of sales of wheat, cotton, and tobacco to 15 countries.

UNITED STATES PAYS "SEVERAL MILLION DOLLARS" EXTRA

The Comptroller General also testified in his report on the expedited signing of title 1 agreements. In October 1964, an amendment to Public Law 480 was enacted which required recipient countries to pay a major part of the dollar costs for ocean transportation under agreements concluded on or after January 1, 1965. The General Accounting Office found, however, that in eight instances agreements were signed in December 1964, and that in the cases of Korea and Taiwan the Department of State and the Agency for International Development had made special efforts to insure that the agreements with these two countries were signed prior to December 31, 1964, thus enabling them to avoid the effects of the new legislation. As a result, the United States will pay several million dollars in additional dollar costs for ocean freight charges over what would have been paid had the agreements been signed on January 1, 1965, or thereafter.

One of the many interesting points made by the Comptroller General in his June 2, 1966, testimony was his conclusion that the degree of congressional control and review of the Public Law 480 programs was inadequate, particularly as compared to the degree of control exercised by the Congress over other elements of the foreign assistance program.

CONGRESS MUST WEIGH CHARGES

These are most serious charges which go to the very heart of the program and the administrative structure which has been established by the executive agencies. It is incumbent on the Congress to evaluate these charges and to consider the following questions:

Are existing interagency relationships clearly enough defined to insure that the objectives of the Public Law 480 programs are carried out?

Is further legislative action required to delineate more clearly the responsibilities of the Departments of State, Agriculture, Treasury, and the Agency for International Development?

Is there a need to establish clear priorities as between the interests of the Department of State in utilizing Public Law 480 programs to accomplish its political objectives, the interests of the Department of Agriculture in protecting commercial agricultural sales of the United States and the interests of the Department of the Treasury in its efforts to reduce the balance-of-payments problem?

Should the Congress consider additional measures of control and review of the Public Law 480 programs to insure that stated objectives are being carried out?

GRUENING'S EVIDENCE SHOWS PUBLIC LAW 480 ASSISTANCE GIVEN TO COUNTRIES AIDING CUBA

Of particular concern to the subcommittee is the evidence which has been developed that some countries have used Public Law 480 commodities to make increasing amounts of the same or similar commodities available to Communist countries such as Cuba and North Korea—a situation clearly prohibited by the provisions of Public Law 480. The subcommittee is also interested in the evidence which has been developed that Public Law 480 commodity assistance has been, and is being furnished to countries who continue to send their ships to Cuba.

Now, we have a number of distinguished witnesses here. First, there is Mrs. Dorothy H. Jacobson, Assistant Secretary of Agriculture.

Mrs. Jacobson, would you be kind enough to come forward and take your seat at the table and present your testimony. We are very happy to have you here.

Mrs. JACOBSON. Thank you, Mr. Chairman. Shall I proceed?

Senator GRUENING. Have you a prepared statement?

Mrs. JACOBSON. Yes. The copies will be delivered in a little while.

STATEMENT OF MRS. DOROTHY H. JACOBSON, ASSISTANT SECRETARY OF AGRICULTURE; ACCOMPANIED BY THOMAS E. STREET, DEPUTY ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE FOR EXPORT PROGRAMS, DEPARTMENT OF AGRICULTURE

Mrs. JACOBSON. The food for peace program as carried out under Public Law 480 has been of great benefit to both the people of the United States and the world's hungry. It has been a major factor in moving the U.S. agricultural surpluses into constructive use. It has served as a useful instrument of foreign policy. It has met food needs in more than a hundred nations around the world. It has made very definite contributions toward building commercial markets for our agricultural products.

MRS. JACOBSON WELCOMES CONGRESSIONAL CONCERN

Overall, we feel that an excellent job has been done. However, in any undertaking as complex and far reaching as the Public Law 480 program, operations do not always proceed as planned. There is always a need for review and improvement. We are therefore pleased to discuss with this Subcommittee on Foreign Aid Expendi-

tures of the Committee on Government Operations the management aspect of this program.

We are constantly trying to improve the operations and procedures under which we operate and welcome constructive suggestions from the committees of the Congress and from the GAO.

Mr. Chairman, in your opening statement on June 2, and again today, you referred to four specific points you wished to cover in these hearings. The first of these is the question of displacement of normal U.S. commercial sales of agricultural commodities for dollars by soft currency sales under Public Law 480.

COMMERCIAL SALES DISPLACEMENT CALLED MINOR

On this point, Mr. Chairman, we in the Department of Agriculture, and I believe in the executive branch generally, take considerable pride in the fact that in a program of this magnitude which has provided for shipments of over \$9.5 billion worth of agricultural commodities, under sales agreements since its inception, that under a program of this magnitude there have been so few instances in which questions have even been raised about possible displacement of normal U.S. commercial trade.

PUBLIC LAW 480 HELPS RATHER THAN HINDERS

We would like to emphasize, too, in this connection that during the period in which Public Law 480 has been operating, the commercial sales of agricultural commodities for dollars have more than doubled, increasing from a fiscal 1955 level of \$2.3 billion to an estimate of \$5 billion commercial sales for the current fiscal year.

We think that operations under Public Law 480 as a whole have helped in this tremendous increase in our commercial market.

MAINTAINS ALL U.S. MARKETINGS SAFEGUARDED

Now, this is not to say that we are being complacent about the questions which have been, or which may be, raised on whether or not any of our Public Law 480 sales agreements have adversely affected commercial sales. It has been a prime concern in our administration of Public Law 480 to take precautions to safeguard usual marketings of the United States, and this has been a standard provision in all Public Law 480 sales agreements since the beginning.

DESCRIBES EFFORTS

All requests for commodities under Public Law 480 sales agreements are subjected to careful analysis of the country's past history of commercial imports of the commodities in question, as well as its current financial ability to maintain or to increase its commercial imports.

There is, of course, no precise way of determining exactly what a country would import commercially from the United States in the absence of a Public Law 480 sales agreement. We make the best judgment we can on the basis of past history, usually taking an average. Where there is an upward or a downward trend, we take this into account. Where a country's foreign exchange resources are

deteriorating or improving, we take this into account as well. And, therefore, the level arrived at as a condition for financing commodities under Public Law 480 may be lower or higher than that of the previously preceding year or of an average of several preceding years.

Our general practice after making this determination of the appropriate level at which to safeguard the usual marketings of the United States and the level required to assure that there will be no undue disruption of normal patterns of commercial trade with friendly countries, as required by law, is to require the maintenance of these levels as a condition of the sales agreement. This is done generally by establishing a total figure of minimum commercial imports from friendly countries, of which not less than a stated figure is to be purchased from the United States for dollars.

“WE DO THE BEST WE CAN”

As I said at the outset, Mr. Chairman, we take pride in our management of this admittedly difficult aspect of administering Public Law 480 agreements. It is obvious that arriving at these determinations of the levels involves a large area of collective judgment. It is true that in the light of subsequent events in a few individual cases our judgment has been questioned. It can be argued that if Public Law 480 financing of agricultural imports were not available, a particular country would be forced to divert foreign exchange from other uses to buy such imports commercially.

However, in such case, a country in foreign exchange difficulties would probably be forced to either cut back on its economic development program or to reduce its people to unacceptably low levels of consumption.

If the reduction to lower levels of consumption were unacceptable, then the former course would be chosen and some commercial imports would result.

As the Comptroller General said at your hearing on June 2, and I am quoting him now, “There is no precise way to know what a country would buy in the absence of a title I agreement.” Under conditions that we can’t exactly forecast, we do the best we can to carry out the total intent of the law.

HAVE RECIPIENTS USED PUBLIC LAW 480 TO INCREASE THEIR EXPORTS?

Your second point, Mr. Chairman, relates to the extent to which countries receiving commodities under Public Law 480 have used such assistance to increase their exports of the same or similar commodities. This, too, is a question which has been considered and dealt with over the years since Public Law 480 has been in effect.

In the early years specific provisions were included in Public Law 480 sales agreements for specific commodities, for which there was a possibility known in advance that the same or similar commodities might be exported. In more recent years, standard language has been developed for inclusion in all Public Law 480 sales agreements under the heading of “General Undertakings,” providing that the government receiving the commodities will take all possible measures to prevent the export of any commodity which is the same or like

commodities purchased under the agreement, except where such export is specifically approved by the United States.

As in many areas of administration, this legislation requires an element of judgment. Questions arise as to which commodities are like those being purchased under the agreement as well as with regard to instances where it is appropriate to approve the export of a like commodity.

DECIDING FACTOR IS COUNTRY'S HISTORY OF COMMODITY EXPORT IN QUESTION

As in all the aspects of our administration of this legislation, our judgments have been to the best of our ability to make determinations in the best interests of the United States. Cases where exports have been approved are generally those where the country has a past history of exports of the commodity in question. We reach a decision that the exports of these commodities should not increase as a result of the supply of the same or like commodities under the provisions of the agreement. The means for insuring this is generally a requirement that any exports above the past historical level will be considered as resulting from the agreement and, therefore, will be offset by purchases of an equivalent tonnage, commercially, out of the country's own foreign exchange resources, to offset or make up for any increase in their own exports.

The amount so purchased commercially, of course, reduces the amount of the commodity being provided under Public Law 480, and the effect of this provision is to, as we say, commercialize the transaction, so that those exports that are above the previous levels cannot have been increased as the result of the supply of the commodity under Public Law 480.

PROVISIONS PROVIDE "EQUITABLE BALANCE"

We feel that these provisions strike an equitable balance, that on the one hand they assure that increased exports do not result from Public Law 480 sales agreements, and on the other hand, they do not unreasonably inhibit a developing country's legitimate efforts to expand its own commercial trade which is essential to its achievement of economic self-sufficiency.

It can readily be appreciated that the establishment and enforcement of these provisions, like the usual marketing agreements involve great difficulties of negotiation with the country immediately concerned, and of consultation with third countries which are also exporters of the commodities in question.

We believe that under the circumstances our administration of this aspect of Public Law 480 sales agreements has been managed with a minimum disruption to all concerned and in the best interests of the United States.

COMMUNIST COUNTRIES HELPED THROUGH PUBLIC LAW 480?

Your third point, Mr. Chairman, is a question with regard to the extent to which Public Law 480 commodity assistance to foreign countries has made possible increased exports of the same or similar com-

modities by these countries to Communist countries. This point is covered by the provisions of section 304(a) of Public Law 480 which requires that we exercise the authority contained in title I of the act to assure that agricultural commodities sold or transferred under this title do not result in increased availability of those or like commodities to unfriendly nations.

DIFFICULT TO DEFINE "SIMILAR" COMMODITIES

Consequently, this has from the beginning been a standard provision of agreements under title I. We have consistently sought to administer Public Law 480 agreements in a manner that faithfully carries out both the letter and the intent of this provision of the law. But, again, on this point, difficulties of interpretation have arisen on the question of definition of commodities which are like those being purchased under the agreement, and also, in defining what constitutes increased availability.

We have consistently done our best to fulfill this requirement of the law in spite of any difficulties of interpretation. We have sought to fulfill it in the best interests of the United States. Where it was apparent that increased availability of the same or like commodities had resulted from title I agreements, we have required the enforcement of this provision of the agreement by commercializing the transaction and requiring commercial purchases.

DO AID AND STATE OVER-STEP STATUTORY BOUNDS?

Your final specific question, Mr. Chairman, is the extent to which Public Law 480 programs are directed and managed by the Department of State and the Agency for International Development, rather than by the Department of Agriculture.

As you and the subcommittee know, Executive Order 10900, which assigns responsibility for the administration of Public Law 480, designates the functions conferred upon the President by titles I and IV of the act to the Secretary of Agriculture, and those conferred upon the President by title II to the Secretary of State.

You know, too, that that order also contains certain other specific delegations to other executive agencies, such as that to the Secretary of the Treasury with regard to the uses for local currencies, and you know that, additionally, the Executive order requires that all functions performed under Public Law 480, however delegated, be subject to the responsibilities of the Secretary of State with regard to the foreign policies of the United States.

CLAIMS WHOLE U.S. GOVERNMENT RESPONSIBILITY

In attempting to answer the question, Mr. Chairman, as to which agency is responsible, I have to say that it is a total U.S. Government responsibility. Any Government activity which affects as many U.S. interests as this, including farm income, farm programs, availability of agricultural commodities for supplies to American consumers, as well as availability to people abroad, foreign policy, foreign economic assistance, economic development for developing countries, U.S. balance of payments, commercial trade of the United States,

and countries friendly to the United States, and that affects foreign activities of U.S. Government agencies in fields as diverse as common defense and education exchange, this must of necessity be a total U.S. Government responsibility.

The specific delegations to the agencies by the Executive order are assignments of primary responsibility to agencies. I believe that in the administration of this law, each agency has a primary responsibility for those primary functions assigned to it, including the Department of Agriculture. I believe, too, that in carrying them out, all of the agencies concerned take care to administer them in such a way as to take into account the totality of the U.S. Government interests.

INTERAGENCY STAFF COMMITTEE COORDINATES

I might say parenthetically here, while we are part of the Department of Agriculture, we consistently recognize that the Department of Agriculture is a part of the Government of the United States. The mechanism for bringing together the various U.S. Government agency interests at the staff level is the Interagency Staff Committee. It serves to make sure that any agreement or program undertaken with a foreign country takes into account all of these U.S. Government concerns. This Interagency Staff Committee, however, does not take action that is binding on any particular agency. Consequently, when issues arise which any agency feels are of sufficient importance, these can be and are raised ultimately to the Cabinet level for decision, and in this way, any action on which there is not general agreement is carried to those higher levels at which agreement is reached so that action taken by the U.S. Government with regard to Public Law 480 is then taken as a U.S. Government decision.

“ . . . WE ARE PROUD OF THE JOB WE HAVE DONE . . . ”

I would like to conclude by reemphasizing what I said at the outset, that we are proud of the job we have done in administering this wide-ranging, complex legislation. Despite the admittedly great difficulties of the task, we have been able to provide for the movement of a very large volume of agricultural commodities without, so far as we know, any very serious or significant displacement of U.S. commercial imports, or disruption of normal patterns of commercial trade of friendly countries.

Despite the number of Government agencies concerned, we have been able to move rapidly and with flexibility to respond to the frequently rapid and unanticipated shifts in supply situations for commodities, both in the United States and in other countries.

A recent current example is the unanticipated demand for a large volume of food grains in India as a result of the drought. We have been able to respond effectively to meet this need and, as a result, helped to stave off a disastrous famine which could well have occurred.

We believe that we are prepared to continue effective administration of this program or its successor, substantially on the basis of experience which has proved effective in the past.

Thank you, Mr. Chairman, and I will be glad to try to answer questions or to call on some experts to help me answer them.

Senator GRUENING. Thank you very much, Mrs. Jacobson, for a very comprehensive statement.

I think before we go to the questions, we will continue with the other witnesses, if you will be kind enough to stand by.

Mrs. JACOBSON. I will.

Senator GRUENING. Our next witness is Mr. Edward R. Fried, Deputy Assistant Secretary of State for International Resources.

Go ahead, Mr. Fried, in your own way.

Have you a prepared statement?

Mr. FRIED. I have, sir. Thank you, Mr. Chairman.

STATEMENT OF EDWARD R. FRIED, DEPUTY ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL RESOURCES

Mr. FRIED. I am pleased to appear before you today with my colleagues of the Department of Agriculture, Treasury, and the Agency for International Development to discuss the functions of the Department of State in carrying out the administration of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954.

As you, yourself, have said, Mr. Chairman, "Public Law 480 is a program of vast dimensions."

It is a program of continuing significance to the conduct of our relations with the rest of the world and particularly of our relations with the developing nations.

PROGRAM SHOWS VAST INCREASE IN DECADE

Since 1954, when the Agricultural Trade Development and Assistance Act became law, the world has changed remarkably. For example, there are now 57 more nations in the U.N. than there were in 1954. The program itself has grown from commodities valued at \$834 million in 1955 to roughly \$1.4 billion in 1965.

These facts, Mr. Chairman, illustrate the "vast dimensions" you have in mind, and they illustrate clearly the need for the continuing and detailed interagency consultations in which the Department of State participates during the discharge of its Public Law 480 functions.

The Department of State has, as Mrs. Jacobson indicated and Mr. Waters will detail further, certain specific responsibilities for carrying out the mandate of Public Law 480.

MUCH OF STATE DEPARTMENT'S AUTHORITY REDELEGATED TO AID

Much of the executive responsibility for administering the law assigned to the Department of State has been redelegated to the Agency for International Development. The Secretary has reserved the determination of which are friendly countries for purposes of section 107 of the act and has retained responsibility for (a) advising the Secretary of Agriculture on the foreign policy aspects of barter programs; (b) consulting with friendly countries on the commercial trade aspects of Public Law 480 programs; and (c) conducting those parts of the foreign currency program that relate to our foreign buildings and cultural affairs activities.

To expand briefly:

FRIED DESCRIBES MANAGEMENT OF BARTER PROGRAMS

(1) Barter: The Department's role in barter programs is carried out mainly through membership on the Advisory Committee on Barter, an interagency group set up to advise the Secretary of Agriculture. Moreover, the Executive Stockpile Committee report authorizes the Secretary of State under certain conditions to initiate barter programs, and this function is carried out in the context of State membership on the Advisory Committee on Barter.

U.S. FOLLOWS FAO GUIDELINES

(2) Third country consultations: Public Law 480 requires the President to: "Take reasonable precautions to * * * assure that sales under this act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries." The injunction against market disruption which is found in domestic U.S. law is paralleled in a recommendation of the Food and Agricultural Organization of the United Nations.

The FAO some years ago recommended to its member governments that they agree to dispose of agricultural surpluses "in an orderly manner so as to avoid any undue pressure resulting in sharp fall of prices." The FAO also recommended that "where surpluses are disposed of under special terms, there should be an undertaking * * * that such arrangements will be made without harmful interference with normal patterns of production and international trade." The United States has accepted these recommendations.

When situations arise where Public Law 480 sales may come in conflict with commercial sales by third countries, the Department of State consults both with the countries involved and with the Interagency Committee with a view to establishing the facts and working out a solution.

STATE DEPARTMENT DECISIONS BASED ON MANY FACTORS

(3) Friendly country determinations: I would like to refer at this point to the responsibility of the Department of State under section 107 of Public Law 480. The only country with respect to which a determination has been made under this section is Poland. In 1956, shortly after the Poznan uprisings, Secretary Dulles determined that Poland was not a country dominated or controlled by the international Communist movement, for purposes of section 107. Of course, this decision was taken only after thorough discussion with the other interested agencies.

Aside from the specific statutory requirements of section 107, the Department of State, of course, has an important role to play, along with the other agencies here today, in the decision to make Public Law 480 agreements with particular countries. Such decisions are based on many factors bearing upon the domestic and foreign policies and interests of the United States. These may encompass foreign relations, commercial considerations, national security requirements, political, regional, and traditional factors and relationships, and a number of other matters which must be taken into account and may not necessarily be assigned equal weight in each decision.

In this connection, Mr. Chairman, the food for peace program is well named. There is a very real relationship in less developed countries between hunger and political stability. There is, in turn, a very real relationship between the political stability of less developed nations and our protection and pursuit of the overall interests of the United States. Aside from our humanitarian interests in fellow human beings, we know that we cannot find enduring security in a world in which a few are rich and the many live in misery and starvation.

STATE DEPARTMENT WELCOMES EVALUATION OF PROGRAM BY CONGRESS
AND GAO

We are conscious, continually, of the problems that arise from the need to make countless individual judgments and decisions in the administration of our food for peace program, and we welcome the assessments and efforts of the Congress and of the General Accounting Office to pinpoint situations which will enable us to make the program more effective.

Thank you, Mr. Chairman.

Senator GRUENING. Thank you very much, Mr. Fried, for an excellent statement.

Would you be kind enough to stay at the table? Later we will have some questions.

Next we would like to hear from Mr. Herbert Waters, Assistant Administrator for Material Resources, Agency for International Development.

Mr. Waters, glad to have you here.

Do you have a prepared statement?

Mr. WATERS. I have, Mr. Chairman.

STATEMENT OF MR. HERBERT J. WATERS, ASSISTANT ADMINISTRATOR FOR MATERIAL RESOURCES, AGENCY FOR INTERNATIONAL DEVELOPMENT; ACCOMPANIED BY ANDREAS F. LOWENFELD, DEPUTY LEGAL ADVISER, DEPARTMENT OF STATE

Mr. WATERS. Mr. Chairman, I, too, welcome the opportunity to discuss the administration of the food-for-peace program. As you stated when you opened these hearings, Mr. Chairman, all of us approach this subject from the same point of view: that the food-for-peace program is one of the outstanding American success stories. The abundant production of American agriculture has benefited millions of people in the free world—staving off hunger; combating malnutrition, especially in children; and helping to build strong and growing economies.

Since 1954, the United States has shipped over \$15 billion worth of farm products under the food-for-peace program. A program of this magnitude fully merits examination to determine whether our food resources are being used effectively. It is only prudent management to seek out ways and means of improving its administration.

SECRETARY OF STATE HAS FINAL RESPONSIBILITY

This is an area to which I have given a great deal of attention. I propose to touch briefly upon some of the steps which the Agency for

International Development has taken to carry out its responsibilities under this program. But first, it may be helpful to note that most of the Public Law 480 functions delegated to the Secretary of State have been redelegated to AID, as Mr. Fried just emphasized. However, all functions of the act are subject to the responsibilities of the Secretary of State with respect to U.S. foreign policy. This does not mean that foreign policy considerations override all others. But when we deal with as potent a force as food for the world's hungry, the impact of these programs upon foreign policy must be given due weight.

AID HAS VITAL INTEREST IN PUBLIC LAW 480

We are deeply concerned with the efforts of developing countries to improve their own ability to feed themselves or to buy what they need on commercial terms. One of our most important development objectives is to increase agricultural productivity. In the coming year, AID expects to increase its capital and technical assistance to agriculture by 50 percent. AID also has an important stake in the development of Public Law 480 programs. We work closely with the Department of Agriculture both here and abroad to estimate requirements for food aid. We have a vital interest in the terms and conditions on which the food is provided to assure that insofar as possible Public Law 480 food programs and AID dollar programs, taken together, are effectively used in the struggle for a world of peace and progress.

But just as foreign policy considerations cannot be ignored, we fully recognize that other purposes of Public Law 480, such as developing and expanding dollar markets for our farm products, protecting commercial markets of the United States and other countries in the free world, and helping our balance of payments, must—and are—carefully weighed in arriving at decisions on Public Law 480 programs.

AID MOVES FROM "FOOD FOR DISTRIBUTION" TO "FOOD FOR DEVELOPMENT"

Up to now my comments have related primarily to concessional sales under titles I and IV. Let me turn now to grants and donations under titles II and III. AID has primary responsibility for the administration abroad of these programs. The thrust of these programs is changing significantly. To put it bluntly, they are trying to shift from using food as a dole to using food to overcome the need for a "handout." We have underway 179 economic and community development projects in 65 countries. Twelve million people participate in these projects and receive U.S. food in return for their work.

American voluntary agencies, freed by the 1964 extension of Public Law 480 from the requirement to distribute food without asking for work in return, have made a good beginning in using food to help needy people help themselves. In school feeding programs, students are now required to make some financial contribution wherever possible. But no child is turned away hungry on this account.

The shift from "food for distribution" to "food for development" requires increasing emphasis upon program development, administration, and review. AID now has 45 food-for-peace officers and assistants in 24 key countries. Five years ago we had only 10 food-for-

peace officers. The voluntary agencies and foreign governments have increased their financial support for these programs, and to oversee and operate these programs they have greatly expanded the number of people involved, including paid employees and volunteers.

"VIGOROUS ACTION IS TAKEN TO CORRECT PROGRAM DEFICIENCIES"

Grant and donation programs are regularly monitored by AID's Audit Division and management inspection staff. About 20 percent of the time of our staff of 350 auditors is spent in reviewing grant and donation programs. Their recommendations are carefully reviewed, both here and in our missions overseas. Vigorous action is taken to correct program deficiencies. In addition, the voluntary agencies and participating foreign governments regularly review their own programs.

In conclusion, I can assure you, Mr. Chairman, that the findings and recommendations of the GAO also receive careful review and follow-through. We are always open to constructive suggestions and in a program as complex as food for peace, we need them.

Thank you, Mr. Chairman.

Senator GRUENING. Thank you very much, Mr. Waters, for a very good statement.

Our fourth witness is Mr. Knowlton, Assistant Secretary of the Treasury.

Mr. Knowlton, will you come forward, please?

STATEMENT OF WINTHROP KNOWLTON, ACTING ASSISTANT SECRETARY OF THE TREASURY FOR INTERNATIONAL AFFAIRS

Mr. KNOWLTON. I welcome this opportunity to comment on the manner in which the food-for-peace program is administered insofar as Treasury is concerned.

The responsibilities and functions assigned to the Treasury Department for administering the Public Law 480 program may be divided into seven main categories:

TREASURY'S MAJOR CONCERN IS WITH BALANCE OF PAYMENTS

1. In the first instance, Treasury participates with other agencies in the interagency committee which formulates U.S. negotiating positions for prospective sales agreements with foreign countries. In this exercise, the major Treasury concern is with the impact on the U.S. balance of payments. In our view, this factor is seriously weighed in the committee, although you will appreciate that other elements must be taken into account as well.

TREASURY ACTS AS CUSTODIAN OF FOREIGN CURRENCIES . . .

2. The Treasury takes custody of the foreign currencies received under Public Law 480 title I sales. It also prescribes regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received under the act.

. . . EVALUATES AND REVISES FOREIGN CURRENCY NEEDS . . .

3. The Treasury consolidates Government agency estimates of foreign currency requirements, considers possible changes in requirements and availabilities, and prepares a list of the countries in which U.S. holdings are in excess. This list is revised annually.

For most of the 80 or so currencies held by the U.S. Government, holdings are much smaller than estimated U.S. Government requirements for a reasonable period in the future. These are simply working balances which are held to a minimum. But in the case of some countries—between 7 and 11 in recent years—Treasury has found that holdings exceed 2 years' prospective requirements. In such cases, the currency is designated by Treasury as excess unless prospective changes in U.S. receipts of the currency or the trend of U.S. requirements or a rise in prices in the countries involved suggest that a somewhat larger number of years' requirements should be allowed for before the currency is considered "excess." As a practical matter, there have been no cases in which holdings in excess of 2 years' requirements were not declared excess.

This determination of excess currencies is made by the Treasury in cooperation with other agencies, particularly with the Bureau of the Budget. Once the list of countries in which excess currencies are held has been established, it is used by the Director of the Bureau of the Budget as a guide for all Government agencies to insure that all current and planned dollar obligations in these countries are closely examined to maximize use of Treasury-held foreign currencies in lieu of dollars and also as a guide for inviting agencies to request special foreign currency program appropriations. Such appropriations, when approved by the Congress, are for expenditures that can be financed only out of U.S. Government holding of excess currencies.

. . . SEEKS BEST EXCHANGE RATES . . .

4. With respect to the exchange rates at which U.S. holdings of local currencies are sold to Government agencies, personnel, or other authorized purchasers, Treasury's general policy is to see that currency is sold at the best rate at which it could be legally acquired in the market for the purpose involved.

. . . SUPERVISES LOCAL CURRENCY DISBURSEMENT . . .

5. U.S. disbursing officers of the State Department are authorized by the Treasury to operate the local accounts in which the bulk of our local currency is held, and are under the technical supervision of the Treasury Department. They disburse under delegation of authority from the chief disbursing officer of the Treasury Department. Central summary accounts of our local currency holdings are maintained by Treasury, and periodic financial reports are prepared. The latest of these is the "Report on Foreign Currencies in the Custody of the United States, December 31, 1965," a copy of which has been provided to the committee.

. . . DEPOSITS LOCAL CURRENCIES WISELY . . .

6. The Treasury Department designates the depositories abroad for U.S. Government-owned local currencies and makes it a practice to utilize branches or subsidiaries of American banks wherever possible. It is the policy of the Treasury to obtain the maximum amount of interest possible on such deposits consistent with their safety.

Since the enactment of section 301(c) (2) of the Foreign Assistance Act of 1965 (section 613(d) of the Foreign Assistance Act of 1961, as amended) which provides for the receipt of interest, no foreign country has refused to agree to pay interest on U.S.-owned foreign currency deposits under Public Law 480 agreements subsequently executed, although the rate of interest has been the subject of negotiations.

. . . CONTROLS LOCAL CURRENCY SALES TO AMERICANS

7. Finally, I should mention that in order to implement sections 104 (s) and (t) of the law which provides for the sale of foreign currencies to private American citizens, Treasury seeks to obtain as much currency as feasible for this use. There are severe limitations, however, on the amount that can be negotiated.

The excess currency countries all suffer from foreign exchange scarcities and resist and resent arrangements which cost them foreign exchange. They are particularly sensitive to any such loss of American tourist dollars. In view of this situation, and prevailing foreign exchange laws and regulations, it is necessary to negotiate agreed procedures and limitations under which sales to U.S. private citizens may be made.

When suitable arrangements are made we publicize the facilities and urge U.S. citizens to use them. Leaflets have been prepared for insertion in the U.S. passports of travelers to these countries and travel agencies are informed and urged to cooperate. This cooperation has been excellent.

Mr. Chairman, this concludes my comments on the responsibilities of the Treasury Department for the administering of Public Law 480. I am at your disposal if you have further questions.

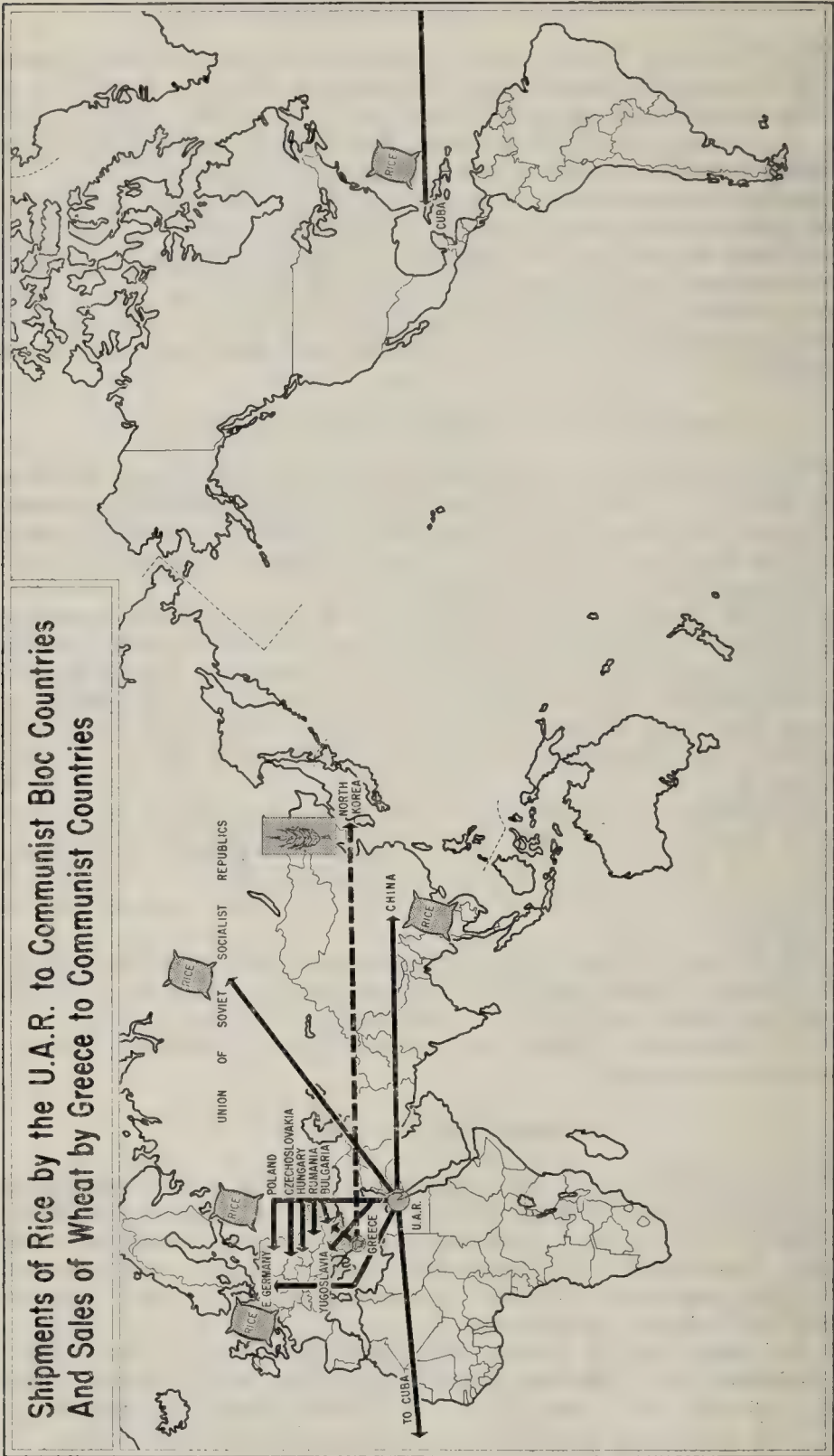
Senator GRUENING. Thank you very much, Mr. Knowlton. We appreciate your statement.

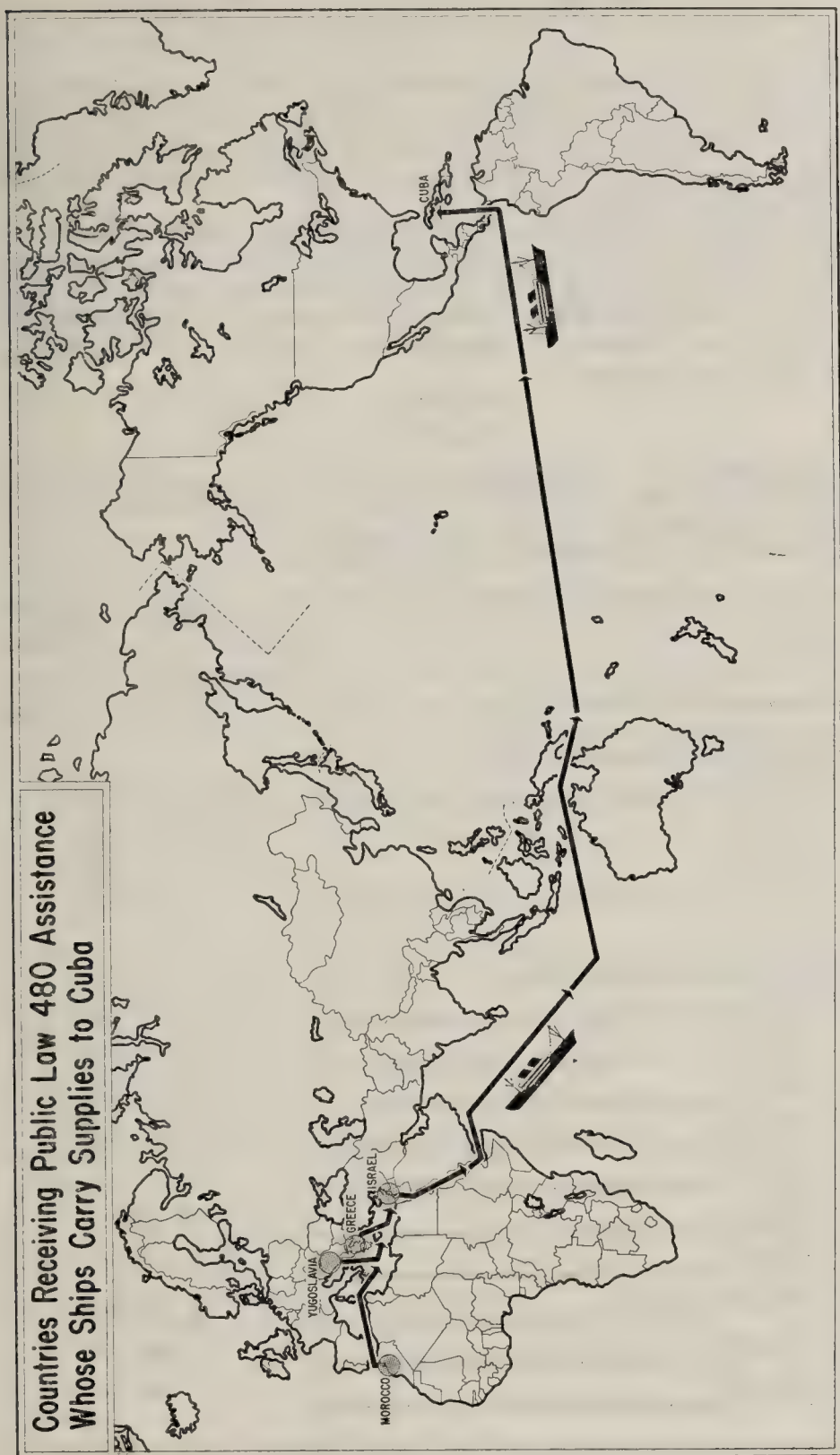
TWO MAPS SHOW VIOLATIONS

The subcommittee staff has prepared two maps and some charts based on data obtained from the Department of Agriculture, the Maritime Administration, and other sources. I want to show you these maps and charts and would like to have your comments. I direct that copies of the maps be included at this point in the record, and that the charts follow in proper sequence.

The first map, Map I, shows the shipments of rice by the United Arab Republic to Cuba and Communist China and to other Communist countries at a time when the United States was providing Egypt with very large quantities of wheat under Public Law 480.

This map shows the sales of wheat by Greece to Communist countries at a time when the United States was providing wheat to Greece under Public Law 480.





Drawn by Robert Bostick, Library of Congress, July 1966

EXHIBIT 10

Senator GRUENING. These situations appear to be in clear violation of Public Law 480 and the agreements entered into with these countries.

The second map shows the number of ships under registry in Greece, Yugoslavia, Israel, and Morocco that have been delivering supplies to Cuba at a time when these countries were receiving Public Law 480 assistance. I understand that Israel and Morocco have now stopped their ships from going to Cuba.

Table I commercial imports of U.S. wheat by the United Arab Republic shows that before the start of Public Law 480 programs to that country it was importing with dollars over 300,000 metric tons each year from the United States. After we began giving Egypt Public Law 480 wheat, commercial imports from the United States fell to about 20,000 metric tons.

EXHIBIT 11

TABLE I

COMMERCIAL IMPORTS OF U. S. WHEAT BY UNITED ARAB REPUBLIC

<i>FISCAL YEAR</i>	<i>IN METRIC TONS</i>
	<i>IMPORTS</i>
<u><i>BEFORE PUBLIC LAW 480:</i></u>	
1952	306,000
1953	339,000
1954	242,000
<u><i>AFTER PUBLIC LAW 480:</i></u>	
1955	23,000
1956	48,000
1957	14,000
1958	10,000
1959	— —
1960	29,000
1961	57,000
1962	2,000
1963	— —
1964	— —

GREECE AGREES NOT TO INCREASE EXPORTS OF SIMILAR COMMODITIES

Now, in the case of Greece, section 304(a) of Public Law 480 provides that the President shall assure that agricultural commodities sold or transferred under title I as repayment in local currencies of that act will not result in increased availability of those or like commodities to unfriendly nations.

On November 17, 1964, a 2-year agreement was entered into with Greece dealing mostly with feed grain and wheat. This agreement was entered into under title IV, because of Greece's improved financial position. Terms—repayable in dollars with 25 percent after the first year's deliveries, and the remainder payable in 19 years at 3½ percent interest.

AGREEMENT CONTAINED PENALTY PROVISION FOR EXPORTATION OF LIKE COMMODITIES

Despite the fact that the agreement was under title IV and not title I, the agreement contained assurances that the purchase of commodities under the agreement would not result in increased availability of these or like commodities to other countries. The agreement contained a penalty provision providing that if at any time during the contract period Greece exported any feed grains and wheat or flour, the Government of Greece upon demand by the United States would make payment with interest at 6 percent in U.S. dollars equivalent to the value of any such commodities exported by Greece.

At the time of the agreement Greek wheat production had increased greatly so that wheat surpluses threatened. Greece had come to that position through the resale at high prices in previous years of title I wheat and using the sales proceeds to provide a subsidy for wheat growers.

GREEK GOVERNMENT FAILED TO CUT SUBSIDIES AS PROMISED

This was known to the United States prior to the signing of the November 17, 1964, agreement. However, the Greek Government promised to cut these subsidies so as to reduce wheat production. Subsidies were not reduced and about 500,000 tons of surplus wheat were produced in Greece during 1965. Thus, in June 1965, Greece faced a dilemma. It had received half the wheat under the November 1964 agreement with the United States, under which it had promised not to ship wheat abroad so long as it was receiving wheat and feed grain under the agreement and until the wheat and feed grains received had been consumed.

But Greece also faced a wheat surplus. It was decided to suspend further shipments under the agreement, thus permitting Greece, it was thought, to export wheat as soon as it had consumed all of the wheat and feed grain received from the United States.

This was done and Greece started exporting wheat.

GREECE STARTS EXPORTING WHEAT . . .

During 1965 and 1966 Greece sold 350,000 tons of wheat as follows:

1. 100,000 metric tons to a French trading firm, of which 70,000 tons were resold to North Korea.
2. 100,000 metric tons to a Swiss-Bulgarian trading firm for shipment to Bulgaria.
3. 60,000 metric tons to the French trading firm that resold wheat to North Korea.
4. 50,000 metric tons to a Swiss-Bulgarian trading firm.
5. 40,000 tons, of which 33,000 tons were shipped to Italy, and the remaining 7,000 tons were sold to an unknown buyer.

These sales to Bulgaria and North Korea were known to the U.S. officials.

. . . WITH U.S. PERMISSION

The Greek Government requested the resumption of the title IV program because of an urgent need for feed grain, soy bean oil, and tallow. However, if the shipment of feed grain was resumed, the prohibition against wheat exports would be in force.

Accordingly, in January 1966, despite the knowledge that the exports of wheat by Greece were mainly going to North Korea and Bulgaria, an amendment was entered into by the Greek and United States Governments attempting, retroactively, to permit the Greek Government to export 350,000 tons of wheat through 1966.

It is obvious on the face of the transaction that the export of these 350,000 tons was in violation of the Greek Government's agreement with the United States. Under that agreement, a penalty of \$20 million could have been demanded by the United States Government from the Greek Government.

Would any of you like to comment on these statements?

MRS. JACOBSON RESPONDS

Mrs. JACOBSON. Mr. Chairman, I have a few comments that I would like to make on your first statement, and then offer the opportunity to my colleagues to make further details.

The first statement relates to the problem of United Arab Republic rice exports and your statements pointed out that their exports of rice were increased at a time when we were providing them with wheat, and I think the clear question in your mind is whether rice is a like commodity to wheat and whether these increased shipments of rice were made possible by our Public Law 480 program providing wheat to the United Arab Republic.

We did provide certain levels of export of rice for the United Arab Republic but traditionally the United Arab Republic's exports of rice varied directly in proportion to the production of rice in the United Arab Republic. In years of large production, the exports of rice increased as well as the consumption.

Senator GRUENING. Mrs. Jacobson, I think before you go into this, I had better make the statement on the United Arab Republic rice ex-

ports, to which you are now addressing yourself. Let me give this for the benefit of the other members of the panel here.

Mrs. JACOBSON. Yes.

GRUENING POINTS OUT U.A.R. VIOLATION

Senator GRUENING. In October 1962, in connection with a Public Law 480 title I agreement, the United Arab Republic agreed that the import of wheat and wheat flour would not increase the availability of rice for export by the United Arab Republic. The level of exports of rice was set at 400,000 metric tons for 1962 and 455,000 metric tons in 1964.

This agreement was violated by the United Arab Republic.

In the year 1964, the United Arab Republic exported 526,693 metric tons of rice, much of it to Communist countries such as the U.S.S.R., Red China, Cuba, and East Germany.

There will be inserted in the record at this point a list of the countries receiving rice shipments from the United Arab Republic during that period, as well as table II prepared by my staff.

(The documents above referred to follow:)

EXHIBIT 12

UNITED ARAB REPUBLIC RICE EXPORTS BY AMOUNT AND COUNTRY OF DESTINATION FOR THE PERIOD JAN. 1, 1964, TO DEC. 31, 1964

	<i>Amount in metric tons</i>		<i>Amount in metric tons</i>
Syria -----	20,000	United Kingdom -----	8,853
Jordan -----	1,823	Italy -----	1,500
Iraq -----	4,000	Belgium -----	1,500
Sudan -----	650	The Federal Republic of Ger-	
Palestine (Gaza strip) -----	3,573	many -----	29,687
Lebanon -----	13,400	Switzerland -----	1,000
Lybia -----	3,300	France -----	2,500
U.S.S.R. -----	131,398	Netherlands -----	2,000
East Germany -----	13,451	China -----	20,000
Hungary -----	6,350	India -----	29,022
Greece -----	1,752	Kuwait -----	3,000
Bulgaria -----	4,850	Indonesia -----	52,245
Poland -----	16,995	Cameroon -----	2,050
Czechoslovakia -----	24,919	Senegal -----	15,000
Rumania -----	17,127	Cuba -----	62,710
Finland -----	9,929	Somalia -----	430
Cyprus -----	1,966	Ship stores -----	22
Yugoslavia -----	16,145		
Austria -----	3,450		
Sweden -----	100	Total -----	526,693

Senator GRUENING. This appears to be a clear violation of Public Law 480, which provides in section 304 that the President shall exercise the authority contained in title I of this act and, too, assures that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly countries.

This also seems a clear violation of the agreement on total rice exports.

EXHIBIT 13

TABLE II

RICE EXPORTS BY THE UNITED ARAB REPUBLIC
TO COMMUNIST COUNTRIES

	AMOUNTS IN METRIC TONS	
	1960	1964
U.S.S.R. _____	4,600	131,398
EAST GERMANY _____	8,004	13,451
HUNGARY _____		6,350
BULGARIA _____		4,850
POLAND _____		16,995
CZECHOSLOVAKIA _____	1,750	24,919
RUMANIA _____		17,127
YUGOSLAVIA _____		16,145
CHINA _____		20,000
CUBA _____	40,973	62,710
<i>TOTAL</i>	55,327	313,945

WHEAT EXPORTS BY GREECE TO COMMUNIST COUNTRIES

	FISCAL YEAR 1966	
NORTH KOREA _____	70,000	METRIC TONS
BULGARIA _____	100,000	METRIC TONS

What action was taken on these violations, either by the Department of Agriculture, the Department of State, or the Agency for International Development?

And the record will show a very considerable number of countries that received these shipments.

Mrs. JACOBSON. You are talking now about the 55,000 excess over the 400,000 permitted.

Senator GRUENING. Yes.

Mrs. JACOBSON. What did we do about that? Do you have that? Herb?

EXHIBIT 14

TABLE III.—*Number of ships visiting Cuba and value of sales agreements*

	NO. OF SHIPS VISITING CUBA		VALUE OF SALES AGREEMENTS	
	1965	1966	FY 1965	FY 1966
TITLE I				
MOROCCO _____	1	0	13.9 ^{1/}	6.3
ISRAEL _____	2	0	17.4 ^{2/}	23.5
GREECE _____	23	10	2.5	-
TITLE IV				
YUGOSLAVIA _____	15	5	93.9 ^{2/}	134.9
GREECE _____			33.3 ^{2/}	-
ISRAEL _____	-		-	8.5

^{1/} In addition a title I agreement in December 1962 provided an additional \$17.5 million for calendar year 1965

^{2/} Agreement signed 11-17-64 provided for varying supply periods, i.e. F.Y. 1965-66 and CY's 1965-66

U.A.R. AGREED TO LIMIT EXPORTS

Mr. WATERS. Mr. Chairman, let's review the history of that agreement, if I may run back over it. The title I agreement with the U.A.R. particularly on this point you are referring to about the Communist countries, included provisions limiting exports of rice and other commodities to unfriendly nations.

Senator GRUENING. Article IV, paragraph 1, of the October 8, 1962, title I, Public Law 480 agreement, and the January 3, 1966, agreement provide that the U.A.R. will take all possible measures to "assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States of America."

No specific quantitative limitation was placed on U.A.R. exports of rice to unfriendly countries. However, the note accompanying the agreement included assurances that imports of Public Law 480

wheat and wheat flour would not increase the availability of rice for export to any country, friendly or unfriendly, by the U.A.R.

It was agreed that, based on an assumed milled rice production of 1.3 million metric tons, rice exports in the year beginning November 1, 1962, as the chairman has said, would not exceed 400,000 tons. Exports of rice in excess of this amount could be effected only to the extent that the final production figure exceed 1.3 million tons.

BASIS FOR GUIDELINES IS ON ESTIMATED ANNUAL PRODUCTION

The levels of rice exports for the subsequent years of the agreement were to be agreed upon in the course of the annual review. The exchange of notes set forth the conditions under which the United States agreed that Public Law 480 wheat and wheat flour sales did not result in increased availability of rice for export by the U.A.R.

For the year beginning November 1962, it was agreed that any exports of rice up to the 400,000 tons would be normal. For 1963-64 the agreed figure was 455,000 tons. And for 1964-65, it was 400,000.

Now, since the allowable exports were based on assumed production figures, they were subject to change when final production figures became available.

Mr. BEASER. Mr. Chairman, may I interrupt there? Mr. Waters, how was the 100,000 figure arrived at? What was the normal export of rice by U.A.R. for the 5 previous years?

Mr. WATERS. I will have to ask the Department of Agriculture if they can provide that figure. The normal level—

Mr. BEASER. Our figure shows 210,000 metric tons. You set it at 400,000. This seemed like a subsidy to the U.A.R. didn't it?

Mrs. JACOBSON. Well, with the anticipated production of 1.3 million metric tons, the export limitation was set at 400,000 tons.

Mr. BEASER. No. I meant they had been exporting 210,000 and you gave them a limit of about 190,000 above that.

Mrs. JACOBSON. I would like to ask the acting chairman of our interagency staff committee to explain that in detail. If I may—is Tom Street here? Tom, will you explain in detail—

Mr. BEASER. Would you identify yourself for the record?

Mr. STREET. My name is Thomas E. Street. I am Deputy Assistant Administrator of the Foreign Agricultural Service for Export Programs and as Mrs. Jacobson said, I am acting chairman of the interagency staff committee.

On this specific question, as Mrs. Jacobson indicated, the level of exports of rice was related to production in the U.A.R.

Mr. BEASER. It was not related to previous exports?

Mr. STREET. Pardon?

Mr. BEASER. It was not related to previous exports?

U.A.R. ALLOWED MORE EXPORTS BECAUSE OF ANTICIPATED PRODUCTION

Mr. STREET. The point is—yes, the exports fluctuated in the U.A.R. according to changes in production of rice. In other words, in years when the production was relatively small, the exports were relatively small, and vice versa. So that in 1962, when the agreement in question was signed, there was an anticipated very large increase in the

production of rice in the U.A.R. In fact, the production of rice nearly doubled from the year 1961 to the year 1962.

Consequently—and, again, as an example, in the year of low production, 1961, the export of rice was quite low and this had been the pattern over the previous years.

Therefore, in the face of an anticipated very large increase in production of rice which, in fact, materialized, the level of exports was related to the anticipated production.

Mr. BEASER. Is that customary? Do you do that in Taiwan, Korea, and other places?

I am referring to a December 22, 1964, policy statement by the Department of Agriculture which I would like to have inserted in the record of this hearing at this point.

(The policy statement referred to follows:)

EXHIBIT 15

DEPARTMENT OF AGRICULTURE MEMORANDUM ON ITS POLICY RE EXPORTS OF LIKE COMMODITIES UNDER PUBLIC LAW 480 AGREEMENTS

The desire of the State Department and the Agency for International Development to permit Korea to export rice, particularly to Japan, while Korea is receiving wheat under Title I PL 480 runs counter to policies which have governed PL 480 operations from their inception. This is a major policy question since it affects not only the immediate Korean request but also similar current requests for Taiwan and the UAR, as well as establishing a precedent which would affect similar situations and other commodities in other countries.

REASONS FOR RESTRICTING EXPORTS OF LIKE COMMODITIES

The standard language of Title I PL 480 agreements contains, under the heading of general undertakings on the part of the government, the following: "To prevent the export of any commodity of either domestic or foreign origin which is the same as or like the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending with the final date on which such commodities are received and utilized (except where such export is specifically approved by the Government of the United States of America); . . ."

The reasons for this provision are interpretations of the intent of the legislation, specific provisions of the legislation and experience in operations under the legislation, as follows:

(1) The intent of the legislation is taken to be to provide agricultural commodities for consumption, not for export.

(2) The individual legislative provisions are several—Section 101(d), which prohibits transshipment to other countries or use for other than domestic purposes of agricultural commodities purchased under this Act; Section 101(a), which requires safeguarding of the usual marketings of the U.S. and assurance that sales will not unduly disrupt normal patterns of commercial trade with friendly countries; Section 304(a)(2), which requires assurance that agricultural commodities sold do not result in increased availability of those or like commodities to unfriendly nations.

(3) Experience in operations under the legislation has been varied and of such a nature as to leave a lasting mark on program policies, as evidenced by the adoption of the standard language in Title I Agreements referred to above.

EXPORT RESTRICTIONS IN EFFECT

The result of the experience in PL 480 operations mentioned above has been the establishment of special export provisions in addition to the standard agreement provisions in cases where there appears that PL 480 imports are likely to result in increased exports of the same or like commodity. These are cited below by commodity.

Rice

Korea—Any exports of 14,000 MT up to a maximum of 60,000 MT during CY 1964 to be offset by equivalent tonnage of wheat or barley imported from the U.S. with Korea's own resources.

Viet Nam—No exports to be made during period of rice import under PL 480.

UAR—Exports of rice not to exceed 400,000 MT in 12 months beginning November 1, 1964.

Pakistan—No exports of rough rice permitted, only exotic varieties.

India—Rice exports not to exceed 5,000 MT.

Wheat

Israel—Exports limited to no more than 15,000 MT and to be offset by commercial imports of a like amount.

This is the only current instance of permitting exports of wheat. A number of requests recently by Turkey, Morocco and Tunisia to be permitted to export durum wheat while importing PL 480 wheat have been turned down.

Fats and Oils

Greece—No more than 5,200 MT to be exported during CY 1964 of which not more than 350 MT to countries unfriendly to U.S.

Guinea—No exports permitted.

India—Value of peanuts exported for crushing may not exceed value of imports of oil and oil equivalent of copra.

Israel—Exports up to 25,000 MT must be offset by U.S. purchases of soybeans.

Poland—Exports of lard to Western European countries not to exceed 7,000 MT and Eastern European countries—5,000 MT. If butter exports increase, Poland must purchase from the U.S. an equivalent quantity of vegetable oil.

Tunisia—Limit exports of olive oil during period Nov. 1, 1964 to Oct. 31, 1965 to 40,000 MT of which not more than 4,000 MT would be exported to unfriendly countries.

Cotton

Standard provisions of all agreements are that any increase in exports of cotton textiles will require the recipient government to import from the U.S. with its own resources the equivalent weight of the raw cotton content of the increased textile export.

Guinea—Export of textiles prohibited.

UAR—Will not increase the total area devoted to cotton production while importing wheat under PL 480.

KOREAN RICE EXPORTS

As may be seen from the foregoing, the only instances in which exports are permitted of commodities which are the same as or like those being imported under PL 480 are those in which the recipient country has a history of export of the commodity in question.

The case of rice in Korea does not fit this pattern inasmuch as Korea, since achieving independence in 1946, is a net rice importer. During the period from independence to the beginning of the Korean war, Korea imported 115,000 MT of rice and exported only 90,000. The 90,000 export was made all in one year—1950. During the Korean war period, of course, Korea imported rice heavily—521,000 MT—and exported none. During the period since the Korean war, i.e., from 1954 through 1963, Korea has imported a total of 387,000 MT of rice and exported only 100,000 MT.

Therefore, it is not possible to regard Korea as having a history of exports which could serve as the basis for an understanding that Korea should be allowed to export rice while importing wheat and other foodgrains under PL 480.

Rather the contention in this case is that Korea should be allowed to use American aid in the form of PL 480 commodities as a means of promoting Korea's exports.

This appears clearly to run counter to the use of PL 480 commodities intended by the legislation. In fact it runs counter to policies adopted by AID prohibiting use of foreign assistance dollar funds for promoting the export development of agricultural commodities which are not surplus.

(1) *These policies are set out in AID Manual Order 1016.2, which says in part, "Subject to normal programming procedure aid of any kind may be*

provided for the purpose of increasing food and feeds for domestic consumption; but it may not be given to increase production of (1) surplus food and feeds with the result of substantially increasing exports or (2) surplus agricultural commodities other than food and feeds."

In addition, sales of Korean rice to Japan run the risk of displacing commercial sales of U.S. rice to that market.

Mr. STREET. Well, we use various provisions to suit the circumstances in various countries.

Mr. BEASER. What was the export—what were the exports in the previous 5 years?

Mr. STREET. The previous 5 years—in 1961, the exports were 43,000 tons. In 1960, again with a considerably larger production than in 1961, the exports were 280,000. In 1959, they were 239,000. In 1958, again with a low production, they were 59,000. In 1957, with a somewhat larger production, they were 430,000.

Mr. BEASER. So the 400,000 that you permitted was quite high, wasn't it?

Mr. STREET. Well, it was, again, related to the production, to a high production.

Mr. BEASER. No, in relationship to the previous exports.

Mr. STREET. Well, not, for example, in relation to the year 1957, when the exports were 430,000.

Mr. BEASER. That was 5 years before.

Mr. STREET. Yes, sir. And, as Mrs. Jacobson mentioned, there was a relationship established to consumption levels, that is, the provision that consumption be maintained at a level higher than had obtained in previous years.

U.S. IMPOSES PENALTY

Mr. BEASER. May I ask one question? On the increased exports over and above the agreement, did you exact a penalty from the United Arab Republic?

Mr. STREET. Yes, we did.

Mr. BEASER. What kind of penalty?

Mr. STREET. The requirement that either wheat, wheat flour, or corn be purchased from the United States out of the United Arab Republic's own foreign currency reserves.

Mr. BEASER. What was done?

Mr. STREET. Pardon?

Mr. BEASER. What was done?

UNITED ARAB REPUBLIC BUYS U.S. CORN WITH DOLLARS

Mr. STREET. They bought 100,000 tons of corn from the United States.

Mr. BEASER. With dollars?

Mr. STREET. With dollars.

Mr. BEASER. Our understanding was that it was a barter arrangement.

Mr. STREET. Well, it is dollars—this was under a multilateral barter.

Mr. BEASER. Would you explain that, please?

Mr. STREET. The multilateral barter generally results from the—

Mr. BEASER. No. I mean, in this specific case.

Mr. STREET. These are offshore procurement barter as a means of saving our dollar outflow. In cases where the Defense Department or the Agency for International Development is going to acquire goods or services in foreign countries, we enter into private barter-type agreement with U.S. firms.

Mr. BEASER. I am trying to get specifically here how the United States exacted a penalty for the violation by the United Arab Republic of this agreement.

THROUGH MULTILATERAL BARTER

Mr. STREET. The United Arab Republic purchased with its own resources 100,000 tons of corn from U.S. barter contractors. It wasn't, in other words, the kind of barter which is frequently thought of, a so-called bilateral exchange.

Mr. BEASER. What did Egypt give up for this?

Mr. STREET. The money that it cost them to buy the 100,000 tons of corn.

Mr. BEASER. They bought 100,000 tons of corn from the United States for dollars, is that it?

Mr. STREET. Yes.

Mr. BEASER. I thought you said this is a barter arrangement.

Mr. STREET. Well, this kind of barter arrangement is a multilateral barter in which the commodity bought by the country results from an offshore procurement barter. In other words, it is a commercial transaction. It just happens to be the result of an offshore procurement barter. It is not a barter in the normal sense of a bilateral exchange of strategic commodities, for example. We regard it as a commercial dollar transaction.

Mr. BEASER. Now, the corn flowed into Egypt—

Mr. STREET. Yes.

Mr. BEASER. Before the violation or after the violation?

Mr. STREET. I am not sure of the dates.

Mr. BEASER. Actually, what you did is—you picked up a purchase which Egypt had made previously and used that as a penalty.

The following excerpt from a report of the U.S. agricultural attaché in Cairo shows that the United Arab Republic had bought corn from the United States in the first 6 months of 1965, long before AID and State considered what penalties to assess against the United Arab Republic for its violation.

In the first 6 months of 1965 the United States shipped 102,286 metric tons of corn to the U.A.R., including 101,952 metric tons under barter.

VIOLATION SATISFIED?

Mr. STREET. Well, I am not sure of the dates. But it was either during the period of the violation or subsequent to it. In either case it would have satisfied the violation.

Mr. BEASER. Why?

Mr. STREET. Because it was over and above the amount required. The violation, as we established it, was 70,000 tons and they purchased more than that. They more than met the violation by purchasing 100,000 tons.

Mr. BEASER. But they had already done that.

Mr. STREET. And it was above the level of their normal marketing requirement. Well, as I say, I am not sure of the time sequence.

(Material supplied for the record is as follows:)

U.A.R. exceeded its allowable rice exports during the period November 1, 1963, through October 31, 1964, by almost 70,000 tons. The offset purchases of corn to satisfy this violation were made during the period March through June of 1965.

Mr. BEASER. But actually, it wasn't purchased from the United States. In other words, we lost money from this transaction.

Mr. STREET. No. One hundred thousand tons of corn were purchased from the United States.

Mr. BEASER. Well, I am confused. You say it was a barter. Dollars didn't flow to the United States.

Mr. STREET. Dollars did flow to the United States.

Mr. BEASER. Then, there was no barter.

Mr. STREET. There was not a bilateral barter. This was a third or fourth leg of a multilateral barter.

Mr. BEASER. Somebody else paid us money, not Egypt.

Mr. STREET. No. Egypt paid us. Egypt paid a U.S. exporter dollars for the corn, so that dollars came back to the United States.

Mr. BEASER. Where did the barter come from?

Mr. STREET. This was an offshore procurement barter arrangement in which the U.S. barter contractor received corn which he was required to export to eligible third countries and furnish goods and services which would have been procured by the Defense Department and by AID with U.S. dollars.

Mr. BEASER. Specifically, in this transaction, you don't know what was bartered for what?

Mr. STREET. No.

Mr. BEASER. Don't you follow the barter transactions?

Mr. STREET. Not these multilateral barter. Under multilateral barter, there is not a specifically required country destination for the agricultural commodity.

Mr. BEASER. Now the United Arab Republic, with its barter arrangements, could have wrecked our cotton market from Europe and you wouldn't be able to tell whether it was or not. In other words, it could have moved cotton to Europe as a barter.

Mr. STREET. As a barter? There was no cotton involved.

Mr. BEASER. Are you sure?

Mr. STREET. Yes.

Mr. BEASER. Well, what was involved?

Mr. STREET. The commodity was corn.

(Material supplied for the record is as follows:)

A number of offshore procurement barter contracts were utilized. The contracts provided for the furnishing of various supplies and services to the Department of Defense and to the Agency for International Development. The U.S. dollars paid by U.A.R. for the corn were utilized to pay for the foreign supplies and services and therefore improved the U.S. balance-of-payments position to the extent of such purchases.

Mr. BEASER. Yes, but what did they barter it for? Mr. Waters?

Mr. WATERS. Let me explain that the transactions vary, but I will give an example that you may be a little familiar with because of a previous hearing regarding excess property.

For example, one of our AID barter projects provides for maintenance shops in Antwerp where we are rehabilitating excess property. To avoid the balance-of-payments cost of paying dollars for this contract, we enter into a partnership agreement with the Department of Agriculture. We, in effect, pay the amount of these contracts to the Department of Agriculture—to the Commodity Credit Corporation—and the money doesn't leave the United States. The Commodity Credit Corporation in turn issues a public tender to barter contractors who will provide the services overseas and take payment in grain. So the Department of Agriculture paid for these services in grain. The barter contractor, to complete the transaction, then has to sell his grain.

Now, in this instance, any commercial grain dealer handles the grain part of this, and it is a regular part of the transaction. He gets nothing back from U.A.R. except dollars. It is just a straight sale of grain to the U.A.R. In turn, the barter contractor has to make his earnings from the sale of the corn. He has to provide the services agreed to under the contract with USDA.

FOREIGN COUNTRY NOT REQUIRED TO BUY FROM U.S. GOVERNMENT UNDER
PUBLIC LAW 480

Now, the normal marketing requirements of these Public Law 480 agreements do not require the country to buy from our Government. The normal marketing requirements can be satisfied by any commercial transaction with a U.S. commercial grain company. In this instance, a commercial grain company made a straight commercial sale to the U.A.R. So the U.A.R. fulfilled more than its normal marketing requirements. It was the grain company contractor who in turn had to provide the additional barter services. U.A.R. had nothing to do with the barter operation at all.

In other words, this was just the end outlet of the grain taken by a U.S. barter supplier from USDA in payment for other services the barter contractor—

Mr. BEASER. But what the other services were, you don't know?

Mr. WATERS. What this particular barter contract was, I don't know, but the USDA does provide this service for both the Department of Defense and AID to try to avoid offshore expenditures. Whenever we have offshore expenditures that we would otherwise have to carry forward, we first see if we can carry it out through a transfer of funds to the Department of Agriculture in lieu of spending offshore.

“ . . . GET THEM OFF THE HOOK ON PENALTY ”

Mr. BEASER. I would like to ask a couple of questions about the Greek transaction.

Now, apparently, you have an interagency committee which discusses all these matters, and in January of this year, the question came up as to amending the Greek contract to get them off the hook on penalty.

Now, was the fact that Greece was shipping to North Korea and Bulgaria brought up at the interagency committee and, if so, who said what?

INTERAGENCY COMMITTEE UNAWARE OF GREEK SALES TO NORTH KOREA

Mr. STREET. No. It was not brought up at the interagency committee because at the time the transaction was under discussion, the sale to North Korea was not known.

Mr. BEASER. It was not known?

Mr. STREET. Not at the time it was under discussion in the interagency—

Mr. BEASER. When was it discussed in the interagency committee?

Mr. STREET. I am sorry; I don't have the records here.

Mr. BEASER. The amendment was signed in January and we have a letter from Raymond E. Vickery, Director for Grain and Feed Division, USDA, and Mr. Ray Ioanes, saying they had received dispatches that Greece was selling to North Korea through the French intermediary.

Now, was that available to your interdepartmental committee?

Mr. STREET. Could you give us that date, please?

Mr. BEASER. December 21, 1965.

Mr. STREET. Well, this was subsequent to the discussions in the interagency committee.

Mr. BEASER. It was not known to you before?

Mr. STREET. That is right. It was known before the agreement was actually signed, but it was not known at the time of the interagency committee discussion.

(Material supplied for the record follows:)

The amendment to the agreement with Greece was discussed and approved at the Interagency Staff Committee meetings on December 9, 1965 and December 16, 1965.

Mr. BEASER. If it was known at the time the agreement was signed, even though it was not discussed in the interagency committee, why didn't one of the departments responsible put a caveat in that amendment saying that no further shipments to North Korea or Bulgaria should be made? You gave them a blanket "taking off the hook," didn't you?

Mr. STREET. Well, what was being done as an amendment to the November 1964 agreement—

Mr. BEASER. That is right. You relieved them of responsibility in one paragraph of that amendment but you didn't tie it down to say that none of the shipments were to be made to North Korea or Bulgaria. Why not?

NEGOTIATIONS COULD HAVE BEEN AMENDED? "YES"

Mr. STREET. Well, because at the time—as you have mentioned—toward the end of December, the negotiating instructions were already in Athens and the negotiations were in process.

Mr. BEASER. Couldn't they have been amended?

Mr. STREET. They could have; yes, sir.

Mr. BEASER. They weren't.

Mr. STREET. No.

Mr. BEASER. Any reason why not?

Mr. STREET. I think—Mrs. Jacobson, this might be a question that would be more appropriate for somebody else.

Mrs. JACOBSON. Do you want to answer that? The responsibility for carrying on the actual negotiations there with a foreign country is in the hands of State.

Mr. BEASER. Under instructions from whom?

Mrs. JACOBSON. Yes.

Mr. BEASER. From whom?

Mrs. JACOBSON. Well, the contents of the instructions are discussed and, as Mr. Street had explained, the content of these instructions had been discussed and agreed upon in the ISC before this knowledge was known.

Mr. BEASER. That is right.

NOT FEASIBLE TO MAKE AN AMENDMENT AT THAT TIME

Mrs. JACOBSON. These instructions, as I understand it, had gone to our officials who were involved in the negotiations. At some time during the process of these negotiations, before the final signature, these shipments became known to us and I assume that in the judgment of those who negotiated and who were in the process of evaluating this intergovernmental relationship, it was not feasible to make an amendment at that time, but I——

Mr. BEASER. Was any attempt made to do so?

Mrs. JACOBSON (continuing). But I offer Mr. Fried the opportunity on that one.

Mr. FRIED. Well, let me try. I don't really have any specific knowledge of this, Mr. Chairman, but if I am right, I believe that of the 350,000 tons that was set, 100,000 tons was from this sold by Greece to this French trading firm. Now, my understanding is, and I could be wrong, that this sale had already been made before the agreement and negotiations had been consummated.

Mr. BEASER. And the sale was in violation of Greece's agreement with us.

Mr. FRIED. No. I don't believe so. Would that be true?

Mr. STREET. No. It wouldn't be in violation of the agreement.

GREECE FACED A PENALTY PROVISION

Mr. BEASER. Then, why was the agreement amended?

Mr. STREET. Why was the agreement——

Mr. BEASER. Why was it necessary to relieve Greece of its indebtedness by amending the agreement? It was a penalty provision.

Mr. STREET. Yes. Well, that was because of the problem that Greece faced with this very large surplus of wheat which was more than could be utilized by Greece domestically, either by feeding to livestock or by utilization for its own human consumption.

Mr. BEASER. What attempt was made to find out whether it could be used for livestock?

Mr. STREET. Well, in the course of discussions, inquiry was made and there was an estimate that about 100,000 tons was the maximum that could be used for livestock feed. However, Greece was faced with a surplus, very large in magnitude, I think perhaps you mentioned about 500,000 tons.

"... WHY DIDN'T SOMEBODY PICK UP THE PHONE . . . AND SAY 'HOLD IT' "

Mr. BEASER. Yes, but the agreement as I read it said that they were not to ship wheat, and they did. So that when you found it out, before your negotiations were concluded, why didn't somebody pick up the phone and call the Ambassador in Greece, our Ambassador, and say, "Hold it. They are shipping this stuff to North Korea and Bulgaria."

Mr. STREET. Well, inquiries were sent on this to our Ambassador to see whether the sale could be stopped, and it could not be.

Mr. BEASER. I am not talking about the sale. I am talking now about the amendment to the agreement. Why didn't you put a provision in that?

Mr. STREET. Well, again, this is the question—

Mr. BEASER. They can still continue to do it, can't they?

Mr. STREET. You mean, on the new agreement that was signed?

Mr. BEASER. No; the amendment to the old—

Mr. FRIED. Wasn't the previous one suspended? What was the status of the agreement when the new one—

Mr. BEASER. You suspended it and I gather we reinstated it and amended it so it is still in force.

Mr. STREET. Yes. That is it.

Mr. BEASER. That is about it, putting it elegantly, so I would say that the agreement was still in force.

No further questions, Mr. Chairman.

Senator GRUENING. One of the basic questions before the subcommittee is, are existing interagency relationships clearly enough defined, both on paper and in practice?

Are decisions made on the basis of the criteria spelled out in the act or are the recommendations of Agriculture overruled on political grounds?

POLITICS AND ECONOMICS CONFLICT

For example, it is called to the attention of the subcommittee that the negotiating—in negotiating the 1963 Public Law 480 agreement with Greece, many United States officials were of the opinion that Greece was so far advanced economically that title IV dollar agreement should be negotiated with Greece rather than a title I local currency agreement. A title I agreement was negotiated. Was that done in accordance with the provisions of Public Law 480, or for political reasons?

Similarly, with respect to Israel, which has made remarkable strides forward economically with generous assistance from the United States, a title I agreement was negotiated for every year through 1966 over the objections of the Department of Agriculture, Treasury, and the Bureau of the Budget? Why not a title IV agreement?

A title I Public Law 480 agreement was signed with the Philippines on April 23, 1965. The agreement provided for the shipment of 100,000 metric tons of milled rice during the calendar year 1965.

From the very beginning, the Department of Agriculture argued that a title I program to the Philippines could not be justified on the basis of that country's economic position.

“WHO IS RESPONSIBLE?”

We are not interested in whose signature is on the final agreement but rather, who made the actual decision—State, AID, Agriculture, or Treasury—and who overrules whom? Who makes the final decision? Who is responsible for these violations which go on?

Mrs. JACOBSON. I don't know about a specific answer to your last question, Mr. Chairman, as to who is responsible for these violations which go on. Without any implication, that is too much like asking “have you stopped beating your husband?” But who is responsible for the decision—

Senator GRUENING. I don't think the analogy is correct at all.

Mrs. JACOBSON. OK, Mr. Chairman.

I think I tried to say in my statement that this is a collective responsibility.

“YOU ALL PASS THE BUCK TO EACH OTHER”

Senator GRUENING. In other words, no one is responsible. You all pass the buck to each other.

Mrs. JACOBSON. No. Let me try to be specific.

Senator GRUENING. I will point to the next question.

Mrs. JACOBSON. The Executive order assigns to the Secretary of Agriculture, as I recall, and I am slightly paraphrasing this, the responsibility to make certain decisions with regard to title I and title IV in consultation with the agencies concerned and in line with broad policies laid down by the President.

Now, those are two qualifications which have been put upon the Secretary of Agriculture. In other words, the Secretary of Agriculture decides this after consulting with the agencies concerned and in line with the broad policies of the President.

I think we can state honestly that this is what is done, that the Interagency Staff Committee is a mechanism for consulting with the agencies concerned. Obviously, they follow the broad policies laid down by the President and if there is a serious enough disagreement on a policy among the agencies, it can go up that far, as you have already noted in some of your testimony.

DECISION MAY DEPEND ON POLITICAL FACTORS

Now, suppose one consideration would tend in the direction of this decision and another consideration would tend in the direction of that decision. I think you are asking, do political considerations overrule? And my answer, I think, as honest as it can be, is—it depends on how strong those considerations are, and as you do in balancing any decision, you weigh not only the different approaches but how important each of these approaches is.

In the determination at the ISC level and, later, at a higher level, if the agricultural interests outweigh the other interests, I believe that that influences the decision. If a foreign policy consideration outweighs the importance of the agricultural interests in terms of the general interest and overall interests of the Government and people of the United States, then, I think that weight helps to determine the decision.

OVERALL NATIONAL INTEREST—A MAJOR CONSIDERATION

I don't know if this helps at all. I don't think it says that no one is responsible. I think what it intends to say is that the weight of factors in determining any decision of this kind does and necessarily has to depend upon the circumstances in the case, and I think it further says that all the participants in this decision consider first the responsibility which they are assigned specifically, and, second, the overall interests of the country.

DEPARTMENT OF AGRICULTURE DECIDES ON "USUAL MARKETINGS"

Mr. BEASER. In determining usual marketing levels, for example, does the law specifically say that political considerations should be taken into that or is that a judgment that is made by experts in the Department of Agriculture?

Mrs. JACOBSON. The usual marketing is determined to the best of our ability, and I would believe that the Department of Agriculture has the chief influence in this field, in terms of a rational, reasonable estimate of what the usual marketings would be in terms of those factors I mentioned in my statement. Not only the history and the average of production and exports, but also the foreign exchange position would necessarily have an influence on determining usual marketings.

Mr. BEASER. Let me ask you a question, going back to the United Arab Republic rice exports. The law is fairly clear that the President shall exercise the authority contained in title I to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly countries.

United Arab Republic entered into an agreement saying no rice exports over and above a certain amount. It did it. And, in addition to that, it shipped a considerable amount of that to Communist countries.

Who made the decision not to enforce any penalties against the United Arab Republic? Was that made by the Interagency Committee or the Secretary of State, by the President or by—

DID UNITED ARAB REPUBLIC VIOLATE AN INTERNATIONAL AGREEMENT?

Mrs. JACOBSON. As I understand it, the question arose—the question of a penalty depended upon a question as to whether the United Arab Republic had violated an international agreement. The question as to violations of international agreements is, under our form of government, a matter up to the Department of State.

Mr. BEASER. State made the decision not to do anything about it, about the violation.

Mrs. JACOBSON. Ed, do you want to take it from there?

This was just to determine whether a violation had occurred. It was an international—

Senator GRUENING. There was no question. There was a violation. There wasn't any question about that, was there?

Mrs. JACOBSON. I believe there was.

Mr. WATERS. Mr. Chairman, I think there was a question about whether there really was any violation. This is the point I was trying to get to a while ago. The question is not really whether or not United Arab Republic exported some additional commodities. The question was whether the Public Law 480 input into the country was the cause of its increased exports.

DID PUBLIC LAW 480 CAUSE INCREASE IN EXPORTS

Now, this is where we get to the fact, whether it was a Public Law 480 input that resulted in increased exports, or whether it was their increase in their own production.

Mr. BEASER. What I am trying to get at——

Mr. WATERS. The fact that they did increase their own consumption within their country, the fact that we did require an increase in their own consumption of rice, would in itself show that it was not the Public Law 480 input that created the export increase. It was the increased production in the country that resulted in increased exports, and as far as Public Law 480 legislation is concerned, it requires that the input of Public Law 480 commodities shall not cause such an increase; the law says the President shall exercise caution to see that the input of Public Law 480 commodities does not in itself result in increased exports. The fact is that the finding was made that it was not the Public Law 480 input that caused the increased exports. That finding couldn't have been made if those increased exports were due to less consumption, but again, consumption as well as production increased. It was not the Public Law 480 inputs that——

Mr. BEASER. And State didn't care.

“THEY VIOLATED THEIR AGREEMENT AND NOTHING WAS DONE”

Mr. WATERS. The point was made that it was not the Public Law 480 input that caused the increased exports, and the fact that the country had already increased purchases beyond its normal marketings from the United States, above the amount that would be required under any off-set arrangement left no grounds for invoking any penalty.

Mr. BEASER. Mr. Waters, the agreement you had with the United Arab Republic said they wouldn't export rice above 400,000 metric tons. They did, as far as I can see. That is a violation of the agreement.

Now, if you want to retroactively amend it, fine, but you didn't. They violated their agreement and nothing was done.

Mr. WATERS. But the compensation for exports beyond an agreed amount is offsetting purchases in the United States for dollar trade, beyond their normal marketing requirements. And they met this offsetting requirement by their dollar purchases in the United States, and thereby left no ground for any charge against the country.

Mr. BEASER. What country? They bought here——

Mr. WATERS. Here. This is the corn we were discussing before. They bought more in addition to their normal marketing requirements than the amount of the differential in the increased exports of rice.

MRS. JACOBSON CLAIMS AGREEMENTS DID NOT VIOLATE INTENT OF CONGRESS

Senator GRUENING. Earlier in my opening remarks I referred to the amendment passed by the Congress in October, 1964, under which recipient countries were required to pay a major part of the dollar costs for ocean transportation under agreements concluded on or after January 1, 1965. Why did the Department of State and the Agency for International Development make special efforts to conclude agreements with eight countries, even though it would cost the United States several million dollars in added transportation charges?

Mrs. Jacobson, did the Department of Agriculture object to this procedure?

Mrs. JACOBSON. As far as I know, and I am going to refer again to Tom Street here, we continued negotiations with a certain number of countries. You have named eight and there are two that you specifically asked about.

We considered at the time whether it was appropriate to continue and conclude these negotiations that were underway or known about at the time the Congress passed the law. And we concluded that we could go ahead with these arrangements and completely comply with the intent of Congress, that the Congress had expressed its intent to have this go into effect on the date stated and it was perfectly appropriate to sign agreements that were being negotiated ahead of that date under the old terms.

I remember at the time our discussions of that and we were sincerely trying to comply with the intent of Congress.

Do you have anything further on that to say?

Mr. STREET. No.

TREASURY'S APPROVAL CITED BY KNOWLTON

Senator GRUENING. Did the Treasury Department, which is concerned with the balance of payments, approve of this—this precipitous signing of these agreements before the action of Congress went into effect?

Mr. KNOWLTON. Mr. Chairman, the Treasury did approve these agreements.

Senator GRUENING. A little louder, please.

Mr. KNOWLTON. The Treasury did approve these agreements.

Senator GRUENING. Why?

AGREEMENTS STRENGTHENED THOUGH DOLLAR-PAYMENT REDUCED

Mr. KNOWLTON. The negotiations had been going on for quite some time and, while we recognized that we might have received a dollar payment for the transportation had the agreements been signed later, we felt that the agreements themselves were stronger from the balance-of-payments standpoint than earlier agreements that we had reached with these countries.

There was a shift in the case of China, from local currency to title IV, to a certain extent, and we felt that had the countries had to make the extra dollar payments for the transportation in the ensuing year, that perhaps we would not have been as successful in achieving our

overall objective of reducing economic aid and moving to commercial terms.

In other words, it might have come out of another pocket.

Senator GRUENING. Well, then, no one objected to that. You went ahead and did it, despite the action of the Congress, is that correct? Neither Agriculture objected, nor Treasury objected.

Mr. KNOWLTON. I can only speak for Treasury.

CONTINUOUS PLANNING IS IN PROGRESS

Mr. BEASER. Are you quite certain that negotiations had begun, actually begun, with all those countries? Didn't you tell the conferees that you were asking for a postponement of the effective date because it would take care of negotiations already underway? And, were they underway with each country?

Mrs. JACOBSON. May I comment with regard to that question that——

Senator GRUENING. Please do.

Mrs. JACOBSON. It seems to me we are always considering what we are going to do in the next agreement when the approaching end of any existing agreement is ahead of us. I don't know specifically and I surely would have to check as to when what we might call negotiations actually began, but Public Law 480 programs with regard to these countries and, certainly in our minds, and in our planning, were under consideration.

Mr. BEASER. In other words, you are now renegotiating in your terms with all countries that get Public Law 480 for next year?

Mrs. JACOBSON. Let me put it this way. We are considering the problem as to how we are going to program our supplies for next year.

Mr. WATERS. Mr. Chairman, this is a continuing process and I think part of the problem here is to separate the formal negotiations, which are the culmination of discussions between Government representatives, and the formulation of requests from a country. It is a long process and it is over a period of time, including study of the crop conditions in a given country as well as the availability from this country.

WATERS CLAIMS OPERATIONS VALID ONLY UNDER OLD LEGISLATION

I do think, Mr. Chairman, that we weighed this very carefully at the time and felt that our actions were consistent with the objectives of Congress. We did not feel that Congress wanted us to suspend our programing, suspend our normal operations, and wait until the period when the new legislation went into effect. The old law was in effect. Congress itself provided an interim period before the new law went into effect. There was no indication in the legislative history that Congress wanted us to stop any programing under the old legislation until the new law went into effect.

In fact, legislation now being enacted by Congress will not go into effect until the first of the year. I know of no proposal from anyone that we should stop all our programing until the new legislation goes into effect. We operate under the old legislation until the effective date of the new legislation, and we felt this would be taking action

contrary to the normal flow of our business operations if we deferred these signings.

Now, we did comment on the draft report of GAO on this and, Mr. Chairman, I would like to read AID's comments submitted at that time to GAO in view of other comments being in the record. We commented:

The amendment of public law 480 as enacted on October 8, 1964, stipulates that a foreign country purchasing commodities under title I agreements after December 1, 1964, is required to pay most transportation costs. We do not concur with the report that the signing of title I agreements in December, 1964 circumvented the will of Congress. The signings did not violate the statute because of a period of time from the date of enactment through December 31, 1964 permitted the signing of new agreements not embodying the revised transportation provision. When major amendments are made in legislation, it is not unusual for the Congress to provide an interim period before the changes go into effect. Also, from a timing standpoint, the Republic of China, Morocco, and the five countries only mentioned in the report had requested title I commodities before the new legislation had been enacted. The Korean request was anticipated.

The discussions on the level of the assistance to Korea under this program had all been carried out in preliminary negotiations but the formal request had not been made until during this period.

Mr. BEASER. Would you comment on the Comptroller General's statement which follows in this report that you are commenting on.

In enacting Public Law 88-683 on October 8, 1964, the Congress extended the effective date of the above requirements to those agreements signed on or after January 1, 1965, so that there would be no default on agreements previously entered into or a need for the United States to renegotiate agreements ready for signing when the legislation was enacted.

Now, in Korea, I think you say the agreement was not ready for signing.

NEGOTIATIONS HAD GONE TOO FAR

Mr. WATERS. The agreement was not actually ready for signing but the discussions and commitments back and forth between the countries had reached the point that we did not feel it was inconsistent with the recommendation of Congress to sign the agreement.

DID POLITICS CAUSE U.S. TO LOSE \$40 MILLION WHEAT SALES TO U.A.R.?

Senator GRUENING. Now, the Comptroller General presented evidence that the United States has lost \$40 million in dollar sales of wheat to the U.A.R. because the Department agreed to waive the commitments which the agent had entered into to purchase specified quantities of wheat in dollars from the United States. That, apparently, was a decision by the United States not to enforce the agreement. Why was that? Was it a political decision? Was it felt that Mr. Nasser would have to be appeased by making him a present of \$40 million?

Mrs. JACOBSON. I am not sure what this case is. Tom, do you know what this refers to?

Mr. STREET. We would assume this is referring to a reduction in the usual marketing requirements.

Mr. BEASER. That is right.

AGREEMENT PERMITTED BECAUSE OF U.A.R. FOREIGN EXCHANGE
POSITION

Mr. STREET. This was made in view of the deteriorating foreign exchange position of the United Arab Republic and a decision by the U.S. Government that their foreign exchange resources had deteriorated to the point where they would not be able to meet their usual marketing requirements. This was done in the case of U.A.R. and was done in other similar cases. It is always done reluctantly but on occasion, in view of the situation where it is——

U.A.R. WAS SPENDING HALF A MILLION A DAY

Senator GRUENING. This is while the Arab Republic was carrying on its war in Yemen at a cost estimated at half a million dollars a day? And it was felt necessary to subsidize that performance?

Mr. STREET. Well, I don't know about that aspect of it, Mr. Chairman.

Senator GRUENING. It is pretty well known to everyone in the State Department.

U.A.R. SOLD TITLE II CORN MEANT FOR FREE DISTRIBUTION . . .

Now, in addition, about \$25 million worth of corn was given to Egypt in 1962 under the disaster provisions of title II for free distribution to needy farmers. About half of this corn was sold during that period, the period in which it was stated it was needed, while very little was distributed free during that period.

Was any action taken by the International Development Agency to process a claim to Egypt for the misuse of this donated corn?

. . . BUT AID CLAIMS IT WAS "REPLACED"

Mr. WATERS. Mr. Chairman, there was not a formal claim placed against the U.A.R. because they did fully replace the corn for the donation program with title I corn that they purchased and otherwise would sell in their country for local currency.

Mr. BEASER. Mr. Waters, how do you know that? How do you know they replaced it?

Mr. WATERS. Certified in writing by officials of U.A.R. At our request.

CHARGES AID ". . . TOOK THEIR WORD"

Mr. BEASER. In other words, you took their word that they had replaced the corn.

Mr. WATERS. I am informed that our auditors examined the records of the Agricultural Bank on 33 percent of it.

Mr. BEASER. Who did that, you say?

Mr. WATERS. Our auditors, AID auditors.

Mr. BEASER. Are those local employees of local hire?

Mr. WATERS. The work was performed under American supervision by a local direct hire auditor attached to our AID mission.

Mr. BEASER. Our investigators have seen the work papers on that audit and they—all it amounted to is they took the word of U.A.R. that they replaced it. That isn't an audit, Mr. Waters.

I would like to have the following memorandum from the subcommittee staff director inserted at this point.

(The memorandum follows:)

EXHIBIT 16

MEMORANDUM TO SENATOR ERNEST GRUENING, CHAIRMAN OF THE SUBCOMMITTEE ON FOREIGN AID EXPENDITURES, FROM JOSEPH LIPPMAN, SUBCOMMITTEE STAFF DIRECTOR

During the course of our recent investigation into the administration of Public Law 480, we noted that a claim against the United Arab Republic for the unauthorized sale of corn granted to that country had been dropped by the Agency for International Development. The corn had been given to the U.A.R. under title II of Public Law 480 on the basis of representations by the U.A.R. Government that famine would occur because of crop failures. The claim was dropped on the basis that an audit performed by the AID Mission in Cairo proved that over 80,000 tons of the granted corn that was sold by the U.A.R. Government was replaced with corn obtained under title I and distributed free to needy farmers. A review of the Mission audit report and the supporting working papers by subcommittee staff members revealed that the auditor's conclusions and opinions were invalid.

A reading of the report disclosed that it does not contain support for the conclusions and opinions of the auditor. In addition, the report contains numerous misleading, inaccurate and otherwise questionable statements, which should have prohibited its acceptance as a meaningful document to anyone knowledgeable of the facts surrounding the case. For example the auditor states that title I corn substituted for the donated corn was distributed to needy people. There is no evidence of this whatsoever.

A review of the auditor's working papers disclosed that he based his entire audit on signed statements of information from vitally interested parties without any corroboration. In no case does the auditor describe any records that he reviewed. However, he does state that he did not find any documents supporting the distribution of the replaced corn.

Notwithstanding the fact that a claim of millions of dollars was at stake, we could find no evidence that the auditor's working papers were reviewed at the Mission level. Furthermore, AID controller officials in Washington informed us that this report was not reviewed for propriety of content because only selected reports are reviewed at the Washington level for this purpose and that this report was not selected.

A copy of AID's "Internal Audit Report" is attached.

REPORT NO. 65-18, END-USE OBSERVATION, NON-PROJECT ASSISTANCE

PART I

INTRODUCTION

This is a supplementary audit report covering the books and records maintained by the Agricultural Banks pertaining to the receipt, distribution, sales and replacement of Title II corn from Title I corn. The Title II corn was imported into the U.A.R. under Transfer Authorization No. 263-0201-000-2601 dated December 13, 1961 to be distributed without discrimination in-kind free for consumption by carefully selected needy famine victims who had suffered food shortages due to severe insect-infestation of cotton and corn crop and Nile flooding.

BACKGROUND

Although the Mission learned after the fact that Title II corn had been sold, it neither authorized the sales nor the replacement from Title I corn.

The Mission learned of the sales of Title II corn and the replacement thereof with Title I corn during the initial audit. (See End-Use Observation Report

No. 63-30, issued April 23, 1963.) As stated in Report No. 63-30, Title I and Title II corn (which were identical) both were stored in the same warehouses, and in some instances in the same type of unmarked bags. It was also noted that the records in some distribution centers had been merged and that Title II corn was being sold while Title I corn was issued free.

The Mission received additional evidence of sales of Title II corn in August of 1963 when an official of the Ministry of Economy informed the Mission that one of the governors had sold 8,500 tons of Title II corn for L.E. 109,000 and had requested permission to use the proceeds for development projects in his Governorate. The auditor subsequently learned that the Governor referred to by the GUAR official was the Governor of Menoufia Governorate where 16,050 tons of Title II corn were sold, but replaced from Title I. See Exhibit IV.

The second audit was conducted to determine the total quantity of Title II corn sold; whether the corn sold was replaced by Title I corn, and, whether the replaced corn was distributed free to needy farmers in accordance with the provisions of the Transfer Authorization.

This audit included a number of visits to the Ministry of Supply, the Main Agricultural Bank in Cairo and an audit of the records pertaining to the receipt, distribution and end-use of Title II corn maintained by the Agricultural Banks in the six Governorates of Beheira, Menoufia, Dakahlia, Kafr El Sheikh, Kalibouba and Port Said.

The control over the free distribution of corn, whether Title I or Title II, was exercised by means of coupons, printed in Arabic, issued to eligible recipients. The coupons were used to inform the recipients of the source of the free corn and were printed in denominations of 12, 36 and 72 kilograms. A distribution list was also prepared for each village showing the recipient's name and size of family. When the recipient received his ration of 12 kilograms per family member he signed the distribution list and returned the coupons.

The coupons and detailed distribution lists were forwarded to the Main Agricultural Bank in Cairo from each governorate as soon as distribution was completed. After summarizing the quantity of corn distributed by means of the coupons both the coupons and distribution lists were destroyed by representatives of the Agricultural Bank and the Ministry of Supply, in order to clear the files. The auditor reviewed the minutes dated July 22, 1964 covering the meeting held at the time the records were destroyed.

The officials of the various Agricultural Banks stated that Title II corn was sold during a shortage of Title I corn and prior to the completion of plans for the free distribution of Title II corn.

The records maintained by the Agricultural Banks in all six governorates showed that all Title II corn sold was replaced from Title I and that the replaced corn was distributed free to needy farmers, without undue delay, in accordance with the terms of the Transfer Authorization. The replacement was undertaken in response to specific directions in writing from the Governors in 1962 and 1963.

Subsequent to the second audit the Mission discontinued all followup action on refund claims for Title II corn which was sold.

The GUAR feels that there is no basis for claims since all Title II corn sold was replaced with identical corn from Title I. The Mission concurs in this opinion.

The audit findings have been discussed with officials of the Ministry of Supply and the Agricultural Banks.

Auditor's Opinion

It is the auditor's opinion that the scope of the audit, i.e., the audit of the records concerning six governorates representing 45 percent of the total receipts and 33 percent of all Title II corn sold is sufficient to prove that all Title II corn sold was replaced from Title I and was distributed free to needy recipients. Therefore this report is rated satisfactory.

Reviewed by:

AMAL SHAKER, Auditor.

Concurrence:

J. ROBERT COLE, Acting Controller.

PART II

FINDINGS

Receipt, Sales, Replacements and Distribution

According to a letter dated July 24, 1964 from the Ministry of Supply to the Under Secretary of State, Ministry of Economy, the total quantity of Title II corn shipped from the U.S. was 185,897 metric tons and the quantity actually received was 185,078 tons which was distributed to the 25 governorates as shown by an attachment to the letter. See Exhibits I and II. The distribution figures were rounded off to the nearest hundred.

A statement from the Main Agricultural Bank in Cairo dated April 8, 1965 states that:

- (1) 185,943 tons of corn were received under the Title II Program.
- (2) 102,338 tons were distributed free by means of coupons.
- (3) 83,605 tons of Title II corn were sold.
- (4) 83,605 tons of Title I corn were distributed free by means of coupons.

The above statement was certified as correct by the Controller of the Ministry of Supply and the Controller of the Agricultural Bank. See Exhibit III.

An audit of the records pertaining to the receipt, sales, replacement, and distribution of Title II corn in six governorates showed that a total of 27,977 tons of Title II corn were sold in these governorates. The records also showed that the Title II corn sold was replaced from Title I corn and the replaced corn was distributed free to needy recipients in accordance with the terms of the TA.

The records of the Agricultural Bank in Menoufia, for example, disclosed that 16,032 tons of Title II corn were sold. However, an order from the Governor dated July 23, 1963 directed that an equal amount of Title I corn be distributed free to needy recipients within the Governorate. The records further showed that 16,032 tons of Title I corn were distributed free during the period August 1 to December 31, 1963. See Exhibit IV.

According to the records in Beheira Governorate 15,250 tons of Title II corn were received, 12,977 tons were distributed free, and 2,273 tons were sold and replaced from Title I. During the period January 1 to February 15, 1963, the 2,273 tons of replaced corn were distributed free in accordance with a directive issued by the Governor on November 18, 1962. See Exhibit V.

This audit covered 84,086 tons or 45 percent of the total receipts and 33 percent of the total sales of 83,605 tons. See Exhibits I through IX for details.

[EXHIBIT I]

MINISTRY OF SUPPLY,
OFFICE OF THE UNDER SECRETARY.

The UNDER SECRETARY,
Ministry of Economy:

Reference to your letter dated July 18, 1964 No. 8/55/6 (1) concerning the information needed about quantities of American Corn received in 1962 from AID and how it was distributed.

I have the honour to inform you that the quantity supposed to be imported is 200,000 tons but the quantity shipped from USA was 185,897 tons and the actual quantity unloaded and received by Ministry of Supply is 185,078 tons.

Attached herewith is a list showing the distribution of this corn between all the governorates.

For your information.

_____,
Under Secretary.
_____,
Ministry of Supply.

[EXHIBIT II]

List showing the distribution of corn according to what was allocated for the following governorates

	<i>Tons</i>
1. Kalioubia-----	10, 200
2. Sharkia-----	25, 000
3. Dakahlia-----	31, 000
4. Damietta-----	2, 500
5. Menoufia-----	16, 000
6. Gharbia-----	17, 000
7. Kafr El Sheikh-----	11, 000
8. Beheira-----	15, 000
9. Giza-----	3, 000
10. Fayoum-----	7, 000
11. Beny Sweif-----	5, 000
12. Minia-----	13, 000
13. Assiout-----	5, 000
14. Sohag-----	5, 500
15. Kina-----	4, 000
16. Aswan-----	2, 000
17. El Bahr El Ahmar-----	1, 000
18. El Wady El Gedid-----	2, 000
19. Matrouh-----	2, 000
20. Sina-----	2, 000
21. Suez-----	2, 000
22. Port Said-----	600
23. Ismailia-----	1, 000
24. Cairo-----	600
25. Alexandria-----	1, 600
Total-----	185, 000

[EXHIBIT III]

STATEMENT

A review of the books of the Agricultural Bank prove that the Yellow Corn received from U.S.A. under Public Law 480 Title II to be distributed free was found as follows:

1. 185,943 tons were received by the bank and were stored in different stores and were distributed as follows:

a. 83,605 tons were sold

102,338 tons were distributed free against coupons.

2. The quantity of 83,605 tons which was sold, had been replaced by a same quantity of corn which was bought under Public Law 480 Title I and was distributed free by coupons.

3. All coupons which cover the whole quantity received was delivered to the Ministry of Supply by minutes dated 7/22/64. These minutes were done by representatives of the Banks Accounting Department, Ministry of Supply, and the Agriculture Bank.

April 8, 1965.

Representatives of:

Banks Accounting Department, Ministry of Supply.

Agricultural Coop. Bank.

Approved by:

Controller, Ministry of Supply.

Controller, Agricultural Bank.

[EXHIBIT IV]

MENOUFIA GOVERNORATE

Source : Books of Agricultural Bank.

The books show the total quantity of Title II corn received in the Governorate was 16,050 tons and was distributed as follows :

	<i>Tons</i>
1. Shebin El Kom Town-----	2, 039. 450
2. Shebin El Kom Country-----	2, 032. 150
3. El Bagour-----	1, 242. 870
4. Menouf-----	1, 597. 300
5. El Shouhada-----	549. 460
6. Tala-----	2, 683. 780
7. Quesna-----	2, 337. 150
8. Berket El Sabh-----	1, 831. 450
9. Ashmoun-----	1, 736. 840
Total-----	16, 050, 000

The books also showed that 16,050 tons of Title II corn were sold and that 17,080 tons were initially distributed free at El Shouhada.

The General Secretary of the Governorate received a letter from the President's Office stating that the farmers of Menoufia were complaining because they were not receiving corn free as were the farmers in other governorates. So the Governor ordered free distribution of Title I corn instead of the quantity of Title II corn which was sold. This order was dated July 23, 1963.

The books of the Agricultural Bank showed that 16,050 tons of corn from Title I were distributed free during the period August 1 to December 31, 1963.

[EXHIBIT V]

BEHEIRA GOVERNORATE

Source : Books of the Agricultural Bank.

The books showed that 15,250 tons of Title II corn were received in the Governorate and sent to the following centers :

	<i>Tons</i>
1. Damanhour -----	1, 650
2. Kom Hamada-----	1, 650
3. Kafr El Dawar-----	1, 650
4. Etay El Baroud-----	1, 525
5. Delengat -----	1, 525
6. Abou Hommos-----	1, 525
7. Mahmoudia -----	1, 525
8. Abul Matamir-----	1, 050
9. Hosh Eissan-----	1, 050
10. Shabrakhit -----	1, 350
11. Edko -----	750
Total-----	15, 250

12,976.790 tons were distributed free and the following quantities were sold during May, June, July and August of 1962 due to the shortage of Title I corn in the Governorate :

	<i>Tons</i>
1. Damanhour -----	469. 710
2. Etay El Baroud-----	493. 490
3. Kafr El Dawar-----	478. 270
4. Abu Hommos-----	135. 470
5. Mahmoudia -----	163. 250
6. Hosh Eissa-----	143. 730
7. Shabrakhit -----	389. 290
Total-----	2, 273, 210

After these quantities were sold the Title I corn became available and the Governor sent a circular on November 18, 1962 ordering that the same quantity of Title I, that is, 2,273.210 tons should be distributed free to replace the quantity of Title II corn sold. (The auditor read this circular)

The books of the Agricultural Bank showed that a quantity of 2,273.210 tons of corn under Title I was distributed free during the period January 1 to February 15, 1963.

[EXHIBIT VI]

DAKAHLIA GOVERNORATE

Source: (a) Books of Agricultural Bank; (b) File on Title II corn kept at the Governor's Office.

The books show the total quantity of Title II corn received in the Governorate was 30,892 tons distributed as follows:

<i>Name of Center</i>	<i>Tons</i>
1. Mansoura -----	9,468
2. Sinbellawen -----	2,997
3. Dekerniess -----	2,489
4. El Manزالah -----	1,836
5. Mit Ghamr -----	8,671
6. Aggah -----	2,442
7. Bilcass -----	2,989
Total -----	30,892

The books also showed 6,382 tons of the Title II corn were sold at different centers and that 24,510 tons were distributed free.

The sale of Title II corn was due to nonavailability of Title I corn which became available in January 1963.

The books of the Agricultural Bank show that a quantity of 6,382 tons of corn received under Title I was distributed free during the period January 13 to March 20, 1963.

[EXHIBIT VII]

PORT SAID GOVERNORATE

Source: Books of Ministry of Supply and Agricultural Bank.

The books show the total quantity of Title II corn received in the Governorate was 976.039 tons from four ships as follows:

Ship	Date	Quantity (tons)
SS Norwalk -----	Apr. 1, 1962	464.771
SS Jeanette Queen -----	June 11, 1962	88.955
SS Smith Builder -----	June 30, 1962	54.819
SS Robin Kirk -----	July 22, 1962	367.494
Total -----		976.039

The total quantities were distributed free during December 1962.

[EXHIBIT VIII]

KAFR EL SHEIKH GOVERNORATE

Source: Books of Agricultural Bank.

The books show the total quantity of Title II corn received in the Governorate was 10,909.900 tons distributed as follows:

<i>Name of Center</i>	<i>Tons</i>
1. Kafr El Sheikh-----	2, 032. 5
2. Dessouk -----	1, 870. 3
3. Fowa -----	1, 717. 6
4. Beilla -----	1, 865. 2
5. Qellien -----	1, 963. 5
6. Sidi Salem-----	627. 3
7. Bal tiem-----	833. 5
Total -----	10, 909. 9

9,464,300 tons were distributed free and the following quantities were sold during the period from June 1962 to October 1962 due to the shortage of Title I corn in the Governorate:

<i>Name of Center</i>	<i>Tons</i>
1. Kafr El Sheikh-----	688. 250
2. Dessouk -----	135. 800
3. Beilla -----	276. 300
4. Qellien -----	345. 250
Total -----	1, 445. 600

In December 1962 Title I corn became available and the Governor ordered that the same quantity of Title I, i.e., 1,445.600 tons should be distributed free to replace the quantity of Title II corn sold (the auditor reviewed this order).

The books of the Agricultural Bank show that a quantity of 1,445 tons of corn under Title I was distributed free during the period January 1 to February 25, 1963.

[EXHIBIT IX]

QALIOUBIA GOVERNORATE

Source: Books of Agricultural Bank.

The books show the total quantity of Title II corn received in the Governorate was 10,008.752 and was sent to the following centers:

<i>Name of Center</i>	<i>Tons</i>
1. Benha -----	5, 046. 520
2. Toukh -----	1, 122. 086
3. Qalioub -----	2, 150. 426
4. Shebin El Kanater-----	1, 689. 720
Total -----	10, 008. 752

8,164.642 tons were distributed free and the following quantities were sold during May, June, July and August of 1962 due to the shortage of Title I corn in the Governorate:

<i>Name of Center</i>	<i>Tons</i>
1. Benha -----	1, 437. 830
2. Toukh -----	18. 840
3. Shebin El Kanater-----	387. 440
Total -----	1, 844. 110

After these quantities were sold, the Title I corn became available and a same quantity of Title I, i.e., 1,844.110 tons were distributed free to replace the quantity of Title II corn sold. The distribution was made during the period December 15, 1962 to March 15, 1963.

Mr. WATERS. I assure the chairman I did not follow each one of these transactions myself all the way through the U.A.R. But our AID mission did audit the compliance and we relied on the audit reports, and relied also on the certification by the Government. It was felt compliance was met to our satisfaction in view of the fact that the defect of title II program was made well and the U.A.R., in effect, lost this amount of local currency that would have generated from the sale of the commodities had they not had to put them back into the title II donation program. We felt this made the program good, and there was no basis for claim.

Mr. BEASER. After you received the GAO audit and GAO had raised questions about the sufficiency of that audit, did you send your auditors out to the field to make an end-use check?

WATERS REPORTS AID'S SATISFACTION

Mr. WATERS. I am not sure of the timing on our mission response. The GAO reports are always sent to our field offices and our decision not to press the claim was made by AID on the facts disclosed in our mission audit. They reported their satisfaction, on the scene at the time, and assured us that the title II corn sold had been fully replaced and distributed to needy recipients.

AID subsequently advised that two audits were performed and reports issued. The first was performed during the period February to October 1962 and the report issued April 23, 1963. The second audit was performed during April and May of 1965 and the report issued July 16, 1965. The GAO report, which cited both mission audits was issued July 16, 1965.

Mr. BEASER. After GAO questioned the validity of that, you did not make a further check of end use?

Mr. WATERS. We made a check with our mission and were satisfied that the title II corn had been replaced by title I corn.

BEASER DECRIES ". . . INADEQUATE AUDIT"

Mr. BEASER. In other words, they backed up their previous inadequate audit.

As a result of this hearing, will you now go back to this Mission and have them execute a good audit following the material right into the field and see what happened to it, whether or not they actually did replace it or whether they just said they replaced it?

Mr. WATERS. Mr. Chairman, following the normal order of practice, the auditing of 33 percent of the total tonnage involved, I think, would be meeting the normal test of an auditing job to see what happened in this instance.

Now, if it is your request to do a 100 percent check on this, I assume it possibly could be done, depending upon the requirements in other areas. Our auditors are spread, as you know, a bit thin in a program this size, even though we have a sizable number of them.

Mr. BEASER. You misunderstood me. What I had in mind was this. Our information is that the end-use check was made just by inquiring of the U.A.R. Did you do it?

Mr. WATERS. That is not my understanding.

Mr. BEASER. I wonder whether you checked—

Mr. WATERS. My understanding is that we had both the certification of the Government, plus our Mission's check of the records on about 30 percent of the some 88,000 tons.

Mr. BEASER. We have the audit working papers used. I wonder whether you would have some of your staff come over to the office and take a look at them.

Mr. WATERS. I would be glad to, sir.

AGRICULTURE FEARED PUBLIC LAW 480 SHIPMENTS TO GREECE WOULD CUT U.S. EXPORTS

Senator GRUENING. In 1963 the Department of Agriculture was afraid that the large quantities of wheat and feed grains made available to Greece under its 1963 Public Law 480 agreement would have adverse effect on the U.S. agricultural exports and would result in Greece curtailing its production of these commodities and using the land to grow other crops for export. So the agreement contained the following four conditions:

GREECE INCREASED POULTRY PRODUCTS THROUGH TITLE I IMPORTS

First, the amount of wheat and feed grain supplied under the agreement would not in themselves lead to increased production of poultry and related products. It is obvious from the remarks of knowledgeable observers that the increase in Greek poultry products was due to the imports of the U.S. feed grains under title I.

GREECE VIOLATES AGREEMENTS

Second, acreage devoted to wheat and feed grain production would not be decreased. This agreement was not kept. Corn acreage decreased from 478,000 acres in 1963 to 384,000 acres in 1964, a drop of almost 100,000 acres. There was also a net decrease in the production of other feed grains.

Third, tobacco acreage would not be increased so as to make a greater amount available for export. Although this agreement was not broken, Greece, which up to this time produced only oriental tobacco, switched acreage to burley tobacco and now competes with the United States in its biggest burley market and has displaced U.S. tobacco in West German markets.

Fourth, cotton acreage would not be increased. This agreement was not kept. The cotton production went up 60 percent. Cotton exports increased by 90 percent over the previous 4-year average.

Now, why were these agreements not enforced, and who made the decision not to enforce them? Was it made by AID, by State, by Agriculture, or by Treasury?

MRS. JACOBSON REBUTS CHARGES

Mrs. JACOBSON. I would like to say, first—and this isn't directly answering your last question—that we try insofar as it is within our ability to influence, if not control, the agricultural policies of countries with which we have Public Law 480 agreements. If we can, we would like to get a modification of those policies, but we have learned that even in a sophisticated and experienced country like our own, the direction and control of agricultural production is sometimes pretty difficult and it seems to be quite difficult in a country like Greece.

Even though Greece was self-sufficient in wheat and was encouraging the production of wheat, the wheat provided under Public Law 480 was relatively a small quantity of hard wheat which was not produced in Greece and was needed for blending.

I would like to point out that Greece's cotton acreage, although it increased during one year, has, since 1963, dropped sharply.

With regard to tobacco, there was no clearly established relationship between the provisions of wheat and feed grains under Public Law 480 and the increase in production of burley tobacco.

With regard to the relationship of feed grains to the Greek production of poultry, the title IV agreement does provide that the Government of Greece will not increase exports of poultry and related products over the level of the U.S. fiscal year 1964 during the period when feed grains covered by the agreement are being imported and utilized in Greece. If, however, during such period Greece exports poultry and related products exceeding the level of the U.S. fiscal year 1964, Greece will purchase poultry in the United States by an amount equal to the dollar value of any increase in such exports.

Now, is that the part that you think we did not enforce?

Mr. BEASER. What is the story on poultry? Have you put Greece in a position now with the European Common Market where she can compete with the United States in poultry production?

Mrs. JACOBSON. Tom, I would like to ask you for that.

Mr. BEASER. Not compete now, but in the future, I mean.

Mr. STREET. Well, as Mrs. Jacobson noted, the aspect we are concerned about was the possibility of increased exports and these have not, in fact, occurred.

Mr. BEASER. Will they occur?

STREET DISCLAIMS CONTROL OF FUTURE MARKETS

Mr. STREET. Well, that is problematical.

Mr. BEASER. My position is, have we put Greece in a position through Public Law 480 exports to be a serious competitor with the United States in the poultry market in the future?

Mr. STREET. Well, as far as what happens in the future, we don't, of course, have any control over it. Our concern was to see that during the time that the feed grains were being received and utilized, that the poultry exports did not increase.

Mrs. JACOBSON. Mr. Chairman, I might say that I did ask this question and I was told that as of now, the demand in Greece on the part of tourists is taking care of a domestic increased consumption of poultry in substantial amounts that greatly benefit Greece, and I don't know whether in the absence of their own poultry, whether they would have imported it from us, but this does not relate at the moment, apparently, to their export capability.

Mr. BEASER. Is this one of the considerations in determining levels of Public Law 480—what effect it will have upon the U.S. markets, whether you are making the country a future competitor of the United States in exports?

Mrs. JACOBSON. That is surely taken into account; yes, sir.

LONG-TERM EFFECT MERITS CONSIDERATION

Mr. WATERS. That is surely one of the factors, but I think sometimes it is looked at even more broadly than, for instance, this one on just poultry alone. Actually, you are building a long-range market for feed grains anytime you upgrade the livestock and poultry industry in a developing country. They are mainly cereal-eating countries. As they advance, they increase meat consumption and this can develop a future commercial market for American feed grains. One of the biggest increases in our commercial earnings has been in this feed grain field, and it would certainly be negative to our total gain in exports if we discourage anywhere in the world any expansion or improvement of livestock or poultry. Poultry is a short-cycle enterprise and is easier than most livestock enterprises to get started in many developing countries. It has been our goal to draw the narrow line of first getting them to expand for their own consumption rather than just expand for export purposes.

Mr. BEASER. That is not true in many cases with respect to industrial development.

Mr. WATERS. No. I can make the same favorable trade expansion case very strongly on industrial development. The actual outcome of development is more trade, not less.

U.S. LOSS OF 280,000 METRIC TONS OF WHEAT NOTED AFTER PUBLIC LAW 480 UNITED ARAB REPUBLIC PROGRAM INITIATED

Senator GRUENING. The table of commercial imports of wheat by the United Arab Republic shows that before the start of Public Law 480 programs to that country, it was importing in the neighborhood of 300,000 metric tons a year, and after we began giving Egypt Public Law 480 wheat, commercial imports from the United States fell off to about 20,000 metric tons on the average.

Was the Treasury Department concerned in this matter at all, loss in balance of payments?

Mr. KNOWLTON. The Treasury Department is extremely concerned about the basic issue of whether these agricultural exports are truly additional.

Senator GRUENING. Was this matter taken up in the committee, in the interdepartmental committee?

INTERDEPARTMENTAL COMMITTEE SCRUTINIZES IN DETAIL

Mr. KNOWLTON. This particular table and the resulting drop, of course, could not be foreseen at the time the original agreement was discussed, but the whole question of whether exports are additional is considered in considerable detail in every one of these agreements, and our staff does a great deal of work on it with the agricultural people. We have to rely on them, of course, to a great extent because we are not agricultural commodity experts in the Treasury.

GRUENING QUERIES U.A.R. USE OF MONEY

Senator GRUENING. Is there any knowledge on the part of any of the witnesses on how the United Arab Republic used this money? What commodities did it buy? Or did it use this for the purchase of arms? Was it used to pay German scientists to increase the arsenal of sophisticated weapons in Egypt? Was it used to finance the war in Yemen? Was it used to make trouble in Cyprus? Does any one of the agencies know how this money was used?

I should think this would be a matter of concern because it was really a subsidy from the United States.

Mr. WATERS. I am not sure—Mr. Chairman, are you referring to the local currency generated by the food—

Mr. BEASER. No. If they had been buying wheat from us before at the rate of, say, 240,000 metric tons in 1954 and it dropped in 1955 to 23,000 because we were giving them title I under Public Law 480, what happened to the money they would have spent otherwise?

Mr. WATERS. Mr. Chairman, I don't think you can automatically assume such inferences, without laying against this chart the gold reserve position and the balance-of-payments position of the country itself during those same years, to know whether it had any money or whether the financial situation did deteriorate. No question they may have used some of their resources unwisely, but the country's financial position did deteriorate very rapidly during that period.

DID ANYBODY DO ANYTHING ABOUT IT?

Mr. BEASER. Isn't there concern in some department that our exports be kept up or is that only for Congress?

Mr. WATERS. Sir, there is serious concern on the part of our agency as well as all agencies of Government to keep our exports at the highest possible level. But you do not necessarily create exports by letting a country get near an economic collapse. It is not necessarily a good prospect for commercial exports.

Mr. BEASER. Well, when you made a title I agreement to Egypt, and the next year you saw its commercial purchases from the United States were falling off sharply, did anybody do anything about it? Weren't they supposed to keep up their normal commercial purchases?

Mrs. JACOBSON. Mr. Chairman, when the decision was made as to what were the appropriate usual marketings, we considered not only the pattern of imports, but the trend in foreign exchange holdings, as you have already indicated.

I have a little note here that indicates that the U.A.R. foreign exchange holdings, million-dollar equivalent, which was according to these figures 272.7 in 1959, dropped to minus 101.9 in 1964.

Now, I am sure that in the lack of foreign exchange, you are assuming—I think your question assumes that if it had not been for Public Law 480, the same purchases of wheat would have gone on.

Mr. BEASER. At some rate.

Mrs. JACOBSON. At some rate. Probably some of them would, but this, again, is in this very imprecise area. How are we able to judge what the Government of the U.A.R. might decide to use its—

" . . . WE HAVE THE SAME RIGHTS IN TERMS OF OUR CONDITIONS"

Mr. BEASER. Well, they can spend whatever they want anywhere they want to. They are a sovereign country. But we have the same rights in terms of our conditions, Mrs. Jacobson.

Mrs. JACOBSON. Yes.

Mr. BEASER. Now, when we see a country cutting down on its wheat imports, its purchases from the United States, turning around and bartering cotton to the U.S.S.R. for arms, are we saying we are going to make up that deficiency with our wheat? They had a perfect right to go out on the market and sell their cotton and get foreign exchange. Instead, they bartered it for arms with the U.S.S.R. and we made up the difference in our Public Law 480.

Mrs. JACOBSON. I don't think we looked at it in terms of making up the difference. We looked at it in terms of providing them with food that was needed at the time. And this they needed to have.

Tom?

Mr. STREET. It might be worth adding, Mr. Chairman, that the—in the third year of the agreement with the U.A.R., which was signed in 1962, the usual marketing requirement was set at 300,000 metric tons and in the most recent agreement with the U.A.R., signed on January 3, the usual marketing requirements was set at 450,000 metric tons. So there has been——

Mr. BEASER. Is this chart wrong?

Mr. STREET. Well, it doesn't go quite far enough, I believe.

Mr. BEASER. You set this up here, the usual marketing, but you haven't had it.

Mr. STREET. Yes, they have. Of the 300,000 tons I mentioned for the year 1965. Now, I don't, unfortunately, have the data on the intervening years here.

Mr. BEASER. Could you supply that for the record?

Mr. STREET. Yes, I will be glad to.

(Material supplied for the record is as follows:)

EXHIBIT 17

IMPORTS OF WHEAT AND WHEAT FLOUR (IN WHEAT EQUIVALENT) BY THE UNITED ARAB REPUBLIC

Fiscal year	Usual marketing requirement	Commercial imports (in thousand metric tons)		
		From United States	From countries friendly to the United States	Total
1952.....		360	596	956
1953.....		339	568	907
1954.....		242	42	282
1955.....		23	40	63
1956.....	75	48	43	91
1957.....	(1) 75	14	171	185
1958.....	(1)	10	755	765
1959.....	None	4	685	689
1960.....	227	40	187	227
1961.....	100	63	97	160
1962.....	109	2	130	132
1963.....	150	30	164	194
1964.....	150		24	24
1965.....	300		502	502
1966.....	450			

¹ No Public Law 480.

CHAIRMAN CALLS FOR "MORE VIGILANCE"

Senator GRUENING. Do you think there will be, as a result of these hearings, a little more vigilance and a little more concern about enforcing the agreements that are violated by countries which continue to receive our subsidies? I would like to address that to the State Department.

Mr. FRIED. Well, sir, I think that all agencies in the interagency staff committee will, of course, take into consideration and account the material resulting from these hearings and the investigations of the GAO, I think, are very—I think this has already been evident in trying to look into the specific situations that have been raised.

I think the import of what we have been trying to say is that this is a large program. There are very complicated factors at work when you talk about the national interests of the United States and that a very sincere and honest effort is made to meet the particular requirements and the objectives set forth by the act.

Now, of course, there are going to be problems and you have pointed some of them out, as I repeat, and I am sure that every effort will be made to deal with them in the future.

". . . NOTHING IS DONE BY OUR GOVERNMENT" IN FACE OF VIOLATIONS

Senator GRUENING. Well, there seems to be a determination to keep on subsidizing countries that deliberately violate their agreements, and then to forgive these violations. I find it difficult to understand why this habit continues. We have these clear-cut examples of deliberate violations which have to be discovered and then nothing is done by our Government, and these various agencies have a joint responsibility. You say it is all the Government. But someone makes the decision that these penalties will not be enforced and nothing will be done about it, and I think that is rather reprehensible.

GREEK SHIPS CONTINUE TO TRADE WITH CUBA

Mr. BEASER. Let me ask one more question, Mr. Chairman.

Now, Greece is continuing to permit its flagships to deliver goods to Cuba. Why hasn't anybody stopped it? We are continuing to give aid to Greece.

In the case of Israel and Morocco, you did stop it. Greece continues. We have a prohibition here against using our flag registries, our flagships—no, our goods to be put aboard any vessel which has trade with Cuba.

Why don't we insist before making any further Public Law 480 agreements that Greece stop its ships from dealing with Cuba?

Mr. FRIED. Mr. Chairman, may I ask Mr. Lowenfeld, who is here from the Legal Office of the State Department, to comment on that question?

Senator GRUENING. Yes. Please go ahead.

LOWENFELD SAYS GOVERNMENT OF GREECE HAS DONE ITS BEST

Mr. LOWENFELD. Mr. Chairman, we have been concerned about certain Greek vessels that have continued to trade with Cuba, but what

the statute says is: Does the Greek Government permit its vessels to trade with Cuba? And the answer to that is: It does not. The Government of Greece has issued and done its best to enforce a royal decree which prohibits all vessels under Greek registry—

Senator GRUENING. But they don't pay any attention to the decree. The ships keep on going.

DIFFICULT MATTER IS NOW BEFORE GREEK COURTS

Mr. LOWENFELD. Well, it turns out that really the great bulk of Greek shipowners have gotten out of the trade. There is one particular Greek shipowner, who has a good number of vessels, who has continued to maintain his ships in the trade with Cuba and has challenged the validity of the Greek decree in the Greek courts.

His argument is that the inducements that the Greek Government made some years back when they were trying to build up their merchant marine precludes the restriction now put by decree on the movement of his vessels.

Now, the Greek Government is doing what it can to enforce this. Whether they will go to court or take other measures against them, they haven't quite decided, but our judgment has been—

Mr. BEASER. When are they going to decide it?

Mr. LOWENFELD. Well, I am not sure exactly. The point is that they are determined and we have communicated with them, and they have said this to us, to do their best to stop this traffic.

Mr. BEASER. What is the date of the decree?

Mr. LOWENFELD. 1963, I believe. It was shortly after the missile crisis. We can get you the exact date.

(Material supplied for the record is as follows:)

EXHIBIT 18

ROYAL DECREE

To Supplement Royal Decree No. 140/1963 entitled "Prohibition against Carrying Cargoes to Cuba in Greek Vessels".

In consideration of:

(1) Article 1 of Legislative Decree No. 2398/1953 "to amend and supplement the provisions of law 2317/1953 concerning the prohibition of certain transport operations by Greek ships"; (2) Opinion No. 623/1963 of the Council of State, on the recommendation of our Ministers of Foreign Affairs and Merchant Marine, we hereby decide and ordain:

SOLE ARTICLE

1. The prohibition against carrying cargoes to ports of the Republic of Cuba in Greek-flag vessels introduced by Royal Decree, No. 140 of March 12, 1963, entitled "prohibition against carrying cargoes to Cuba in Greek-flag vessels" is hereby extended, as of the effective date hereof, to cover the transportation of any cargo from ports of the Republic of Cuba.

2. The prohibition referred to in paragraph 1 above shall not apply, subject to the limitations of paragraph 3 hereof, to Greek-flag ships which have assumed commitments, such commitments to be evidenced by charter agreements concluded prior to the effective date of the present Royal Decree, and for which (ships) the right to continue originally assumed commitments belongs to the charterers.

3. Within two months from the publication hereof the shipowners, agents or masters of Greek ships to which paragraph 2 hereof is applicable shall file with the Ministry of Merchant Marine the pertinent charter agreements or duly certified copies thereof.

Publication and implementation of the present Royal Decree is hereby delegated to our Minister of Merchant Marine.

APPENDIX

[From Government Gazette, March 20, 1963]

ROYAL DECREE NO. 140—RE PROHIBITION TO TRANSPORT CARGOES BY GREEK SHIPS TO CUBA

PAUL

King of the Hellenes

Having in mind:

(1) article 1 of legislative decree 2398/1953 "re amendment and completion of the provisions of law 2317/1953 re prohibition of performance of certain transports by Greek ships", (2) opinion No. 124/1963 of the Council of State, on the proposal of Our Ministers of Foreign Affairs and Merchant Marine, We have decided and ordered:

SOLE ARTICLE

(1) From the date the present becomes effective it is prohibited for ships under the Greek flag to transport any cargo to ports of the Republic of Cuba.

(2) The prohibition dealt with in paragraph 1 has no application within the restrictions of paragraph 3 of the present to ships under the Greek flag that have assumed commitments by advance chartering for one or more successive voyages or by time-chartering to be proved by charter agreement concluded before the publication of the present Royal Decree and for which the right to continue the previously undertaken several voyages or to extend the time charter belongs to the charterers.

(3) Within two months from the publication of the present the shipowners, administrators or masters of Greek ships to which paragraph 2 of the present is applicable are obligated to deposit at the Ministry of Merchant Marine the relative charter agreements or duly certified copies thereof.

We assign to Our Minister of Merchant Marine the publication and implementation of the present Royal Decree.

Athens, 12 March 1963.

PAUL.

E. AVEROFF-TOSSITSAS,
Minister of Foreign Affairs.

ST. COTIADIS,
Minister of Merchant Marine.

Mr. BEASER. That is 3 years, and the Greek Government is powerless to prevent one shipper from shipping? Is that it?

NO ELEMENT OF BAD FAITH ON THE PART OF THE GREEK GOVERNMENT

Mr. LOWENFELD. Well, in part, there were existing charters. For the most part they have expired now. And in part, yes, it is a matter of enforcing a regulation. Now, whether you do it by criminal process or whether you do it by other arrangements, it has turned out to be a difficult matter. We have continued to talk with the Greek Government about this and we believe that in the terms of the statute, the Greek Government does not "permit" its shipowners to do this. We don't think there is any element of bad faith on the part of the Government of Greece.

Mr. BEASER. How are you going to permit—they are going on, aren't they? They are trading.

(Material supplied for the record follows:)

EXHIBIT 19

DEPARTMENT OF COMMERCE, MARITIME ADMINISTRATION, REPORT NO. 74

LIST OF FREE WORLD AND POLISH FLAG VESSELS ARRIVING IN CUBA SINCE
JANUARY 1, 1963

Section 1. The Maritime Administration is making available to the appropriate Departments the following list of vessels which have arrived in Cuba

since January 1, 1963, based on information received through July 12, 1966, exclusive of those vessels that called at Cuba on United States Government-approved noncommercial voyages and those listed in Section 2. Pursuant to established United States Government policy, the listed vessels are ineligible to carry United States Government-financed cargoes from the United States.

<i>Flag of registry—Name of ship</i>	<i>Gross tonnage</i>
Total—All flags, 253 ships-----	1, 802, 424
British: (73 ships)-----	545, 604
<i>Agate</i> ¹ (trips to Cuba under ex-name, <i>Dairen</i> , British).	
<i>Amalia</i> ¹ (now Maltese).	
<i>Amazon River</i> ¹ (now <i>River</i> , sold to Dutch breakers)-----	7, 234
<i>Antarctica</i> -----	8, 785
<i>Arctic Ocean</i> -----	8, 791
<i>Ardenode</i> -----	7, 036
<i>Ardgen</i> -----	6, 981
<i>Ardmore</i> ¹ (now <i>Kali Elpis</i> , British)-----	4, 664
<i>Ardpatrick</i> ¹ (now Pakistani)-----	7, 054
<i>Ardrossmore</i> -----	5, 820
<i>Ardrocan</i> -----	7, 300
<i>Ardsirod</i> -----	7, 025
<i>Ardtara</i> -----	5, 795
<i>Arlington Court</i> ¹ (now <i>Southgate</i> , British).	
<i>Athelcrown</i> (tanker)-----	11, 149
<i>Athelduke</i> (tanker)-----	9, 089
<i>Athelknight</i> (tanker)-----	9, 087
<i>Athelmere</i> (tanker)-----	7, 524
<i>Athelmonarch</i> (tanker)-----	11, 182
<i>Athelsultan</i> ¹ (tanker), broken up-----	9, 149
<i>Avisfaith</i> -----	7, 868
<i>Baxtergate</i> -----	8, 813
<i>Cheung Chau</i> -----	8, 566
<i>Chipbee</i> (sold for scrap)-----	7, 271
<i>Cosmo Trader</i> ¹ (trips to Cuba under ex-name <i>Ivy Fair</i> , British).	
<i>Dairen</i> ¹ (now <i>Agate</i> , British)-----	4, 939
<i>East Breeze</i> ¹ (now <i>Phoenician Dawn</i> , British).	
<i>Eastfortune</i> -----	8, 789
<i>Elicos</i> -----	7, 134
<i>Formentor</i> -----	8, 424
<i>Fortune Enterprise</i> -----	7, 284
<i>Free Enterprise</i> ¹ (now Cypriot).	
<i>Free Merchant</i> ¹ (now Cypriot).	
<i>Garthdale</i> ¹ (now <i>Jeb Lee</i> , British)-----	7, 542
<i>Grosvenor Mariner</i> -----	7, 026
<i>Hazelmoor</i> -----	7, 907
<i>Helka</i> -----	2, 111
<i>Hemisphere</i> -----	8, 718
<i>Ho Fung</i> -----	7, 121
<i>Inchstaffa</i> -----	5, 255
<i>Inchstuart</i> -----	7, 043
<i>Ivy Fair</i> (now <i>Cosmo Trader</i> , British, broken up)-----	7, 201
<i>Jeb Lee</i> (trip to Cuba under ex-name, <i>Garthdale</i> , British).	
<i>Jollity</i> -----	8, 660
<i>Kali Elpis</i> ¹ (trips to Cuba under ex-name, <i>Ardmore</i> , British).	
<i>Kinross</i> -----	5, 388
<i>La Hortensia</i> -----	9, 486
<i>Linkmoor</i> -----	8, 236
<i>Magister</i> -----	2, 339
<i>Nancy Dee</i> -----	6, 597
<i>Nebula</i> -----	8, 924
<i>Newdene</i> ¹ (now <i>Free Navigator</i> , Cypriot).	
<i>Newforest</i> (now Cypriot).	
<i>Newgate</i> -----	6, 743

See footnotes at end of table.

Name of ship—Registered in		Gross tonnage
British—Continued		
<i>Newglade</i>		7,368
<i>Newgrove</i> ¹ (now Cypriot).		
<i>Newhath</i>		7,643
<i>Newhill</i>		7,855
<i>Newlane</i>		7,043
<i>Newmeadow</i> ¹ (now Cypriot).		
<i>Newmoat</i>		7,151
<i>Newmoor</i>		7,168
<i>Nils Amclon</i>		6,281
<i>Oceantramp</i>		6,185
<i>Oceantravel</i>		10,477
<i>Peony</i>		9,037
<i>Phoenician Dawn</i> ¹ (previous trips to Cuba under ex-name, <i>East Breeze</i> , (British))		8,708
<i>Redbrook</i> ¹ (now <i>E. Evangelia</i> , Greek)		7,388
<i>Ruthy Ann</i>		7,361
<i>St. Antonio</i> ¹ (now Maltese).		
<i>Sandsend</i>		7,236
<i>Santa Granda</i>		7,229
<i>Sea Amber</i>		10,421
<i>Sea Coral</i>		10,421
<i>Sea Empress</i>		8,941
<i>Seasage</i>		4,330
<i>Shienfoon</i>		7,127
<i>Shun Fung</i> ¹ (wrecked)		7,148
<i>Soelyve</i> ¹ (now Maltese).		
<i>Southgate</i> ¹ (previous trips to Cuba under ex-name <i>Arlington Court</i> , British)		9,662
<i>Stanwear</i>		8,108
<i>Suva Breeze</i> (now <i>Cathay Trader</i> , Panamanian)		4,970
<i>Swift River</i> ¹ (now <i>Kallithea</i> , Cypriot).		
<i>Timios Stavros</i> ¹ (now Maltese flag, previous trips to Cuba, Greek).		
<i>Venice</i>		8,611
<i>Vercharmian</i>		7,265
<i>Vermont</i>		7,381
<i>Yungfutary</i>		5,388
<i>Yunglutaton</i>		5,414
<i>Zela M.</i>		7,237
Lebanese: (55 ships)		374,134
<i>Aiolos II</i>		7,256
<i>Ais Giannis</i>		6,997
<i>Akamas</i> ¹ (now Cypriot).		
<i>Al Amin</i>		7,186
<i>Alaska</i>		6,989
<i>Anthas</i>		7,044
<i>Antonis</i>		6,259
<i>Ares</i> ¹ (constructive total loss)		4,557
<i>Areti</i>		7,176
<i>Aristefs</i>		6,995
<i>Astir</i>		5,324
<i>Athamas</i>		4,729
<i>Carnation</i> ¹ (sold Spanish breakers)		4,884
<i>Claire</i>		5,411
<i>Cris</i>		6,032
<i>Dimos</i>		7,187
<i>E. Myrtidiotissa</i> ¹ (aground, trips to Cuba under ex-name, <i>Kalliopi D. Lemos</i> , Lebanese).		
<i>Free Trader</i> ¹ (now Cypriot).		
<i>Georgios M. II</i>		5,028
<i>Giannis</i>		5,270
<i>Giorgos Tsakiroglou</i>		7,240
<i>Granikos</i>		7,282

See footnotes at end of table.

Flag of registry—Name of ship		Gross tonnage
Lebanese—Continued		
<i>Ilena</i>	-----	5, 925
<i>Ioannis Aspiotis</i>	-----	7, 297
<i>Kalliopi D. Lemos</i> ¹ (now <i>E. Myrtidiotissa</i> , Lebanese)	-----	5, 103
<i>Katerina</i>	-----	9, 357
<i>Leftric</i>	-----	7, 176
<i>Malou</i>	-----	7, 145
<i>Mantric</i>	-----	7, 255
<i>Maria Despina</i> ¹ (broken in two)	-----	7, 254
<i>Maria Renee</i>	-----	7, 203
<i>Marichristina</i>	-----	7, 124
<i>Marymark</i> ¹ (sold German ship breakers)	-----	4, 383
<i>Mersinidi</i>	-----	6, 782
<i>Mousse</i>	-----	9, 307
<i>Nictric</i>	-----	7, 296
<i>Noelle</i>	-----	7, 251
<i>Noemi</i> ¹ (aground)	-----	7, 070
<i>Olga</i> ¹ (now Greek)	-----	7, 199
<i>Panagos</i>	-----	7, 133
<i>Parmarina</i>	-----	6, 721
<i>Razani</i> ¹ (broken up)	-----	7, 253
<i>Reneka</i> ¹ (now <i>San Carlo</i> , Panamanian flag)	-----	7, 250
<i>Rio</i>	-----	7, 194
<i>St. Anthony</i> ¹ (broken up)	-----	5, 349
<i>St. Nicolas</i>	-----	7, 165
<i>San Spyridon</i>	-----	7, 260
<i>Sheik Boutros</i> ¹ (trips to Cuba under ex-name, <i>Cavtat</i> , Yugoslav).	-----	
<i>Stevó</i>	-----	7, 066
<i>Taxiarhis</i>	-----	7, 349
<i>Tertric</i>	-----	7, 045
<i>Theodoros Lemos</i>	-----	7, 198
<i>Tony</i>	-----	7, 176
<i>Toula</i>	-----	6, 426
<i>Trojan</i>	-----	7, 243
<i>Vassiliki</i>	-----	7, 192
<i>Vastric</i>	-----	6, 751
<i>Vergolivada</i>	-----	6, 339
<i>Yanæilas</i>	-----	10, 051
Greek: (35 ships)		261, 119
<i>Agios Therapon</i>	-----	5, 617
<i>Akastos</i> ¹ (now Cypriot).	-----	
<i>Alice</i>	-----	7, 189
<i>Ambassade</i> ¹ (sold Hong Kong ship breakers)	-----	8, 600
<i>Americana</i>	-----	7, 104
<i>Anacreon</i>	-----	7, 359
<i>Anatoli</i> ¹ (now <i>Sunrise</i> , Cypriot).	-----	
<i>Andromachi</i> ¹ (previous trips to Cuba under ex-name, <i>Penelope</i> , Greek)	-----	6, 712
<i>Antonia</i> ¹ (now <i>Amfithea</i> , Cypriot).	-----	
<i>Apollon</i>	-----	9, 744
<i>Athanassios K</i>	-----	7, 216
<i>Barbarino</i>	-----	7, 084
<i>Calliopi Michalos</i>	-----	7, 249
<i>Embassy</i> ¹ (broken up)	-----	8, 418
<i>E. Evangelia</i> ¹ (trips to Cuba under ex-name, <i>Redbrook</i> , British).	-----	
<i>Eftychia</i>	-----	10, 865
<i>Flora M.</i> ¹ (now <i>Liberian</i>)	-----	7, 244
<i>Gloria</i> ¹ (now <i>Helen</i> , Greek).	-----	
<i>Helen</i> ¹ (previous trips to Cuba under ex-name, <i>Gloria</i> , Greek)	-----	7, 128
<i>Irena</i>	-----	7, 232
<i>Istros II</i>	-----	7, 275
<i>Kapetan Kostis</i> ¹ (broken up)	-----	5, 032

See footnotes at end of table.

Flag of registry—Name of ship		Gross tonnage
Greek—Continued		
<i>Kyra Hariklia</i> ¹ (broken up)-----		6, 888
<i>Maria Theresa</i> ¹ (now <i>Ingrid Anne</i> , South African)-----		7, 245
<i>Marigo</i> ¹ (now <i>Amfitriti</i> , Cypriot)-----		7, 147
<i>Maroudio</i> ¹ (now <i>Thalie</i> , Panamanian)-----		7, 369
<i>Mastro-Stelios II</i> ¹ (now <i>Wendy H.</i> , South African)-----		7, 282
<i>Nicolaos F.</i> ¹ (previous trip to Cuba, under ex-name, <i>Nicolaos Frangistas</i> , Greek)-----		7, 199
<i>Nicolaos Frangistas</i> ¹ (now <i>Nicolaos F.</i> , Greek).		
<i>Nikolis M</i> -----		7, 176
<i>Olga</i> ¹ (trips to Cuba, Lebanese).		
<i>Pamit</i> ¹ (now <i>Bambero</i> , Liberian)-----		3, 929
<i>Pantanassa</i> -----		7, 131
<i>Pazoi</i> -----		7, 144
<i>Penelope</i> ¹ (now <i>Andromachi</i> , Greek).		
<i>Presvia</i> ¹ (broken up)-----		10, 820
<i>Redestos</i> -----		5, 911
<i>Roula Maria</i> , tanker-----		10, 608
<i>Seirios</i> ¹ (broken up)-----		7, 239
<i>Sophia</i> -----		7, 030
<i>Stylianos N. Vlassopoulos</i> ¹ (now <i>Antonio II</i> , Cypriot)-----		7, 303
<i>Timios Stavros</i> ¹ (formerly British flag, now Maltese).		
<i>Tina</i> -----		7, 362
<i>Western Trader</i> -----		9, 268
Polish: (18 ships) -----		136, 680
<i>Baltyk</i> -----		6, 963
<i>Bialystok</i> -----		7, 173
<i>Bytom</i> -----		5, 967
<i>Chopin</i> -----		9, 148
<i>Chorzow</i> -----		7, 237
<i>Energetyk</i> -----		10, 843
<i>Huta Florian</i> -----		7, 258
<i>Huta Labyd</i> -----		7, 221
<i>Huta Ostrowiec</i> -----		7, 175
<i>Huta Zgoda</i> -----		6, 840
<i>Hutnik</i> -----		10, 897
<i>Kopalnia Bobrek</i> -----		7, 221
<i>Kopalnia Czladz</i> -----		7, 252
<i>Kopalnia Miechowice</i> -----		7, 223
<i>Kopalnia Siemianowice</i> -----		7, 165
<i>Kopalnia Wujek</i> -----		7, 033
<i>Piast</i> -----		3, 184
<i>Transportowiec</i> -----		10, 880
Cypriot: (19 ships) -----		129, 385
<i>Acme</i> -----		7, 159
<i>Adelphos Petrakis</i> -----		7, 170
<i>Akamas</i> ¹ (previous trips to Cuba, Lebanese)-----		7, 285
<i>Akastos</i> ¹ (previous trip to Cuba, Greek)-----		7, 331
<i>Aktor</i> ¹ (sunk)-----		6, 993
<i>Amfali</i> -----		7, 110
<i>Amfithca</i> ¹ (previous trip to Cuba under ex-name, <i>Antonia</i> , Greek)-----		5, 171
<i>Amfitriti</i> ¹ (trip to Cuba under ex-name, <i>Marigo</i> , Greek).		
<i>Amon</i> ² -----		7, 229
<i>Antonia II</i> ¹ (trip to Cuba under ex-name, <i>Stylianos N. Vlassopoulos</i> , Greek).		
<i>Artemida</i> -----		7, 247
<i>El Toro</i> -----		5, 949
<i>Free Enterprise</i> ¹ (previous trips to Cuba, British)-----		6, 807
<i>Free Merchant</i> ¹ (previous trips to Cuba, British)-----		5, 237

See footnotes at end of table.

Flag of registry—Name of ship	Gross tonnage
Cypriot—Continued	
<i>Free Navigator</i> ¹ (previous trips to Cuba under ex-name, <i>Newdene</i> , British)-----	7, 181
<i>Free Trader</i> ¹ (previous trips to Cuba, Lebanese)-----	7, 067
<i>Kallithea</i> ¹ (previous trips to Cuba under ex-name, <i>Swift River</i> , British)-----	7, 251
<i>Newforest</i> ¹ (previous trips to Cuba, British)-----	7, 185
<i>Newgrove</i> ¹ (previous trips to Cuba, British and Haitian)-----	7, 172
<i>Newmeadow</i> ¹ (previous trips to Cuba, British)-----	5, 654
<i>Sunrise</i> ¹ (previous trips to Cuba under ex-name, <i>Anatoli</i> , Greek)---	7, 187
Italian: (15 ships) -----	123, 058
<i>Achille</i> -----	6, 950
<i>Agostino Bertani</i> -----	8, 380
<i>Andrea Costa</i> ¹ (tanker, broken up)-----	10, 440
<i>Aspromonte</i> -----	7, 154
<i>Caprera</i> -----	7, 189
<i>Elia</i> (tanker)-----	11, 377
<i>Geremia</i> ¹ (previous trips to Cuba under ex-name, <i>Mariasusanna</i> , Italian)-----	2, 479
<i>Giuseppe Giulietti</i> (tanker)-----	17, 519
<i>Graziella Zeta</i> ¹ (trips to Cuba under ex-name, <i>Montiron</i> , Italian).	
<i>Mariasusanna</i> ¹ (now <i>Geremia</i> , Italian).	
<i>Montiron</i> ¹ (now <i>Graziella Zeta</i> , Italian)-----	1, 595
<i>Nazareno</i> -----	7, 173
<i>Nino Bixio</i> -----	8, 427
<i>San Francesco</i> -----	9, 284
<i>San Nicola</i> (tanker)-----	12, 461
<i>Santa Lucia</i> -----	9, 278
<i>Somalia</i> ¹ (now <i>Chenchang</i> , Nationalist Chinese)-----	3, 352
Yugoslav: (9 ships) -----	60, 800
<i>Bar</i> -----	7, 233
<i>Cavtat</i> ¹ (now <i>Sheik Boutros</i> , Lebanese)-----	7, 266
<i>Cetinje</i> -----	7, 200
<i>Dugi Otok</i> -----	6, 997
<i>Kolasin</i> -----	7, 217
<i>Mojkovac</i> -----	7, 125
<i>Plod</i> -----	3, 657
<i>Promina</i> -----	6, 960
<i>Trebinjica</i> (wrecked)-----	7, 145
French: (8 ships) -----	41, 476
<i>Arsinoe</i> (tanker, sunk)-----	10, 426
<i>Circe</i> -----	2, 874
<i>Enee</i> -----	1, 232
<i>Foulaya</i> -----	3, 739
<i>Mungo</i> -----	4, 820
<i>Nelee</i> -----	2, 874
<i>Neve</i> ¹ (now <i>Drameoumar</i> , Guinean)-----	852
<i>Senanque</i> (tanker)-----	14, 659
Moroccan: (5 ships) -----	35, 828
<i>Atlas</i> -----	10, 392
<i>Banora</i> ¹ (sunk)-----	3, 082
<i>Marrakech</i> -----	3, 214
<i>Mauritanie</i> -----	10, 392
<i>Toubkal</i> -----	8, 748

See footnotes at end of table.

Flag of registry—Name of ship	Gross tonnage
Maltese: (5 ships)-----	33, 788
<i>Amalia</i> ¹ (previous trips to Cuba, British)-----	7, 304
<i>Ispahan</i> -----	7, 156
<i>St. Antonio</i> ¹ (broken up, previous trip to Cuba, British)-----	6, 704
<i>Sochyve</i> ¹ (previous trips to Cuba, British)-----	7, 291
<i>Timios Stavros</i> ¹ (previous trips to Cuba, British and Greek)-----	5, 333
Finnish: (4 ships)-----	32, 919
<i>Augusta Paulin</i> -----	7, 096
<i>Hermia</i> ¹ (trip to Cuba under ex-name, <i>Amfred</i> , Swedish)-----	
<i>Margrethe Paulin</i> -----	7, 251
<i>Ragni Paulin</i> -----	6, 823
<i>Sword</i> (tanker)-----	11, 749
Netherlands: (2 ships)-----	999
<i>Meike</i> -----	500
<i>Tempo</i> -----	499
Norwegian: (2 ships)-----	10, 002
<i>Ole Bratt</i> -----	5, 252
<i>Tine</i> (now <i>Jezreel</i> , Panamanian flag, wrecked)-----	4, 750
Swedish: (2 ships)-----	9, 318
<i>Amfred</i> ¹ (now <i>Hermia</i> , Finnish)-----	2, 828
<i>Dagmar</i> ¹ (now <i>Bali Mariner</i> , Panamanian)-----	6, 490
Monaco: (1 ship)-----	7, 314
<i>Saint Lys</i> -----	7, 314
Guinean:	
<i>Drameoumar</i> ¹ (trip to Cuba under ex-name, <i>Neve</i> , French).	
Haitian:	
<i>Newgrove</i> ¹ (now Cypriot).	
Liberian:	
<i>Bambero</i> ¹ (trips to Cuba under ex-name, <i>Pamit</i> , Greek).	
<i>Flora M.</i> ¹ (trips to Cuba, Greek).	
Nationalist Chinese:	
<i>Chenchang</i> ¹ (trip to Cuba under ex-name, <i>Somalia</i> , Italian).	
Pakistani:	
<i>Ardpatrick</i> ¹ (trip to Cuba, British).	
Panamanian:	
<i>Bali Mariner</i> ¹ (trips to Cuba under ex-name, <i>Dagmar</i> , Swedish).	
<i>Jezreel</i> ¹ (trip to Cuba under ex-name, <i>Tine</i> , Norwegian, wrecked).	
<i>Cathay Trader</i> ¹ (trips to Cuba under ex-name, <i>Suva Breeze</i> , British).	
<i>San Carlo</i> ¹ (trip to Cuba under ex-name, <i>Reneka</i> , Lebanese).	
<i>Thalie</i> ¹ (trip to Cuba under ex-name, <i>Maroudio</i> , Greek).	
South African:	
<i>Wendy H.</i> ¹ (trip to Cuba under ex-name, <i>Mastro-Stelios II</i> , Greek).	
<i>Ingrid Anne</i> ¹ (trip to Cuba under ex-name, <i>Maria Theresa</i> , Greek).	

¹ Ships appearing on the list that have been scrapped or have had changes in name and/or flag of registry.

² Added to Report No. 73, appearing in the Federal Register issue of June 29, 1966.

Section 2. In accordance with approved procedures, the vessels listed below which called at Cuba after January 1, 1963, have reacquired eligibility to carry United States Government-financed cargoes from the United States by virtue of the persons who control the vessels having given satisfactory certification and assurance:

(a) that such vessels will not, henceforth, be employed in the Cuba trade so long as it remains the policy of the United States Government to discourage such trade; and

(b) that no other vessels under their control will thenceforth be employed in the Cuba trade, except as provided in paragraph (c) and

(c) that vessels under their control which are covered by contractual obligations, including cahrters, entered into prior to December 16, 1963, requiring their employment in the Cuba trade shall be withdrawn from such trade at the earliest opportunity consistent with such contractual obligations.

Flag of registry, name of ship :

	<i>Gross tonnage</i>
a. <i>Since last report</i> -----	None
b. <i>Previous reports:</i>	<i>Number of ships</i>
Flag of registry (total)-----	95
British -----	39
Cypriot -----	2
Danish -----	1
Finnish -----	2
French -----	1
German (West)-----	1
Greek -----	25
Israeli -----	1
Italian -----	5
Japanese -----	1
Kuwaiti -----	1
Lebanese -----	5
Norwegian -----	4
Spanish -----	6
Swedish -----	1

Section 3. The ships listed in Sections 1 and 2 have made the following number of trips to Cuba since January 1, 1963, based on information received through July 12, 1966.

Flag of registry	1963	1964	1965	1966							Total
				Jan.	Feb.	Mar.	Apr.	May	June	July	
British-----	133	180	126	5	11	11	11	13	6	1	497
Lebanese-----	64	91	58	3	3	4	5	2			230
Greek-----	99	27	23	3	2	2	3	1	4		164
Italian-----	16	20	24	2			2	2			66
Yugoslav-----	12	11	15		2	1	2	1			44
Cypriot-----		1	17	1	6	4	2	1	3		35
French-----	8	9	9					1			27
Spanish-----	8	17									25
Norwegian-----	14	10									24
Moroccan-----	9	13	1								23
Finnish-----	1	4	5	1	2		2	1			16
Maltese-----		2	6	1							9
Netherlands-----		4	2								6
Swedish-----	3	3									6
Kuwaiti-----		2	1								3
Israeli-----			2								2
Danish-----	1										1
German (W)-----	1										1
Haitian-----			1								1
Japanese-----	1										1
Monaco-----					1						1
Subtotal-----	370	394	290	16	27	22	27	22	13	1	1,182
Polish-----	18	16	12		2	1	1	1	1	1	53
Grand total-----	388	410	302	16	29	23	28	23	14	2	1,235

NOTE.—Trip totals in this Section exceed ship totals in Sections 1 and 2 because some of the ships made more than one trip to Cuba. Monthly totals subject to revision as additional data become available.

By Order of the Acting Maritime Administrator.

Dated : July 14, 1966.

JAMES S. DAWSON, Jr.,
Secretary.

Mr. LOWENFELD. They are unlawful under Greek law.

Mr. BEASER. But nothing has been done about enforcing the law.

Mr. LOWENFELD. No, I wouldn't say that, but it is true that the enforcement measures have not been fully effective. That is——

Mr. BEASER. I understand so. I agree.

I would like to have a listing of such vessels included in this hearing record—a listing which shows the ownership of those vessels carrying supplies to Cuba.

(The above-mentioned listing follows:)

EXHIBIT 20

CERTAIN GREEK FLAG SHIPS AND THEIR REGISTERED OWNERS

Owned and/or controlled by	Owned by	Name of vessel	Year built	Gross tons	Flag
Aegis Shipping Co., Ltd., 52 Odos Zossinadon, Postbox 30, Piraeus, Greece.	Cia. Nav. Y de Comercio Apollo, Ltda., San Jose, Costa Rica.	<i>Akastos</i> (as of June 1966, Agenor Shipping Co., Ltd., Nicosia, Cyprus).	1946	7, 331	Greek. Cypriot.
Bray Shipping Co., Ltd., Bevis Marks House, 23-24, Bevis Marks, London, E.C. 3.	Almadin Cia. Nav., S.A., Panama.	<i>Maroudio</i> (now <i>Thalie</i> October 1965, Pan African Atlantic Corp., Inc., c/o Oceanic Steamship Co., S.A., Via Sottoripa la, 102, Genoa, Italy).	1946	7, 369	Greek. Panamanian.
Carapanayoti & Co., Ltd., 19 Eastcheap, London, E.C. 3.	Marmira Nav. Cia, Ltd., Panama.	<i>Athanasios K.</i>	1943	7, 216	Greek.
Embiricos, Andrew-Michael, c/o Todos Mares, S.A.M., Palais de la Scala, Monte Carlo, Monaco.	Cia. de Nav. Penelope, S.A., Panama.	<i>Penelope</i> (now <i>Andromachi</i> , April 1964, Dalia Cia. Nav., S.A., Panama, c/o Franco Shipping Co., Ltd., 65 Odos Patission, Athens, Greece).	1945	6, 712	Do.
Embiricos, Ilariton, 6 Odos Panepistimiou, Athens, Greece.	Hegif Nav. Co.	<i>E. Evangelia</i>	1942	7, 388	Do.
Fafalos, Ltd., Dunster House, 37 Mincing Lane, London, E.C. 3.	Cia. Lamia de Nav., S.A., Panama.	<i>Redestos</i>	1937	5, 911	Do.
Faros Shipping Co., Ltd., 32-38 Duke's Pl., London, E.C. 3.	Athenian Shipping Co., S.A., Panama.	<i>Apollon</i>	1957	9, 744	Do.
Franco Shipping Co., Ltd., 65 Odos Patission, Athens, Greece.	A. Frangistas & E. Athanasiou.	<i>Gloria</i> (now <i>Helen</i> , September 1964, Olistim Nav. Co. (Sp. Mar. S.A.), Athens, Greece, c/o Olistim Navigation Co., Ltd., 19 Avenida Antonio Augusto de Aguiar, Lisbon, Portugal).	1943	7, 128	Do.
	A. Frangistas & others.	<i>Nicolaos F.</i>	1944	7, 199	Do.
	Dalia Cia. Nav., S.A., Panama.	<i>Pantlassa</i>	1943	7, 131	Do.
	Lestam Greek Shipping Co., Ltd.	<i>Andromachi</i> (x <i>Penelope</i>)	1945	6, 712	Do.
	Olistan Cia. Nav., S.A., Panama.	<i>Sophia</i>	1929	7, 030	Do.
	Olistipo Cia. Nav., S.A., Panama.	<i>Kyra Hariklia</i> (sold April 1966 to be broken up)	1943	6, 888	Do.
	Stamie Cia. Nav., S.A., Panama.	<i>Irena</i>	1943	7, 232	Do.
	A. Halcousis	<i>Alice</i>	1944	7, 189	Do.
		<i>Barbarino</i>	1943	7, 084	Do.
		<i>Pamit</i> (now <i>Bambero</i> , March 1966, Bambero Compania Naviera, S.A., c/o Paul-Rene Abela, 45 Orchard Rd., Chessington, Surrey).	1945	3, 929	Do. Liberian.
Halcousis, A., & Co., 38 Akti Posidonos, Postbox 60, Piraeus, Greece.	A. Halcousis	<i>Agios Therapon</i>	1946	7, 413	Greek.
Lemos & Pateras, Ltd., St. Clare House, 30-33 Minorities, London, E.C. 3.	San Therapon Cia. Nav., S.A., Panama.				

Owned and/or controlled by	Owned by	Name of vessel	Year built	Gross tons	Flag
Livanos, John, & Sons, Ltd., Liverpool House, 15-17 Eldon St., London, E.C. 2.	Drive Shipping Transports Organization Co., Ltd., The, 148 Britannia St., Valletta, Malta. Lamda Shipping Enterprises Corp., S.A., Panama.	<i>Timios Stratos</i>	1939	5,333	Maltese.
Margaronis, Dem. P., & Sons, 46 Odos Patisision, Athens, Greece.	Nevada Co., Ltd., Monrovia, Liberia.	<i>Anatoli</i> (now <i>Sunrise</i> , March 1965, Niki Marine Operations Co., Ltd., Nicosia, Cyprus, c/o Livanos, John, & Sons, Ltd., above). <i>Antonia</i> (now <i>Amfitea</i> , June 1965, Tramping & Freightling Concern Co., Ltd., Nicosia, Cyprus, c/o Livanos, John, & Sons, Ltd., above).	1943	7,216	Greek. Cypriot.
Matsas, Loucas G., Lenos Maritime Building, 35-39 Akti Miaouli, Piraeus, Greece. Mattheos Mayridoglou, 48 Vasilissis Sophias, Athens, Greece. Michalinos Maritime & Commercial Co., Ltd., 38 Odos Filonos, Piraeus, Greece.	Loucas G. & Char. L. Matsas Miliades Navegacion, S.A. N. Michalos & Sons Maritime Co., Ltd., Marine Building, Odos Georg. Skouze, Post-box 2, Piraeus, Greece. Olistim Nav. Co., Ltd., Monrovia, Liberia. Olistim Nav. Co. (Sp. Mar. S.A.), Athens, Greece. Cia. de Nav. Farakiata, S.A., Panama. Cosmar Shipping Corp., Monrovia, Liberia. Cia. Nav. Palma, S.A., Panama.	<i>Marigo</i> (as of June 29, 1966, Amfrititi Shipping Co., Ltd., Nicosia, Cyprus). <i>Efychia</i> (now <i>Boaz</i> , July 1965, Cia. Nav. Pearl, S.A., c/o Teh Hu S. Co., Ltd., 27 Connaught Rd. West, Victoria, Hong Kong). <i>Flora M.</i> (as of June 15, 1966, Marenviado Cia. Nav., S.A., Panama.) <i>Nikotis M.</i>	1939	5,171	Greek. Cypriot.
		<i>Calliopi Michalos</i>	1942	7,147	Greek.
		<i>Tina</i>	1943	7,223	Do. Panamanian.
		<i>Helen</i> (x <i>Gloria</i>)	1941	7,244	Greek. Liberian
		<i>Roula Maria</i>	1944	7,176	Greek.
		<i>Anacreon</i>	1944	7,249	Do.
		<i>Kapetan Kostis</i> (sold Mar. 23, 1966, to be broken up).	1940	7,362	Do.
			1943	7,128	Do.
			1950	10,608	Do.
			1944	7,359	Do.
			1940	5,032	Do.

CERTAIN GREEK FLAG SHIPS AND THEIR REGISTERED OWNERS—Continued

Vlassopoulos, N. & J., Ltd., Bevis Marks House, 23-24 Bevis Marks, London, E.C. 3.	Altos Mares Cia. Naviera, S.A., Panama. Marimperio Cia. Nav., S.A., Panama. Philip N. Vlassopoulos, Ithaca, Greece.	<i>Americana</i> ----- <i>Paroi</i> ----- <i>Stylianos N. Vlassopoulos</i> (now <i>Antonia II</i> , No- vember 1965, Amfitea Shipping Co., Ltd., Faniagusta, Cyprus, c/o Livanos, John, & Sons, Ltd., Liverpool House, 15-17 Eldon St., London, E.C. 3). <i>Mastro-Stathos II</i> (now <i>Wendy H.</i> , September 1965, First Freighters (Pty.), Ltd., 721 Mari- time House, Loveday St., Johannesburg, Republic of South Africa). <i>Western Trader</i> ----- <i>Maria Thetesa</i> (now <i>Ingrid Anne</i> , November 1965, First Freighters (Pty.), Ltd., 721 Mari- time House, Loveday St., Johannesburg, Republic of South Africa). <i>Istros II</i> -----	1944 1943 1943 1943 1959 1943 1943	7, 104 7, 144 7, 303 7, 282 9, 268 7, 282 7, 275	Do. Do. Do. Cypriot. Greek. South African. Greek. Do. South African. Greek.
Vlassopoulos Agencies, Inc., Diamantidou 61, Psychico, Athens, Greece.	Ulysses Shipping Enter- prises, S.A., Piraeus, Greece. Western Transport Corp., Monrovia, Liberia. Vegas S.S. Corp., Monrovia, Liberia. Veritas Shipping Corp., Panama.				
SCRAPPED VESSELS					
Compagnie de Navigation Fraissinet et Cyprien Fabre, 3 & 15 Rue Beauvau, Boite Postale 857, Marseille, France. Donaldson Bros. & Black Ltd. 14 St. Vincent Pl., Glasgow, C.I. Nederlandsch-Amerikaansche Stoomvaart Maats- chappij, N.V., 86 Wilhelminalakade, Postbus 436, Rotterdam, Holland. Panchripol, Ltd., 194 Bishopsgate, London, E.C. 2.	Soc. Generale de Transports Maritimes. Donaldson Line Ltd----- ----- Dido Cia. Nav., S.A., Panama.	<i>Ambassade</i> (x <i>Mont Ventoux</i>), (sold to Belvientos Cia. Nav., Panama; broken up March 1964). <i>Embassy</i> (x <i>Calcaria</i>) (sold to Fortaleza Cia. Nav., S.A.; broken up August 1963). <i>Presna</i> (x <i>Dalerayk</i>) (sold to Belvientos Cia. Nav., Panama; broken up December 1963). Seiros (broken up April 1964)-----	1939 1941 1930 1943	8, 600 8, 418 10, 820 7, 239	Greek, Do. Do. Do.

Senator GRUENING. Don't you think if we withheld future shipments the law might be enforced?

Mr. WATERS. Mr. Chairman, I doubt if in the circumstances, the President would call for that type of retaliation against the Greek Government when it is going—

Senator GRUENING. It isn't retaliation.

Mr. WATERS (continuing). Going so far that it has been challenged in its own courts. We could have the same problem here in this country—of trying to enforce a law and somebody getting an injunction. This is a fairly recent development of getting it into the civil courts of Greece, and the Government, so far as we are concerned, is in good faith trying to stop this one shipowner from this practice. So we don't really see need for action against the Greek Government. We are trying every way we can to bring about a proper solution.

Senator GRUENING. Well, thank you very much for coming. We appreciate your coming and giving us this testimony.

We will stand in recess until further call of the Chair, unless you have a further statement.

Mrs. JACOBSON. I would just like to make one comment, Mr. Chairman, that we appreciate your judgments and will give very serious consideration to what you think and say and suggest about our operating of Public Law 480; but I do want to say that to the best of our knowledge we do not concede that there are violations of the agreements for which we do not try to exact a penalty. To the best of our ability we have tried to check violations, to prevent them, and to exact penalties when they are deserved. But we do appreciate your judgments and we will certainly examine carefully what you say.

Senator GRUENING. Well, I think there are one or two countries that seem to be somewhat immune to enforcement and those are the countries I think that you should be vigilant about.

Thank you very much.

(Whereupon, at 12:20 p.m., the subcommittee recessed, to reconvene at the call of the Chair.)



LEGISLATIVE HISTORY
Public Law 89-808
H. R. 14929

TABLE OF CONTENTS

Index and summary of H. R. 14929.	1,2
Digest of Public Law 89-808	3

INDEX AND SUMMARY OF H. R. 14929

Jan.	19, 1966	Rep. Cooley introduced and discussed H.R. 12152 which was referred to House Agriculture Committee. Print of bill and remarks of author.
Feb.	10, 1966	Both Houses received President's message on Food for Freedom. H. Doc. 378. Print of document.
Feb.	14, 1966	Rep. Cooley introduced H. R. 12785 which was referred to House Agriculture Committee. Print of bill as introduced.
Feb.	17, 1966	Sen. Ellender introduced S. 2933 which was referred to Senate Agriculture and Forestry Committee. Print of bill and remarks of Sen. Ellender.
Feb.	18, 1966	Sen. Bartlett submitted proposed amendment to S. 2933.
Feb.	28, 1966	Sen. Tydings submitted and discussed proposed amendment to S. 2933.
Mar.	1, 1966	Cosponsors were added to Sen. Bartlett proposed amendment.
Mar.	23, 1966	House Agriculture Committee Print which is a staff summary of testimony presented by public witnesses at hearings.
May	9, 1966	Rep. Cooley introduced H. R. 14929 which was referred to House Agriculture Committee. Print of bill as introduced.
May	18, 1966	House committee voted to report H. R. 14929.
May	27, 1966	House committee reported H. R. 14929 with amendments. H. Report 1558. Print of bill and report.
June	2, 1966	House Rules Committee reported resolution for consideration of H. R. 14929.
June	8, 1966	House began and concluded general debate on H. R. 14929.
June	9, 1966	House passed H. R. 14929 with amendments.

INDEX AND SUMMARY OF H. R. 14929, cont'd

June	13, 1966	H. R. 14929 was referred to Senate Agriculture and Forestry Committee. Print of bill as referred.
June	24, 1966	Sen. Mondale submitted and discussed two proposed amendments to H. R. 14929.
Aug.	24, 1966	Senate committee voted to report H.R. 14929.
Aug.	25, 1966	Senate committee reported H. R. 14929 with an amendment. S. Report 1527. Print of bill and report.
Aug.	26, 1966	Senate began consideration of H. R. 14929.
Aug.	29, 1966	Senate began debate on H. R. 14929.
Aug.	30, 1966	Senate continued debate on H. R. 14929.
Aug.	31, 1966	Senate passed H. R. 14929 with amendments. Senate conferees were appointed. Print of bill as passed by Senate.
Sept.	8, 1966	House conferees were appointed on H. R. 14929.
Sept.	19, 1966	Conferees agreed to file a report.
Sept.	26, 1966	House received conference report on H. R. 14929. H. Report 2075. Print of report.
Oct.	5, 1966	House recommitted H. R. 14929 to conference.
Oct.	18, 1966	House received new conference report (. H. Report 2304). Print of report.
Oct.	21, 1966	Both Houses agreed to conference report.
Nov.	11, 1966	Approved: Public Law 89-808. President's statement when signing.

Hearings: H. Agriculture Com.: World War on Hunger, Parts 1-3,
Serial WW
S. Agri. & Forsty Com.: S. 2157
S. Gov't Operations: Coordination in the Administration
of Public Law 480.

authorizations for all major youth employment and community action programs of titles I and II. Authorizes a new program of small loans (not to exceed \$300 for one person at one time, and bearing a 2-percent annual interest rate) to persons from low-income families for financial emergencies. Contains a new section on legal services for the poor and earmarks funds for the program. Increases from \$2,500 to \$3,500 the ceiling on title III loans to low-income rural families. Transfers the title IV small business loan program from OEO to the Small Business Administration. Authorizes the appointment of an Assistant Director of the Office of Economic Opportunity to be in charge of programs for the elderly poor.

PUBLIC LAW 89-796 (S. 688) RURAL RENEWAL LOANS (approved November 8, 1966). Amends title III of the Bankhead-Jones Farm Tenant Act, as amended, to extend loan eligibility to non-profit organizations for rural renewal activities. Provides that funds for recreation may be included in overall renewal loans rather than requiring a separate loan docket for recreation purposes only, and permits Farmers Home Administration and local groups to view entire renewal proposals, including recreation, as a single development.

PUBLIC LAW 89-797 (H. R. 18119) DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, AND THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION ACT, 1967 (approved November 8, 1966). Includes funds for contributions to international organizations, mutual educational and cultural exchange activities, Bureau of the Census, Weather Bureau, Bureau of Public Roads (including funds for forest highways), Small Business Administration, Special Representative for Trade Negotiations, and the Tariff Commission. Prohibits the Department of Commerce from enforcing any export control order on cattle hides, calf and kip skins, and bovine leather.

PUBLIC LAW 89-799 (S. J. Res. 167) WATER FOR PEACE CONFERENCE (approved November 8, 1966). Enables the United States to organize and hold an International Conference on Water for Peace in the United States in 1967 and authorizes appropriations therefor.

PUBLIC LAW 89-800 (H. R. 17607) SUSPENSION OF INVESTMENT CREDIT AND ACCELERATED DEPRECIATION (approved November 8, 1966). Suspends through 1967 the 7 percent tax credit on purchases of machinery and equipment, and accelerated depreciation of commercial and industrial buildings.

PUBLIC LAW 89-806 (H. R. 11216) TARIFF TREATMENT OF ARTICLES ASSEMBLED ABROAD (approved November 10, 1966). Amends the Tariff Schedules of the United States to provide tariff exemption for United States products which are shipped abroad, incorporated in an article assembled abroad, and reimported into this country.

PUBLIC LAW 89-808 (H. R. 14929) FOOD FOR PEACE ACT OF 1966 (approved November 11, 1966). Makes major amendments to the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). Changes United States policy from one of surplus disposal to one of planned production for export. Combines Titles I and IV into a new Title I

covering all sales. Requires the countries with which we have sales agreements to undertake self-help measures in specific areas of agricultural development. Provides for progressive transition from sales for foreign currencies to sales for dollars. Bans food sales to nations selling goods to North Viet Nam. Imposes a similar ban on trade with other Communist countries except by waiver by the President in the national interest. Makes foreign currency obtained under Title I sales subject to the appropriation process under certain conditions and revises the list of purposes for which foreign currencies can be used. Combines the famine relief programs of Title II and donations through international agencies in Title III into a new Title II which among other things authorizes the Commodity Credit Corporation to pay, in addition to the cost of acquisition, the costs of packaging, enrichment and preservation of commodities under Title II. Creates a new Title IV which provides for a "farmer-to-farmer" program to enable American farmers to help foreign farmers to increase food production and improve farming operations. Prohibits the donation of tobacco and tobacco products. Permits the donation of fish concentrate as well as other fish products. Adds the Secretary of State; the Secretary of the Treasury; the vice chairman and second ranking minority member of the House Agriculture Committee; the ranking majority member and second ranking minority member of the Senate Agriculture and Forestry Committee; and the chairman, the ranking majority member, and two ranking minority members of the House Foreign Affairs Committee and the Senate Foreign Relations Committee as members of the Congressional-Executive committee to advise the President on the administration of the Act. Prohibits Commodity Credit Corporation from selling any commodity, except wheat, in the market at less than 115 percent of the current support price whenever carryover is less than 25 percent. In the case of wheat, at less than 115 percent whenever the carryover is less than 35 percent and at less than 120 percent of the current support price when the carryover is less than 25 percent. Permits the export of manufactured cotton products.

PUBLIC LAW 89-809 (H. R. 13103) FOREIGN INVESTORS TAX ACT OF 1966 (approved November 13, 1966). Includes a provision directing the Secretary of the Treasury to submit to Congress, at the convening of each session, a report indicating the breakdown of the contingent and unfunded liabilities of the Federal Government as of the end of the preceding fiscal year. Requires that the first report cover fiscal year 1967.

PRIVATE LAWS

PRIVATE LAW 89-255 (H. R. 12396) ELTON P. JOHNSON (approved June 23, 1966). Directs a payment to Elton P. Johnson, an employee of the Agricultural Research Service, to reimburse him for amounts paid in settlement of a suit brought against him in connection with an automobile accident.

PRIVATE LAW 89-281 (S. 2104) HARRIET C. CHAMBERS (approved August 25, 1966). Directs conveyance to Harriet C. Chambers of a tract of land in the Shoshone National Forest, Wyoming.

89TH CONGRESS
2D SESSION

H. R. 12152

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Trade Development and Assistance Act of 1954.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is amended as follows:

5 (A) By striking out the word "surplus" wherever it
6 occurs in the Act, except—

7 (1) in section 106, in lieu of the word "surplus"
8 insert the word "available".

9 (2) in section 402, strike out the words "in sur-
10 plus" and insert "available pursuant to the provisions
11 of section 106".

1 (3) in section 307 strike out the words “under
2 section 106 of this Act”.

3 (B) Section 103 (b) is amended by striking out
4 “1965” and inserting “1966”, by striking out “1966” and
5 inserting “1970”, and by striking out “\$2,700,000,000”
6 and inserting “\$10,000,000,000”.

7 (C) Section 104 (g) is amended by inserting following
8 the words “For loans” the phrase “to develop indigenous
9 agricultural production and distribution and facilities for the
10 handling of imported agricultural commodities,”.

11 (D) Section 203 is amended by striking out “1965”
12 and inserting “1966”, by striking out “1966” and inserting
13 “1970”, and by striking out “\$400,000,000” and inserting
14 “\$800,000,000”.

15 (E) Section 204 is amended by striking out “1966” and
16 inserting “1970”.

17 (F) Section 308 is amended by striking the period at
18 the end of paragraph (2) and inserting a semicolon and the
19 following: “(3) to purchase United States agricultural
20 products, including high protein animal and vegetable foods,
21 and to make payment for enrichment of foods, to be sold,
22 exchanged, or donated to nations without adequate nutri-
23 tional supplies for their citizens, including sales under titles

1 I and IV hereof, and grants, as may be appropriate in
2 consideration of the economic condition and needs of each
3 such nation.”

89TH CONGRESS
2D SESSION

H. R. 12152

A BILL

To amend the Agricultural Trade Development
and Assistance Act of 1954.

By Mr. COOLEY

JANUARY 19, 1966

Referred to the Committee on Agriculture

of its 1964 victory, makes the same charge. He calls the federally backed preschool board "highly unrepresentative and totally exclusive of the people who elected the present school board."

He charges further: "The Federal Government has shown by the preschool program it is opposed to local self-government in Indianapolis and is doing everything in its power to abolish it."

Mrs. Cook counters that political considerations did not enter into selection of preschool board members. "It wasn't organized on that level," she says. "It was organized on a service level."

The board's composition, in Sims' opinion, speaks for itself. "The preschool program," he says, "looks to me like an effective way to build up an organization for the next election by the use of Federal funds."

Tribute to Air Force Systems Command

EXTENSION OF REMARKS OF

HON. CHARLES McC. MATHIAS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 13, 1966

Mr. MATHIAS. Mr. Speaker, at a time when our national defense budget is reaching record heights, it is most heartening to know that the officers and men of our armed services are performing their vital tasks with full efficiency and economy. Recently a summary of the fine work of the Air Force Systems Command was sent to me by Mr. J. Cookman Boyd, Jr., of Baltimore, who visited several installations of that command as a member of a group representing the Maryland Academy of Sciences. Mr. Boyd's comments on the hospitality and courtesy of Gen. Bernard A. Schriever, and the personnel under his command are worthy of attention by the Congress. As he concludes:

Suffice it to say, of the 30 persons in our expedition, none was left without a feeling of intense admiration for the personnel and manner in which they are carrying out their assignments.

Mr. Boyd's letter follows:

SAUERWEIN, BENSON & BOYD,
Baltimore, Md., December 28, 1965.
Hon. Charles McC. Mathias, Jr.,
House Office Building,
Washington, D.C.

DEAR CHARLIE: Recently it was my pleasure and profit as part of a group representing the Maryland Academy of Sciences to be the guest of Gen. Bernard A. Schriever, commander of the Air Force Systems Command, to visit the installations of that command at Andrews Air Force Base, Arnold Air Force Station, Brooks Air Force Base, and the installations at the cape in Florida.

Entirely aside from the courtesies extended and the excellent briefings we received, one cannot have such an experience without being impressed with the dedication, sincerity, and of particular interest to a reasonably conservative person like myself, a constant interest in economy wherever possible that runs throughout the personnel of this tremendously important organization.

It would be impracticable to try to discuss here the details which we found so interesting on our trip. Perhaps when we meet about the State there might be an opportunity to speak in more detail. In the meantime, suffice it to say, of the 30 persons in

our expedition, none was left without a feeling of intense admiration for the personnel and manner in which they are carrying out their assignments in the Systems Command. Sincerely,

J. COOKMAN BOYD, JR.

Must Back Viet Fight, Says Claude Callegary, National Commander of Disabled American Veterans

EXTENSION OF REMARKS

OF

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 12, 1966

Mr. TEAGUE of Texas. Mr. Speaker, Claude Callegary, national commander of the Disabled American Veterans was interviewed by the Cincinnati Enquirer upon his return from Vietnam. The interview was carried in the issue of January 7. I am pleased to insert a copy of this interview in the RECORD:

[From the Cincinnati Enquirer, Jan. 7, 1966]

**MUST BACK VIET FIGHT, DAV CHIEF
SAYS HERE**

(By Emil Dansker of the Enquirer staff)

A man who knows war through his own tragic experience spoke out here Thursday in full support of U.S. involvement in the conflict in Vietnam.

"Either we stand here or we fall here," declared Claude L. Callegary, of Baltimore, attorney and national commander of the Disabled American Veterans.

Mr. Callegary, seriously wounded in a plane crash while serving in the South Pacific in World War II, was in Cincinnati to announce a stepped-up DAV effort in support of the war in Vietnam and on behalf of troops wounded while fighting with United States and South Vietnamese forces.

These include—

A campaign that will involve the mailing of some 10 million "Support Our Fighting Men in Vietnam" bumper stickers and fund requests.

Recommendations to Congress that Korean GI bill benefits be extended to Vietnam wounded.

A so-called "Amp to Amp" campaign to gather wheelchairs and artificial limbs for Vietnamese amputees.

The latter program, Mr. Callegary said, is based on the intimate knowledge of such a need by DAV members, many of whom are themselves amputees.

He conceived the idea, he said, after visiting Vietnamese military hospitals, which he described as saturated with wounded and unable to supply enough artificial limbs.

This is especially important, he pointed out, since Vietnam is a nation in which the bicycle is standard transportation.

Mr. Callegary's tour took him from the United States to Hawaii last December 5 and then on to Formosa, Japan, Hong Kong, the Philippines and South Vietnam.

He received top-secret briefing along the way that added up, as he put it, to a view of the Vietnam conflict that "falls together just like a jigsaw puzzle."

When you visit these countries you find these people living in the shadow of China—and I deliberately don't say Red China because this seems to inflame some people—which instead of concentrating on its own 750 million people has adopted an aggressive way of life.

China is diverting much of its resources

and its top talent to the building of a war machine, he charged.

"This is why the United States is fighting in Vietnam," he said. "If you control Vietnam you control Cambodia, you are just a short distance away from Manila, literally from every other place in the Pacific."

Mr. Callegary, a school dropout at 13 who later earned a law degree without graduation from high school or college, said he went to Vietnam to fulfill a pledge made when he became DAV commander, to see for himself how the wounded are being treated.

In addition, he said, "after becoming interested in the idea * * * I realized that in just going to Vietnam I would not really be getting answers to the question I am being asked continually: 'Why are we there?'"

The briefing schedule followed, he said, "and by the time I got to Saigon I was well briefed on why the United States is in Vietnam and why it is so important; why we have suddenly made this tremendous military commitment there."

He said the war begins to come home to the visitor when the incoming airliner approaches the airport at Saigon in a spiral path intended to keep it over the city and away from snipers.

"Most people don't realize—I didn't realize it—that much of this area is under constant attack by the Vietcong."

He said there were electric lights in his hotel only intermittently because the Vietcong had cut the powerlines. Artillery, machinegun and mortar fire frequently could be heard by persons inside the city and aircraft could be seen dropping flares at night to illuminate the area to keep the Vietcong from infiltrating.

"At some time during the day or night the B-52's would start dropping their bombs in an area 40 or 50 miles outside Saigon, making quite a bit of noise, doing a bit of damage, shaking windows," he recalled.

"To the Vietnam people this is a way of life, but to the visitor it is disconcerting."

The top man in DAV, which has its national headquarters in Cincinnati, also had observations about—

Congressmen and Senators touring Vietnam: "Those I met there were just as interested as I was in getting the facts."

Understanding of the troops as to why they are there: "These people are better informed than we were. I think this is from seeing atrocities and fighting side by side with the Vietnamese and seeing their great devotion."

Reaction of the troops to antiwar demonstrations back home: "What about those guys back home?" they would ask. It's a hard question to answer because there has been a lot of confusion about these protestors."

Integration: "One of the interesting things that I didn't see in World War II was integration. There has been a big change. Colored men fight side by side with white men. They definitely have proven themselves to be good soldiers."

"There's no holiday time in Vietnam," he said regarding the visiting Congressman. "And when you went from one place to another they couldn't guarantee you'd come back."

He recalled one incident in which a truck convoy left the airbase at Da Nang, which he described as a fortress, and traveled only 5 miles before the lead vehicles were blown up.

The DAV leader said there is high regard among U.S. troops in Vietnam for statements of President Johnson on prosecution of the war and his promise that it will not become another Korea.

In the meantime, he declared, DAV will increase its efforts on behalf of wounded veterans whose number goes far beyond the organization's 2.5 million members.

"There is no better organization to handle them than the DAV," he said. "We know what their problems are."

Cooley Introduces War on Hunger Bill**EXTENSION OF REMARKS**

OF

HON. HAROLD D. COOLEY

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 19, 1966

Mr. COOLEY. Mr. Speaker, I have today introduced H.R. 12152, a bill establishing the legal basis and authority for a world war on hunger. This is a kind of war in which all Americans and millions of people around the world may join in common purpose. In view of the hope this legislation holds for hungry millions, and its direct relationship to the cause of peace, I am inserting in the Appendix of the RECORD, with the consent of the House, a press statement I issued upon introducing the bill describing its provisions and its purpose. The statement follows:

COOLEY INTRODUCES WORLD WAR ON HUNGER BILL

Legislation opening the way for a world war on hunger, through extension and expansion of America's food-for-peace program, was introduced in the House today by Representative HAROLD D. COOLEY, of North Carolina, chairman of the Committee on Agriculture.

The Cooley bill (H.R. 12152) would authorize:

1. Deliberate use of the great agricultural production potential of the United States to help relieve hunger and malnutrition throughout the free world. Such relief no longer would be limited only to the distribution of U.S. surplus food and fiber.

2. Deliberate employment of the agricultural commodities exported under this program to assist and encourage other countries in solving their own food problems.

The legislation would authorize an increase of \$1 billion a year over the next 5 years, including 1966, in the movement of food and fiber abroad under Public Law 480, the Food-for-Peace Act.

Under Public Law 480 the United States has been exporting about \$1.6 billion a year of agricultural commodities, but such shipments have been limited to those commodities which were officially declared to be surplus under domestic farm programs designed to reduce the production of various crops.

"In the legislation I am offering," Mr. COOLEY said, "in order to undertake a world war-on-hunger, we would not limit our exports for foreign currencies under Public Law 480, or our donations to relieve immediate famine and other emergency, to surpluses. We would make available under these authorities any agricultural commodity which we have in adequate supply and which is needed in the recipient countries—and if necessary our farmers will be asked to produce these commodities deliberately for such export purposes.

"In order to make this changed emphasis possible, the basic provision of my bill is to strike out of Public Law 480 the word 'surplus,' in connection with agricultural commodities, whenever it occurs. This will make it possible for the Secretary of Agriculture to program for concessional sale or for donation, where necessary, any agricultural commodity grown in the United States, whether it is technically in surplus or not, and to adjust production of that commodity so as to provide an adequate supply for all purposes."

Public Law 480, which expires this year unless renewed, provides for sale of U.S. surplus food and fiber for the local currencies

of the recipient countries, where such sale does not interfere with established world commerce or normal trade in such commodities. It provides also for sale of such commodities for dollars under long-term contracts, for barter, and for donations to relieve famine and other emergency.

"The objectives I propose in a world war on hunger," Mr. COOLEY said, "do not require a new law nor a new agency. They require only a change in emphasis under the existing law, Public Law 480, and increased activity on the part of agencies and programs already in operation.

"I am immensely pleased and encouraged that the President, in his state of the Union message to the Congress on January 12, so eloquently stated these objectives I have proposed, in these words:

"This year I propose major new directions in our program of foreign assistance to help those countries who will help themselves. We will conduct a worldwide attack on the problems of hunger and disease and ignorance. We will place the matchless skill and the resources of our own great America in farming and in fertilizers at the service of those countries committed to develop a modern agriculture."

Mr. COOLEY declared:

"Our humanitarian instincts, the world population explosion, and the cause of peace, demand imaginative, sound and positive action at this time. The bill I have introduced today will be the vehicle for public hearings before the House Committee on Agriculture, exploring the whole area of food policy, as it relates to (1) human hunger and starvation now prevalent around the world, (2) to the worsening outlook inherent in the world population explosion, and (3) to the opportunities for improving the agricultural output of those nations where human needs are most acute.

"I expect the President at an early date to elaborate upon his state of the Union message, by sending to the Congress specific recommendations on world food and fiber policy. The President's suggestions, when they arrive, will be given first priority in the considerations by our committee.

"I personally am convinced that our world superiority in the production of food and fiber can be used to encourage great masses of humanity into peaceful pursuits, moving them toward self reliance and self sufficiency in the production of food and fiber. This should strengthen the bonds of friendship among free nations. Moreover, as I have said on many occasions, I am convinced that in the end bread will be more important than bullets in bringing peace to the world."

Mr. COOLEY said the new emphasis upon world food and fiber policy he envisions through the bill introduced today not only would aid the recipients of our food and fiber but also would be beneficial to the economy and well-being of the people of the United States.

"I am not proposing," he said, "that we remove forthwith the restraints upon farm production now operating through voluntary farm programs. If we did this, we might again find ourselves buried in surpluses. Neither do I suppose that the United States can feed everyone who is hungry around the world. But our farmers have mastered the arts of abundance and they can produce food and fiber, beyond our own needs, that can build the physical strength and morale of the populations in many countries where these people work in the direction of self-sufficiency in agriculture.

"The United States would expect to receive as great a return from its augmented exports of agricultural commodities as is reasonable and possible under the circumstances of each particular country.

"Food would be donated, where necessary. If the country could pay for all or part of

our exports in its local currency, it would be expected to do so. When its economy reached a level where it could pay in long-term dollar credits this would take the place of all or part of the local currency payments. From that it is to be hoped the country would develop into a commercial importer, as many of the countries which have received help under Public Law 480 have done.

"I expect this new emphasis I propose in the bill I have introduced to bring ultimately a substantial expansion of the production of America's farms, lessening the need for programs to repress production. Our farmers would be the key to the whole program I envision. I would hope that this new program would keep millions of acres in production and employ on our farms many thousands of people who would be dislocated and crowded into our cities if we proceed with further restrictions upon agricultural output.

"I can see that this new emphasis will develop for the United States broad commercial markets around the world for our food and fiber in the years ahead. Moreover, it has been demonstrated that those countries which have developed their agriculture to the highest degree are the best customers abroad of U.S. agriculture and industry."

National Police Academy**EXTENSION OF REMARKS**

OF

HON. BILLIE S. FARNUM

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 19, 1966

Mr. FARNUM. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following communication from the office of the city clerk, city of Livonia, Mich., relative to a resolution adopted by the Council of the City of Livonia, urging the establishment of a National Police Academy.

OFFICE OF THE CITY CLERK,

Livonia, Mich., December 27, 1965.

HON. BILLIE S. FARNUM,
House Office Building,
Washington, D.C.

DEAR MR. FARNUM: The undersigned, Addison W. Bacon, city clerk of the city of Livonia, does hereby certify that at a regular meeting of the Council of the City of Livonia, held on December 15, 1965, at 33001 Five Mile Road, Livonia Mich., at which time and place the following members of the council were present: Rudolph R. Kleinert, Peter A. Ventura, Edward H. McNamara, John F. Dooley, Edward G. Milligan, Charles J. Pinto, and James R. McCann; absent: none; the following resolution was duly made and adopted:

"RESOLUTION 1207-65

"Resolved, That the council does hereby request that the United States of America consider the establishment of a National Police Academy for the purpose of giving professional instruction and training to State and local police enforcement officers on a tuition basis so as to increase the effectiveness of police enforcement, the uniformity of same, all of which will tend to improve the image of law enforcement agencies throughout the country; and the city clerk is hereby requested to forward a certified copy of this resolution to U.S. Senators PHILIP A. HART and PATRICK V. MCNAMARA, to U.S. Congressman BILLIE S. FARNUM, and to U.S. Attorney General Nicholas Katzenbach."

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Feb. 11, 1966
For actions of Feb. 10, 1966
89th-2nd; No. 23

CONTENTS

Adjournment.....13,24	Housing.....33	School milk.....3,15,41
Air pollution.....23	Interest rates.....27	Small business.....25
Census.....40	Job Corps.....11	Social security.....26,36
Civil rights.....6	Labeling.....32	Supergrades.....8
Cotton.....21	Medicare.....26,36	Tax adjustment.....14,30
Economy.....20	Milk.....3,15,41	Tobacco.....9
Education.....19,38	Natural resources.....28	Transportation.....22
Farm economy.....27	Personnel.....6,8	Veterans' benefits....2,16
Food for freedom...1,17,29	Pesticides.....5	Water resources.....7,42
Foreign aid.....4,18,29,37	Public works.....35	Weather.....39
Foreign trade.....31,34	Recreation.....12	
Grants-in-aid.....10	Reorganization.....6	

HIGHLIGHTS: Both Houses received President's Food for Freedom message. Several Senators and Representatives commended passage. Sen. Proxmire criticized cut in school milk funds. Sen. Aiken inserted Vt. Legislature resolution criticizing cut in school milk funds. Sen. Proxmire urged increased agricultural assistance to South Vietnam. Sen. Young, N.D., criticized restrictions on use of pesticides. Reps. Grider and Ryan objected to budget cut in school milk program. Sen. Proxmire introduced and discussed bill to extend and make permanent school milk program.

SENATE

1. FOOD FOR FREEDOM. Both Houses received the President's message on Food for Freedom in which he: Proposed a new Food for Freedom Act that he stated retains the best provisions of Public Law 480 and will make self-help an integral part of our food aid program; eliminate the "surplus" requirement for food aid; emphasize the development of markets for American farm products; authorize greater food aid shipments than the current rate; emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies; continue to finance the food aid program under CCC; increase emphasis on combating malnutrition, including authorization

for CCC to finance the enrichment of foods; continue to work with voluntary agencies in people-to-people assistance programs; and provide for better coordination of food aid with other economic assistance. Proposed legislation to establish the principle of the ever-normal granary by providing for food and fiber reserves, under which the Secretary of Agriculture would be authorized to establish minimum reserve levels after taking into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations, and commitments under our domestic and foreign food programs. Stated that, in order to meet increasing food needs, he is directing the Secretary of Agriculture to increase the 1966 acreage allotment for rice by ten percent, buy limited amounts of dairy products to meet high priority domestic and foreign program needs, and take actions that will increase soybean production in 1966. Stated he has directed the President's Science Advisory Committee to work with the very best talent in the nation to search out new ways to develop inexpensive, high-quality synthetic foods as dietary supplements; improve the quality and the nutritional content of food crops; and apply all of the resources of technology to increasing food production. Stated that we shall work to strengthen the Food and Agriculture Organization of the United Nations, and that the efforts of the multilateral lending organizations, and of the United Nations Development Program should be expanded--particularly in food and agriculture. Stated that the Departments of State and Agriculture and AID will work together, even more closely than they have in the past, in the planning and implementing of coordinated programs of food aid and economic assistance. To H. Agriculture and S. Agriculture and Forestry Committees. (H. Doc. 378). pp. 2703-5, 2729-31

Several Senators commended the message. pp. 2763-5, 2833-4, 2853

2. VETERANS' BENEFITS. By a vote of 99 to 0, passed with amendments S. 9, the proposed Veterans' Readjustment Benefits Act of 1966 to provide educational and VA home and farm loan benefits for veterans of service after Jan. 31, 1955 (pp. 2745-56). The House concurred in the Senate amendments (p. 2696). This bill will now be sent to the President.
3. SCHOOL MILK. Sen. Proxmire criticized budget reductions in the school milk program and inserted excerpts from an Ohio Agricultural Experiment Station pamphlet, "Recommendations for More Effective School Milk Programs." p. 2800
Sen. Aiken inserted a Vt. Legislature resolution opposing a "cutback of the milk program." p. 2792
4. FOREIGN AID. Sen. Proxmire called "for a prompt and vast step-up in educational, health, and agricultural assistance and land reform in South Vietnam," and inserted several articles in support of his position. pp. 2800-09
5. PESTICIDES. Sen. Young, N. D., criticized "outmoded and unnecessary restrictions" on the use of pesticides in agriculture and inserted a speech reviewing benefits derived from the use of pesticides. pp. 2839-42
6. CIVIL RIGHTS. Both Houses received the President's Reorganization Plan No. 1 of 1966, recommending the transfer of the functions of the Community Relations Service from the Commerce Department to the Justice Department (H. Doc. 379). pp. 2701-2, 2728-9
7. WATER RESOURCES. Sen. Ellender inserted Sen. Holland's speech reviewing water resource developments and expressing opposition to the proposal to create a Department of Natural Resources. pp. 2759-61

A WAR ON HUNGER

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

A WAR ON HUNGER

FEBRUARY 10, 1966.—Referred to the Committee on Agriculture and ordered to be printed

To the Congress of the United States:

Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter.

These are the essentials of peace and progress.

But in the world today, these needs are still largely unfulfilled.

When men and their families are hungry, poorly clad and ill-housed, the world is restless—and civilization exists at best in troubled peace.

A WAR ON HUNGER

Hunger poisons the mind. It saps the body. It destroys hope. It is the natural enemy of every man on earth.

I propose that the United States lead the world in a war against hunger.

There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us.

A PROGRAM FOR MANKIND

The program I am submitting to Congress today, together with the proposals set forth in my message on foreign assistance, look to a world in which no man, woman, or child need suffer want of food or clothing.

They key to victory is self-help.

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

I propose—

1. *Expanded food shipments to countries where food needs are growing and self-help efforts are underway.*—Even with their maximum efforts abroad, our food aid will be needed for many years to come.

2. *Increased capital and technical assistance.*—Thus, self-help will bear fruit through increased farm production.

3. *Elimination of the “surplus” concept in food aid.*—Current farm programs are eliminating the surpluses in our warehouses. Fortunately the same programs are flexible enough to gear farm production to amounts that can be used constructively.

4. *Continued expansion of markets for American agricultural commodities.*—Increased purchasing power, among the hundreds of millions of consumers in developing countries, will help them become good customers of the American farmer.

5. *Increasing emphasis on nutrition, especially for the young.*—We will continue to encourage private industry, in cooperation with the Government, to produce and distribute foods to combat malnutrition.

6. *Provision for adequate reserves of essential food commodities.*—Our reserves must be large enough to serve as a stabilizing influence and to meet any emergency.

AMERICA'S PAST EFFORTS

This program keep faith with policies this Nation has followed since President Franklin D. Roosevelt proclaimed the Four Freedoms of Mankind.

After World War II, we helped to make Europe free from want. We carried out on that continent massive programs of relief, reconstruction, and development.

This great effort—the Marshall plan—was followed by President Truman's point 4, President Eisenhower's Act of Bogotá and its successor, President Kennedy's Alliance for Progress. Under these programs we have provided technical and capital assistance to the developing nations.

Our food aid programs have brought over 140 million tons of food to hungry people during the past decade.

Hunger, malnutrition, and famine have been averted.

Schools and hospitals have been built.

Seventy million children now receive American food in school lunch and family and child feeding programs.

Nevertheless the problem of world hunger is more serious today than ever before.

A BALANCE IS REQUIRED

One new element in today's world is the threat of mass hunger and starvation. Populations are exploding under the impact of sharp cuts in the death rate. Successful public health measures have saved

millions of lives. But these lives are now threatened by hunger because food production has not kept pace.

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine. In my message on international health and education, I described our increased efforts to help deal with the population problem.

IMPROVING LOCAL AGRICULTURE

Many of the developing countries urgently need to give a higher priority to improving and modernizing their own production and distribution of food. The overwhelming majority of these who till the soil still use the primitive methods of their ancestors. They produce little more than enough to meet their own needs, and remain outside of the market economy.

History has taught us that lack of agricultural development can cripple economic growth.

The developing countries must make basic improvements in their own agriculture.

They must bring the great majority of their people—now living in rural areas—into the market economy.

They must make the farmer a better customer of urban industry and thus accelerate the pace of economic development.

They must begin to provide all of their people with the food they need.

They must increase their exports, and earn the foreign exchange to purchase the foods and other goods which they themselves cannot produce efficiently.

In some developing countries, marked improvement is already taking place. Taiwan and Greece are raising their food output and becoming better cash customers for our food exports every year. Others have made a good beginning in improving agricultural production.

THE NEED FOR SELF-HELP

There is one characteristic common to all those who have increased the productivity of their farms: *a national will and determination to help themselves.*

We know what would happen if increased aid were dispensed without regard to measures of self-help. Economic incentives for higher production would disappear. Local agriculture would decline as dependence upon U.S. food increased.

Such a course would lead to disaster.

Disaster could be postponed for a decade or even two—but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations.

But ultimately those nations would pay an exorbitant cost. They would pay it not only in money, but in years and lives wasted. If our food aid programs serve only as a crutch, they will encourage the developing nations to neglect improvements they must make in their own production of food.

For the sake of those we would aid, we must not take that course. We shall not take that course.

But candor requires that I warn you *the time is not far off when all the combined production, on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.*

Dependence on American aid will not bring about such a change. The program I present today is designed to bring about that change.

BETTER NUTRITION

Beyond simple hunger, there lies the problem of malnutrition.

We know that nutritional deficiencies are a major contributing cause to a death rate among infants and young children that is *30 times higher in developing countries* than in advanced areas.

Protein and vitamin deficiencies during preschool years leave indelible scars.

Millions have died. Millions have been handicapped for life—physically or mentally.

Malnutrition saps a child's ability to learn. It weakens a nation's ability to progress. It can—and must—be attacked vigorously.

We are already increasing the nutritional content of our food aid contributions. We are working with private industry to produce and market nutritionally rich foods. We must encourage and assist the developing countries themselves to expand their production and use of such foods.

The wonders of modern science must also be directed to the fight against malnutrition. I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to—

Develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world.

Improve the quality and the nutritional content of food crops.

Apply all of the resources of technology to increasing food production.

NEW DIRECTIONS FOR OUR ABUNDANCE

Our farm programs must reflect changing conditions in the United States and the world. Congress has provided—

For American farmers, a continuing prospect of rising incomes.

For American consumers, assurance of an abundance of high-quality food at fair prices.

For American taxpayers, less dollars spent to stockpile commodities in quantities greater than those needed for essential reserves.

Today—because of the world's needs, and because of the changing picture of U.S. agriculture—our food aid programs can no longer be governed by surpluses. The productive capacity of American agriculture can and should produce enough food and fiber to provide for—

1. Domestic needs,
2. Commercial exports,
3. Food aid to those developing countries that are determined to help themselves, and

4. Reserves adequate to meet any emergency, and to stabilize prices.

To meet these needs, I am today directing the Secretary of Agriculture to—

1. *Increase the 1966 acreage allotment for rice by 10 percent.*—Unprecedented demands arising out of drought and war in Asia require us to increase our rice crop this year. I know that our farmers will respond to this need, and that the Congress will understand the emergency that requires this temporary response.

2. *Buy limited amounts of dairy products under the authority of the 1965 act.*—We must have adequate supplies of dairy products for commercial markets, and to meet high priority domestic and foreign program needs. Milk from U.S. farms is the only milk available to millions of poor children abroad. The Secretary will use authority in the 1965 act whenever necessary to meet our needs for dairy products.

3. *Take actions that will increase soybean production in 1966.*—The demand for soybeans has climbed each year since 1960. Despite record crops, we have virtually no reserve stocks. To assure adequate supplies at prices fair to farmers and consumers, the Secretary of Agriculture will use authority under the 1965 act to encourage production of soybeans on acreage formerly planted to feed grains. Feed grain stocks are more than sufficient.

These actions supplement earlier decisions to increase this year's production of wheat and barley. Although our present reserves of wheat are adequate to meet all likely shipments, the Secretary of Agriculture has suspended programs for voluntary diversion of additional spring wheat plantings.

Our 60 million acres now diverted to conservation uses represent the major emergency reserve that could readily be called forth in the critical race between food and population. We will bring these acres back into production as needed—but not to produce unwanted surplus, and not to supplant the efforts of other countries to develop their own agricultural economies.

These actions illustrate how our domestic farm program will place the American farmer in the front ranks in the worldwide war on hunger.

FOOD FOR FREEDOM

I recommend a new Food for Freedom Act that retains the best provisions of Public Law 480, and that will—

Make self-help an integral part of our food aid program.

Eliminate the "surplus" requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize greater food aid shipments than the current rate.

Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years.

Continue to finance the food aid program under the Commodity Credit Corporation.

Increase emphasis on combating malnutrition. The act will authorize the CCC to finance the enrichment of foods.

Continue to work with voluntary agencies in people-to-people assistance programs.

Provide for better coordination of food aid with other economic assistance.

FOOD AND FIBER RESERVES

I recommend a program to establish the principle of the ever-normal granary by providing for food and fiber reserves.

This program supplements Food for Freedom.

It establishes a reserve policy that will protect the American people from unstable supplies of food and fiber, and from high prices in times of emergency.

The legislation I recommend to the Congress will enable us to draw strength from two great related assets:

The productive genius of our farmers.

The potential that lies in the 60 million acres now withdrawn from production.

In case of need, most of those acres could be brought back into productive farming within 12 to 18 months. But because of the seasonal nature of farming time would be needed to expand production even under the flexible provisions of the Agriculture Act of 1965. Therefore we need a reserve to bridge this gap.

We have been able to operate without a specific commodity reserve policy in recent years, because the surpluses built up in the 1950's exceeded our reserve needs. This condition has almost run its course.

Under present law, the Secretary of Agriculture must dispose of all stocks of agricultural commodities as rapidly as possible, consistent with orderly marketing procedures. As we continue to reduce our surpluses we need to amend the law to authorize the maintenance of reserve stocks.

The act I recommend will do that.

It will authorize the Secretary of Agriculture to establish minimum reserve levels. Under the act, he must take into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations and commitments under our domestic and foreign food programs.

The reserve would be used to meet priority needs, under prices and conditions to be determined within the broad guidelines established by existing law.

The act could be implemented in the year ahead without any additional cost to the Government. We are still reducing our surpluses of most agricultural commodities. During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve.

* * *

Under the two acts I recommend today, with the farm legislation now on the statute books—and with the foreign assistance program I have recommended—we will be able to make maximum use of the productivity of our farms.

We can make our technology and skills powerful instruments for agricultural progress throughout the world—wherever men commit themselves to the task of feeding the hungry.

A UNIFIED EFFORT

To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past in the planning and implementing of coordinated programs.

In the past few years AID has called upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service. That policy will become even more important as we increase our emphasis on assisting developing nations to help themselves.

Under the Food for Freedom Act, the Secretary of Agriculture will continue to have authority to determine the commodities available. He will act only after consulting with the Secretary of State on the foreign policy aspects of food aid and with other interested agencies.

We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

AN INTERNATIONAL EFFORT

It is not enough that we unify our own efforts. We cannot meet this problem alone.

Hunger is a world problem. It must be dealt with by the world.

We must encourage a truly international effort to combat hunger and modernize agriculture.

We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program should be expanded—particularly in food and agriculture.

We are prepared to increase our participation in regional as well as worldwide multilateral efforts, wherever they provide efficient technical assistance and make real contributions to increasing the food-growing capacities of the developing nations. For example, we will undertake a greatly increased effort to assist improvements in rice yields in the rice-eating less-developed countries, as part of our cooperation with FAO during this International Rice Year.

FOR A WORLD AT PEACE

The program I recommend today will raise a new standard of aid for the hungry, and for world agriculture.

It proclaims our commitment to a better world society—where every person can hope for life's essentials—and be able to find them in peace.

It proclaims the interdependence of mankind in its quest for food and clothing and shelter.

It is built on three universal truths—

That agriculture is an essential pursuit of every nation,

That an abundant harvest is not only a gift of God, but also the products of man's skill and determination and commitment, and

That hunger and want—anywhere—are the eternal enemies of all mankind.

I urge Congress to consider and debate these suggestions thoroughly and wisely in the hope and belief we can from them fashion a program that will keep freemen free, and at the same time share our leadership and agricultural resources with our less blessed brothers throughout the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *February 10, 1965.*



Some have questioned whether the move observes the desire of Congress to separate the conciliation function from the prosecutive activities of the Department of Justice. This separation, however, is not destroyed by the transfer. The Community Relations Service will not, under the plan, become a subordinate part of the Civil Rights Division of the Department, which is engaged in enforcement litigation.

The Service will be a separate internal unit, coordinate to the Civil Rights Division, with both units reporting directly to the Attorney General or his deputy. The prohibition in the act against participation of CRS personnel in litigation against violators will still be applicable, insuring, as Congress intended, that CRS personnel will not aid in the prosecution of a case in which they have previously been active for the Service.

This I am convinced, that the plan will increase the effectiveness of the Community Relations Service and of the Federal Government in dealing with the Nation's major domestic problem. I urge that the Congress permit it to become effective.

GENERAL LEAVE TO EXTEND REMARKS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their remarks at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FOR A WORLD AT PEACE—WORLD- WIDE COOPERATION TO SUPPLY MANKIND WITH FOOD, CLOTHING, AND SHELTER—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 378)

The SPEAKER laid before the House the following message from the President of the United States; which was read and referred to the Committee on Agriculture and ordered to be printed.

To the Congress of the United States:

Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter.

These are the essentials of peace and progress.

But in the world today, these needs are still largely unfulfilled.

When men and their families are hungry, poorly clad, and ill-housed, the world is restless—and civilization exists at best in troubled peace.

A WAR ON HUNGER

Hunger poisons the mind. It saps the body. It destroys hope. It is the natural enemy of every man on earth.

I propose that the United States lead the world in a war against hunger.

There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us.

A PROGRAM FOR MANKIND

The program I am submitting to Congress today, together with the proposals

set forth in my message on foreign assistance, look to a world in which no man, woman, or child need suffer want of food or clothing.

The key to victory is self-help.

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

I propose:

1. Expanded food shipments to countries where food needs are growing and self-help efforts are underway.

Even with their maximum efforts abroad, our food aid will be needed for many years to come.

2. Increased capital and technical assistance.

Thus, self-help will bear fruit through increased farm production.

3. Elimination of the surplus concept in food aid.

Current farm programs are eliminating the surpluses in our warehouses. Fortunately the same programs are flexible enough to gear farm production to amounts that can be used constructively.

4. Continued expansion of markets for American agricultural commodities.

Increased purchasing power, among the hundreds of millions of consumers in developing countries, will help them become good customers of the American farmer.

5. Increasing emphasis on nutrition, especially for the young.

We will continue to encourage private industry, in cooperation with the Government, to produce and distribute foods to combat malnutrition.

6. Provision for adequate reserves of essential food commodities.

Our reserves must be large enough to serve as a stabilizing influence and to meet any emergency.

AMERICA'S PAST EFFORTS

This program keeps faith with policies this Nation has followed since President Franklin D. Roosevelt proclaimed the four freedoms of mankind.

After World War II, we helped to make Europe free from want. We carried out on that Continent massive programs of relief, reconstruction and development.

This great effort—the Marshall plan—was followed by President Truman's point 4, President Eisenhower's Act of Bogotá and its successor, President Kennedy's Alliance for Progress. Under these programs we have provided technical and capital assistance to the developing nations.

Our food aid programs have brought over 140 million tons of food to hungry people during the past decade.

Hunger, malnutrition, and famine have been averted.

Schools and hospitals have been built.

Seventy million children now receive American food in school lunch and family and child feeding programs.

Nevertheless the problem of world hunger is more serious today than ever before.

A BALANCE IS REQUIRED

One new element in today's world is the threat of mass hunger and starvation. Populations are exploding under the impact of sharp cuts in the death rate. Successful public health measures have saved millions of lives. But these

lives are now threatened by hunger because food production has not kept pace.

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine. In my message on international health and education, I described our increased efforts to help deal with the population problem.

IMPROVING LOCAL AGRICULTURE

Many of the developing countries urgently need to give a higher priority to improving and modernizing their own production and distribution of food. The overwhelming majority of these who till the soil still use the primitive methods of their ancestors. They produce little more than enough to meet their own needs, and remain outside the market economy.

History has taught us that lack of agricultural development can cripple economic growth.

The developing countries must make basic improvements in their own agriculture.

They must bring the great majority of their people—now living in rural areas—into the market economy.

They must make the farmer a better customer of urban industry and thus accelerate the pace of economic development.

They must begin to provide all of their people with the food they need.

They must increase their exports, and earn the foreign exchange to purchase the foods and other goods which they themselves cannot produce efficiently.

In some developing countries, marked improvement is already taking place. Taiwan and Greece are raising their food output and becoming better cash customers for our food exports every year. Others have made a good beginning in improving agricultural production.

THE NEED FOR SELF-HELP

There is one characteristic common to all those who have increased the productivity of their farms: a national will and determination to help themselves.

We know what would happen if increased aid were dispensed without regard to measures of self-help. Economic incentives for higher production would disappear. Local agriculture would decline as dependence upon United States food increased.

Such a course would lead to disaster.

Disaster could be postponed for a decade or even two—but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations.

But ultimately those nations would pay an exorbitant cost. They would pay it not only in money, but in years and lives wasted. If our food aid programs serve only as a crutch, they will encourage the developing nations to neglect improvements they must make in their own production of food.

For the sake of those we would aid, we must not take that course.

We shall not take that course.

But candor requires that I warn you the time is not far off when all the com-

bined production, on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

Dependence on American aid will not bring about such a change.

The program I present today is designed to bring about that change.

BETTER NUTRITION

Beyond simple hunger, there lies the problem of malnutrition.

We know that nutritional deficiencies are a major contributing cause to a death rate among infants and young children that is 30 times higher in developing countries than in advanced areas.

Protein and vitamin deficiencies during preschool years leave indelible scars.

Millions have died. Millions have been handicapped for life—physically or mentally.

Malnutrition saps a child's ability to learn. It weakens a nation's ability to progress. It can—and must—be attacked vigorously.

We are already increasing the nutritional content of our food aid contributions. We are working with private industry to produce and market nutritionally rich foods. We must encourage and assist the developing countries themselves to expand their production and use of such foods.

The wonders of modern science must also be directed to the fight against malnutrition. I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to:

Develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world.

Improve the quality and the nutritional content of food crops.

Apply all of the resources of technology to increasing food production.

NEW DIRECTIONS FOR OUR ABUNDANCE

Our farm programs must reflect changing conditions in the United States and the world. Congress has provided—

For American farmers, a continuing prospect of rising incomes.

For American consumers, assurance of an abundance of high-quality food at fair prices.

For American taxpayers, less dollars spent to stockpile commodities in quantities greater than those needed for essential reserves.

Today—because of the world's needs, and because of the changing picture of U.S. agriculture—our food aid programs can no longer be governed by surpluses. The productive capacity of American agriculture can and should produce enough food and fiber to provide for:

1. Domestic needs.
2. Commercial exports.
3. Food aid to those developing countries that are determined to help themselves.

4. Reserves adequate to meet any emergency, and to stabilize prices.

To meet these needs, I am today directing the Secretary of Agriculture to:

1. Increase the 1966 acreage allotment for rice by 10 percent.

Unprecedented demands arising out of drought and war in Asia require us to increase our rice crop this year. I know that our farmers will respond to this need, and that the Congress will understand the emergency that requires this temporary response.

2. Buy limited amounts of dairy products under the authority of the 1965 act.

We must have adequate supplies of dairy products for commercial markets, and to meet high priority domestic and foreign program needs. Milk from U.S. farms is the only milk available to millions of poor children abroad. The Secretary will use authority in the 1965 act whenever necessary to meet our needs for dairy products.

3. Take actions that will increase soybean production in 1966.

The demand for soybeans has climbed each year since 1960. Despite record crops, we have virtually no reserve stocks. To assure adequate supplies at prices fair to farmers and consumers, the Secretary of Agriculture will use authority under the 1965 act to encourage production of soybeans on acreage formerly planted to feed grains. Feed grain stocks are more than sufficient.

These actions supplement earlier decisions to increase this year's production of wheat and barley. Although our present reserves of wheat are adequate to meet all likely shipments, the Secretary of Agriculture has suspended programs for voluntary diversion of additional spring wheat plantings.

Our 60 million acres now diverted to conservation uses represent the major emergency reserve that could readily be called forth in the critical race between food and population. We will bring these acres back into production as needed—but not to produce unwanted surplus, and not to supplant the efforts of other countries to develop their own agricultural economies.

These actions illustrate how our domestic farm program will place the American farmer in the front ranks in the worldwide war on hunger.

FOOD FOR FREEDOM

I recommend a new Food for Freedom Act that retains the best provisions of Public Law 480, and that will:

Make self-help an integral part of our food aid program.

Eliminate the surplus requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize greater food aid shipments than the current rate.

Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years.

Continue to finance the food aid program under the Commodity Credit Corporation.

Increase emphasis on combating malnutrition. The act will authorize the CCC to finance the enrichment of foods.

Continue to work with voluntary agen-

cies in people-to-people assistance programs.

Provide for better coordination of food aid with other economic assistance.

FOOD AND FIBER RESERVES

I recommend a program to establish the principle of the ever-normal granary by providing for food and fiber reserves.

This program supplements food for freedom.

It establishes a reserve policy that will protect the American people from unstable supplies of food and fiber, and from high prices in times of emergency.

The legislation I recommend to the Congress will enable us to draw strength from two great related assets:

The productive genius of our farmers.

The potential that lies in the 60 million acres now withdrawn from production.

In case of need, most of those acres could be brought back into productive farming within 12 to 18 months. But because of the seasonal nature of farming time would be needed to expand production even under the flexible provisions of the Agriculture Act of 1965. Therefore we need a reserve to bridge this gap.

We have been able to operate without a specific commodity reserve policy in recent years, because the surpluses built up in the 1950's exceeded our reserve needs. This condition has almost run its course.

Under present law, the Secretary of Agriculture must dispose of all stocks of agricultural commodities as rapidly as possible, consistent with orderly marketing procedures. As we continue to reduce our surpluses we need to amend the law to authorize the maintenance of reserve stocks.

The act I recommend will do that.

It will authorize the Secretary of Agriculture to establish minimum reserve levels. Under the act, he must take into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations and commitments under our domestic and foreign food programs.

The reserve would be used to meet priority needs, under prices and conditions to be determined within the broad guidelines established by existing law.

The act could be implemented in the year ahead without any additional cost to the Government. We are still reducing our surpluses of most agricultural commodities. During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve.

Under the two acts I recommended today, with the farm legislation now on the statute books—and with the foreign assistance program I have recommended—we will be able to make maximum use of the productivity of our farms.

We can make our technology and skills powerful instruments for agricultural progress throughout the world—wherever men commit themselves to the task of feeding the hungry.

A UNIFIED EFFORT

To strengthen these programs our food aid and economic assistance must be

closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past, in the planning and implementing of coordinated programs.

In the past few years AID has called upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service. That policy will become even more important as we increase our emphasis on assisting developing nations to help themselves.

Under the Food for Freedom Act, the Secretary of Agriculture will continue to have authority to determine the commodities available. He will act only after consulting with the Secretary of State on the foreign policy aspects of food aid and with other interested agencies.

We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

AN INTERNATIONAL EFFORT

It is not enough that we unify our own efforts. We cannot meet this problem alone.

Hunger is a world problem. It must be dealt with by the world.

We must encourage a truly international effort to combat hunger and modernize agriculture.

We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program should be expanded—particularly in food and agriculture.

We are prepared to increase our participation in regional as well as worldwide multilateral efforts, wherever they provide efficient technical assistance and make real contributions to increasing the food-growing capacities of the developing nations. For example, we will undertake a greatly increased effort to assist improvements in rice yields in the rice-eating less-developed countries, as part of our cooperation with FAO during this International Rice Year.

FOR A WORLD AT PEACE

The program I recommend today will raise a new standard of aid for the hungry, and for world agriculture.

It proclaims our commitment to a better world society—where every person can hope for life's essentials—and be able to find them in peace.

It proclaims the interdependence of mankind in its quest for food and clothing and shelter.

It is built on three universal truths:

That agriculture is an essential pursuit of every nation,

That an abundant harvest is not only a gift of God, but also the product of man's skill and determination and commitment,

That hunger and want—anywhere—are the eternal enemies of all mankind.

I urge Congress to consider and debate these suggestions thoroughly and wisely

in the hope and belief we can from them fashion a program that will keep freedom free, and at the same time share our leadership and agricultural resources with our less blessed brothers throughout the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 10, 1966.

TRANSITION TO LONG-TERM DOLLAR CREDIT

(Mr. POAGE asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. POAGE. Mr. Speaker, one of the most important features of the President's new food-for-freedom program is its emphasis on systematic and orderly transition from the stage in which a recipient country pays for food aid only in local currency to the stage in which it buys on long-term credit payable in dollars.

To those familiar with the past Public Law 480 program, this means a transition from the title I approach to the title IV approach. Title IV is the Poage amendment and was added to the law several years ago.

This long-term dollar credit feature is an important part of the food-for-freedom program. It recognizes that many nations which have promising basic economies may not be able to buy our farm products on short-term commercial credit at this time, but can afford to buy when long-term credit is made available.

This program is growing. Last year it accounted for well over \$200 million of export sales. Several countries have become dollar customers for part or all of their purchases through this route. Greece is on that list. So are Yugoslavia, Iran, Iraq, Formosa, Portugal, and some of the Latin American republics, and, of course, our best customer, Japan, was in the process of transition just at the time this amendment was put in the law. Today Japan is our best dollar market and she is now paying cash. As the nations of the world develop economically, we can sell more food for dollars and we can collect more dollars in cash. Our greatest sales are to the developed countries. Let us never fear that it will injure our trade to develop the productive capacity of other countries.

Experience has shown that the shift to long-term credit can be made successfully, but only as the underdeveloped country builds its own economy. I think that it would be a mistake to confuse emergency shipments of food to starving people with long-time market development. We can increase markets—dollar markets—but we will not do it simply by increasing our gifts to India or any other country, no matter how proper those gifts may be at the moment. I look upon the gift provisions of this program as temporary provisions. I foresee in the dollar sales provision an opportunity to expand American business on a permanent basis. Both are needed, and I understand the President envisions both.

FOOD FOR FREEDOM—NEW AND ENRICHED FOODS

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, because of its departure from the surplus disposal concept, the President's new food for freedom will provide for much greater flexibility in the commodities offered through the program. It will also enable us to introduce enriched and fortified foods that will greatly step up the nutritional contributions of the program.

Nonfat milk distributed under the program, for example, can be enriched with vitamins A and D. Wheat flour and cornmeal can be fortified with calcium, fats and oils with vitamin A, and cereals with vitamin B⁶. Many other fortification possibilities that have been explored on an experimental or limited basis can now be expanded.

It will also be possible to introduce new foods with special nutritive qualities. For example, there has already been a favorable reaction in pilot programs to Ceplapro, a corn-based formulated food. Consideration has been given to including fish protein concentrate in the program. Tests have been made with a beverage made from soybeans for infant feeding.

The President's new program will make it possible to go ahead with these and a variety of other nutritional improvements. This is a modern, forward-looking proposal which deserves our full support.

FOOD FOR FREEDOM—THE IMPORTANCE OF CHILD NUTRITION

(Mrs. SULLIVAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Speaker, one of the merits of the President's new food-for-freedom program is its approach to the worldwide problems of poorly fed children.

We know from our own experience that how we bring up our own children—through good schools, good meals, and good homes—determines the kind of citizens and the kind of nation we will have in the years ahead. Exactly the same thing is true in foreign nations. What happens to their children today determines the shape of those nations tomorrow.

More and more we are coming to realize that adequate nutrition is a basic key to child development. Scientists are finding that proteins are the building blocks of brains, bodies, and abilities in the growing child. Deny a child the essential proteins and his potential as a human being may never be fully realized. Let him have the proteins he needs, and the accompanying essentials of a balanced diet, and he has the opportunity then to absorb knowledge, to become physically and mentally vigorous, and to become the kind of active citizen a developing country requires.

We are doing much through present programs to help bring improved diets to children of other countries. More than 40 million children in such countries are eating school lunches made up in part of foods from the United States. But more needs to be done—not necessarily by us but more in joint projects or more by the countries themselves. The President's new program will give flexibility, it will give new emphasis, it will provide even better ways of bringing about progress in this highly important area of building tomorrow's citizens.

FOOD FOR FREEDOM—EMPHASIS ON SELF-HELP

(Mr. ALBERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, I want to commend the President's new food-for-freedom program for the assurance it gives that recipients of food aid will undertake, or continue, efforts to help themselves by improving their own agricultural systems.

There is a danger in any assistance program that the recipient will fail to face up to reality, will come to look upon assistance as the natural state of affairs, and will make insufficient efforts to help himself. We all know this can happen to people. It can happen to nations, as well.

If the food-for-peace program of the past has had this weakness, it is the President's obvious intention to eliminate it in the future.

We must never be in a position where the advanced state of our own agricultural technology substitutes for and in fact stands in the way of the development of a sound agriculture in the countries with which we share our bounty. For the time would certainly come when not even our own vast resources would be enough to feed the world's growing population.

The President's new food-for-freedom program, with its emphasis on self-help, assures that the developing nations will take greater steps toward self-sufficiency.

FOOD FOR FREEDOM

(Mr. TODD (at the request of Mr. ALBERT), was granted permission to extend his remarks at this point.)

Mr. TODD. Mr. Speaker, the message submitted by the President to the Congress today is a historic one. It brings into sharp focus our deep concern with mankind's eternal struggle to provide enough food for life and to allay the elemental fear of famine.

It is entirely proper that we should commit ourselves to eradicate hunger from the world. Man has, at last, the knowledge to do so. It is our responsibility to help make this knowledge available and put it into practice. This the President proposes to do.

But the President has called our attention not only to the hunger that prevails in so much of the world today, but also to the race we are in: The race to expand the food production of the world more rapidly than the rate at which the

world's population is growing. So far, we have not succeeded in this. But it is a race that we must win. For the alternative is continued famine and starvation for individuals and the social and political turmoil for the nations in which food shortages occur. Peace and progress for the world depend upon a diffusion of agricultural technology, but this can have no positive effect if something is not done, on a massive basis, to cope with the onrushing population explosion.

The proposals made by the President for utilizing our own agricultural potential to help other nations in developing their agricultural resources are sound. It is proper that currencies generated by sales of food, which are not convertible into dollars, be used to assist in developing agriculture in the participating countries. For such a provision means that the program not only treats the immediate symptoms but also opens the way to the longrun solution of the problem of famine.

Mr. Speaker, close relationship of onrushing famine and exploding population growth prompts me to make an additional suggestion. A portion of the soft currency funds generated by this program—say 15 percent—could be set aside, in the manner of Cooley funds, to be made available at the wish of governments involved, for maternal and child health care, with a substantial emphasis on family planning and health programs.

Such funds could be administered through a number of agencies. One which seems particularly appropriate would be the World Health Organization, which has become increasingly concerned with family planning and child care.

Just as techniques of agriculture have improved to make it possible to feed the present population of the world, techniques of family planning have been developed and tested which make it possible to control the population explosion, without impinging on individual conscience or religious conviction. By bringing together agricultural development and family planning by using nonconvertible funds generated in the food-for-peace program, we may well have set the stage for fulfilling human hopes for security against famine, within the next generation.

DEATH OF JOSEPH RUSSELL KNOWLAND

(Mr. MILLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER. Mr. Speaker, I wish to announce to the House the death of the Honorable Joseph Russell Knowland, the father of Senator William Knowland, who was Republican floor leader of the Senate until a few years ago. Mr. Knowland lived in Piedmont, Calif.

Mr. Knowland served in the House of Representatives from November 8, 1904, until March 3, 1915, when he was an unsuccessful candidate for election to the U.S. Senate.

Mr. Knowland was a publisher of the Oakland Tribune and was noted for the

work that he did as a member of the Beaches and Parks Commission in California, in preserving for future posterity the beauty spots of our State, and for his great work in the field of Western history.

Although of a different political persuasion—and the Knowland papers have never supported me—I recognize in Joseph Russell Knowland a great American and a great patriot, a man who has made a great contribution to his country, and I regretfully inform the House of his passing.

Mr. GERALD R. FORD. Mr. Speaker, will the distinguished gentleman from California yield?

Mr. MILLER. I am happy to yield to the gentleman from Michigan.

Mr. GERALD R. FORD. Although I never met, and consequently never knew, Joseph Knowland, I had heard a great deal about his distinguished career in the Congress of the United States. He was, as everyone knows, the father of a former Senator from the State of California. This is a fine family of dedicated Americans, and I join with the gentleman from California in expressing our sorrow and deepest condolences to the family.

EXTENSION OF TIME FOR ENROLLMENT IN PROGRAM OF SUPPLEMENTAL MEDICAL INSURANCE BENEFITS

(Mr. WIDNALL (at the request of Mr. GROSS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WIDNALL. Mr. Speaker, today I introduce, for appropriate reference, a bill to amend title XVIII of the Social Security Act to extend to June 30, 1966, the period for initial enrollment in the program of supplementary medical insurance benefits for the aged provided under part B of this title.

The section of the Social Security Act dealing with the voluntary medicare program is rather important as it is available to all citizens 65 and over. However, since only 11.5 million of our senior citizens have enrolled in this program to date, it is apparent that there has not been enough time to adequately inform qualified individuals of the details of the program or of the financial responsibilities involved. In addition, if a qualified person does not sign up by the deadline, he must wait 2 years before he is again eligible to participate.

This is of particular concern to me as some 50,000 of my constituents might qualify for this program. Of these, almost 15 percent do not receive social security benefits and therefore have not been formally notified of the opportunities available to them under the supplemental medical insurance program. It seems unrealistic to believe that this complicated program can be fully explained to these individuals in the short time remaining before the presently scheduled termination of the enrollment period March 31.

Thus I am introducing this bill today in hopes that those individuals already contacted might have additional time to

or private agencies; (2) the confidentiality of information acquired with the understanding that it would be so held; and (3) the limitation on the performance of investigative or prosecutive functions by personnel of the Service.

This transfer will benefit both the Department of Justice and the Community Relations Service in the fulfillment of their existing functions.

The Attorney General will benefit in his role as the President's adviser by obtaining an opportunity to anticipate and meet problems before the need for legal action arises.

The Community Relations Service, brought into closer relationship with the Attorney General and the Civil Rights Division of the Department of Justice, will gain by becoming a primary resource in a coordinated effort in civil rights under the leadership of the Attorney General. The Community Relations Service will have direct access to the extensive information, experience, staff, and facilities within the Department and in other Federal agencies.

Finally, the responsibility for coordinating major Government activities under the Civil Rights Act aimed at voluntary and peaceful resolution of discriminatory practices will be centered in one department. Thus, the reorganization will permit the most efficient and effective utilization of resources in this field. Together the Service and the Department will have a larger capacity for accomplishment than they do apart.

Although the reorganizations provided for in the reorganization plan will not of themselves result in immediate savings, the improvement achieved in administration will permit a fuller and more effective utilization of manpower and will in the future allow the performance of the affected functions at lower costs than would otherwise be possible.

After investigation I have found and hereby declare that each reorganization included in Reorganization Plan No. 1 of 1966 is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.

I recommend that the Congress allow the reorganization plan to become effective.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 10, 1966.

WAR AGAINST HUNGER—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 378)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was referred to the Committee on Agriculture and Forestry:

To the Congress of the United States:

Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter.

These are the essentials of peace and progress.

But in the world today, these needs are still largely unfulfilled.

When men and their families are hungry, poorly clad and ill housed, the world is restless—and civilization exists at best in troubled peace.

A WAR ON HUNGER

Hunger poisons the mind. It saps the body. It destroys hope. It is the natural enemy of every man on earth.

I propose that the United States lead the world in a war against hunger.

There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us.

A PROGRAM FOR MANKIND

The program I am submitting to Congress today, together with the proposals set forth in my message on foreign assistance, look to a world in which no man, woman or child need suffer want of food or clothing.

The key to victory is self-help.

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

I propose:

1. Expanded food shipments to countries where food needs are growing and self-help efforts are underway.

Even with their maximum efforts abroad, our food aid will be needed for many years to come.

2. Increased capital and technical assistance.

Thus, self-help will bear fruit through increased farm production.

3. Elimination of the "surplus" concept in food aid.

Current farm programs are eliminating the surpluses in our warehouses. Fortunately the same programs are flexible enough to gear farm production to amounts that can be used constructively.

4. Continued expansion of markets for American agricultural commodities.

Increased purchasing power, among the hundreds of millions of consumers in developing countries, will help them become good customers of the American farmer.

5. Increasing emphasis of nutrition, especially for the young.

We will continue to encourage private industry, in cooperation with the Government, to produce and distribute foods to combat malnutrition.

6. Provision for adequate reserves of essential food commodities.

Our reserves must be large enough to serve as a stabilizing influence and to meet any emergency.

AMERICA'S PAST EFFORTS

This program keeps faith with policies this Nation has followed since President Franklin D. Roosevelt proclaimed the four freedoms of mankind.

After World War II, we helped to make Europe free from want. We carried out on that continent massive programs of relief, reconstruction and development.

This great effort—the Marshall plan—was followed by President Truman's point 4, President Eisenhower's act of Bogotá and its successor, President Kennedy's Alliance for Progress. Under these programs we have provided tech-

nical and capital assistance to the developing nations.

Our food aid programs have brought over 140 million tons of food to hungry people during the past decade.

Hunger, malnutrition, and famine have been averted.

Schools and hospitals have been built. Seventy million children now receive American food in school lunch and family and child feeding programs.

Nevertheless the problem of world hunger is more serious today than ever before.

A BALANCE IS REQUIRED

One new element in today's world is the threat of mass hunger and starvation. Populations are exploding under the impact of sharp cuts in the death rate. Successful public health measures have saved millions of lives. But these lives are now threatened by hunger because food production has not kept pace.

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine. In my message on international health and education, I described our increased efforts to help deal with the population problem.

IMPROVING LOCAL AGRICULTURE

Many of the developing countries urgently need to give a higher priority to improving and modernizing their own production and distribution of food. The overwhelming majority of those who till the soil still use the primitive methods of their ancestors. They produce little more than enough to meet their own needs, and remain outside of the market economy.

History has taught us that lack of agricultural development can cripple economic growth.

The developing countries must make basic improvements in their own agriculture.

They must bring the great majority of their people—now living in rural areas—into the market economy.

They must make the farmer a better customer of urban industry and thus accelerate the pace of economic development.

They must begin to provide all of their people with the food they need.

They must increase their exports, and earn the foreign exchange to purchase the foods and other goods which they themselves cannot produce efficiently.

In some developing countries, marked improvement is already taking place. Taiwan and Greece are raising their food output and becoming better cash customers for our food exports every year. Others have made a good beginning in improving agricultural production.

THE NEED FOR SELF-HELP

There is one characteristic common to all those who have increased the productivity of their farms: a national will and determination to help themselves.

We know what would happen if increased aid were dispensed without regard to measures of self-help. Economic incentives for higher production would disappear. Local agriculture would de-

cline as dependence upon United States food increased.

Such a course would lead to disaster.

Disaster could be postponed for a decade or even two—but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations.

But ultimately those nations would pay an exorbitant cost. They would pay it not only in money, but in years and lives wasted. If our food aid programs serve only as a crutch, they will encourage the developing nations to neglect improvements they must make in their own production of food.

For the sake of those we would aid, we must not take that course.

We shall not take that course.

But candor requires that I warn you the time is not far off when all the combined production, on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

Dependence on American aid will not bring about such a change.

The program I present today is designed to bring about that change.

BETTER NUTRITION

Beyond simple hunger, there lies the problem of malnutrition.

We know that nutritional deficiencies are a major contributing cause to a death rate among infants and young children that is 30 times higher in developing countries than in advanced areas.

Protein and vitamin deficiencies during preschool years leave indelible scars.

Millions have died. Millions have been handicapped for life—physically or mentally.

Malnutrition saps a child's ability to learn. It weakens a nation's ability to progress. It can—and must—be attacked vigorously.

We are already increasing the nutritional content of our food aid contributions. We are working with private industry to produce and market nutritionally rich foods. We must encourage and assist the developing countries themselves to expand their production and use of such foods.

The wonders of modern science must also be directed to the fight against malnutrition. I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to:

Develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world.

Improve the quality and the nutritional content of food crops.

Apply all of the resources of technology to increasing food production.

NEW DIRECTIONS FOR OUR ABUNDANCE

Our farm programs must reflect changing conditions in the United States and the world. Congress has provided—

For American farmers, a continuing prospect of rising incomes.

For American consumers, assurance of an abundance of high quality food at fair prices.

For American taxpayers, less dollars spent to stockpile commodities in quantities greater than those needed for essential reserves.

Today—because of the world's needs, and because of the changing picture of U.S. agriculture—our food aid programs can no longer be governed by surpluses. The productive capacity of American agriculture can and should produce enough food and fiber to provide for:

1. domestic needs,
2. commercial exports,
3. food aid to those developing countries that are determined to help themselves,
4. reserves adequate to meet any emergency, and to stabilize prices.

To meet these needs, I am today directing the Secretary of Agriculture to:

1. Increase the 1966 acreage allotment for rice by 10 percent.

Unprecedented demands arising out of drought and war in Asia require us to increase our rice crop this year. I know that our farmers will respond to this need, and that the Congress will understand the emergency that requires this temporary response.

2. Buy limited amounts of dairy products under the authority of the 1965 act.

We must have adequate supplies of dairy products for commercial markets, and to meet high priority domestic and foreign program needs. Milk from U.S. farms is the only milk available to millions of poor children abroad. The Secretary will use authority in the 1965 act whenever necessary to meet our needs for dairy products.

3. Take actions that will increase soybean production in 1966.

The demand for soybeans has climbed each year since 1960. Despite record crops, we have virtually no reserve stocks. To assure adequate supplies at prices fair to farmers and consumers, the Secretary of Agriculture will use authority under the 1965 act to encourage production of soybeans on acreage formerly planted to feed grains. Feed grain stocks are more than sufficient.

These actions supplement earlier decisions to increase this year's production of wheat and barley. Although our present reserves of wheat are adequate to meet all likely shipments, the Secretary of Agriculture has suspended programs for voluntary diversion of additional spring wheat plantings.

Our 60 million acres now diverted to conservation uses represent the major emergency reserve that could readily be called forth in the critical race between food and population. We will bring these acres back into production as needed—but not to produce unwanted surplus, and not to supplant the efforts of other countries to develop their own agricultural economies.

These actions illustrate how our domestic farm program will place the American farmer in the front ranks in the worldwide war on hunger.

FOOD FOR FREEDOM

I recommend a new Food for Freedom Act that retains the best provisions of Public Law 480, and that will:

Make self-help an integral part of our food aid program.

Eliminate the "surplus" requirement for food aid.

Emphasize the development of markets for American farm products.

Authorize greater food aid shipments than the current rate.

Emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies. Except for U.S. requirements, we look to the completion of that shift by the end of 5 years.

Continue to finance the food aid program under the Commodity Credit Corporation.

Increase emphasis on combating malnutrition. The act will authorize the CCC to finance the enrichment of foods.

Continue to work with voluntary agencies in people-to-people assistance programs.

Provide for better coordination of food aid with other economic assistance.

FOOD AND FIBER RESERVES

I recommend a program to establish the principle of the ever-normal granary by providing for food and fiber reserves.

This program supplements food for freedom.

It establishes a reserve policy that will protect the American people from unstable supplies of food and fiber, and from high prices in times of emergency.

The legislation I recommend to the Congress will enable us to draw strength from two great related assets:

The productive genius of our farmers.

The potential that lies in the 60 million acres now withdrawn from production.

In case of need, most of those acres could be brought back into productive farming within 12 to 18 months. But because of the seasonal nature of farming time would be needed to expand production even under the flexible provisions of the Agriculture Act of 1965. Therefore we need a reserve to bridge this gap.

We have been able to operate without a specific commodity reserve policy in recent years, because the surpluses built up in the 1950's exceeded our reserve needs. This condition has almost run its course.

Under present law, the Secretary of Agriculture must dispose of all stocks of agricultural commodities as rapidly as possible, consistent with orderly marketing procedures. As we continue to reduce our surpluses we need to amend the law to authorize the maintenance of reserve stocks.

The act I recommend will do that.

It will authorize the Secretary of Agriculture to establish minimum reserve levels. Under the act, he must take into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations and

commitments under our domestic and foreign food programs.

The reserve would be used to meet priority needs, under prices and conditions to be determined within the broad guidelines established by existing law.

The act could be implemented in the year ahead without any additional cost to the Government. We are still reducing our surpluses of most agricultural commodities. During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve.

Under the two acts I recommend today, with the farm legislation now on the statute books—and with the foreign assistance program I have recommended—we will be able to make maximum use of the productivity of our farms.

We can make our technology and skills powerful instruments for agricultural progress throughout the world—wherever men commit themselves to the task of feeding the hungry.

A UNIFIED EFFORT

To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past in the planning and implementing of coordinated programs.

In the past few years AID has called upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service. That policy will become even more important as we increase our emphasis on assisting developing nations to help themselves.

Under the Food for Freedom Act, the Secretary of Agriculture will continue to have authority to determine the commodities available. He will act only after consulting with the Secretary of State on the foreign policy aspects of food aid and with other interested agencies.

We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

AN INTERNATIONAL EFFORT

It is not enough that we unify our own efforts. We cannot meet this problem alone.

Hunger is a world problem. It must be dealt with by the world.

We must encourage a truly international effort to combat hunger and modernize agriculture.

We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program should be expanded—particularly in food and agriculture.

We are prepared to increase our participation in regional as well as worldwide multilateral efforts, wherever they provide efficient technical assistance and make real contributions to increasing the food-growing capacities of the develop-

ing nations. For example, we will undertake a greatly increased effort to assist improvements in rice yields in the rice-eating less developed countries, as part of our cooperation with FAO during this International Rice Year.

FOR A WORLD AT PEACE

The program I recommend today will raise a new standard of aid for the hungry, and for world agriculture.

It proclaims our commitment to a better world society—where every person can hope for life's essentials—and be able to find them in peace.

It proclaims the interdependence of mankind in its quest for food and clothing and shelter.

It is built on three universal truths:

That agriculture is an essential pursuit of every nation,

That an abundant harvest is not only a gift of God, but also the product of man's skill and determination and commitment,

That hunger and want—anywhere—are the eternal enemies of all mankind.

I urge Congress to consider and debate these suggestions thoroughly and wisely in the hope and belief we can from them fashion a program that will keep freemen free, and at the same time share our leadership and agricultural resources with our less blessed brothers throughout the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 10, 1966.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Commerce and the Executive Reorganization Subcommittee of the Committee on Government Operations were authorized to meet during the session of the Senate today.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 924 and that it and the following three measures be considered in sequence. I assume this time will be charged to my side.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION OF INEQUITIES WITH RESPECT TO THE BASIC COMPENSATION OF CERTAIN TEACHERS IN THE DEFENSE DEPARTMENT

The Senate proceeded to consider the bill (H.R. 6845) to correct inequities with respect to the basic compensation of teachers and teaching positions under the Defense Department Overseas Teachers Pay and Personnel Practices Act which had been reported from the Committee on Post Office and Civil Service with amendments, on page 2, after line 12, to strike out:

(c) (1) Section 5 of such Act (73 Stat. 214; Public Law 86-91; 5 U.S.C. 2353) is amended by adding at the end thereof the following new subsection:

"(e) A teacher shall not be eligible to hold any teaching position or positions for any period in excess of five consecutive years, except that—

"(1) a teacher who has performed service in any teaching position or positions and has returned to the United States for a period of not less than one year shall be eligible to hold a teaching position or positions for an additional period of not to exceed five consecutive years, and

"(2) the secretary of each military department is authorized, when he deems it necessary in the public interest in individual cases, to provide, in accordance with regulations which shall be prescribed and issued by the Secretary of Defense, for the extension of any such period of five consecutive years to not more than eight consecutive years."

(2) The amendment made by paragraph (1) of this subsection shall apply only to teachers appointed after the date of enactment of this subsection to teaching positions for any school year but shall not apply to teachers holding a teaching position on the date of enactment of this subsection who are transferred without a break in service after such date.

On page 2, line 14, after the word "by", to strike out "subsections (a) and (b) of"; in line 15, after the word "effective", to insert "on the first day of the first pay period"; in line 16, after the amendment just above stated, to strike out "as of the beginning of the first school year"; and, in line 18, after the word "Act", to strike out "or which is in progress on the date of enactment of this Act, whichever first occurs".

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 951), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

H.R. 6845 would require that the Department of Defense establish and maintain salaries for teachers in the overseas dependent school system at rates comparable to those paid teachers in school jurisdictions of 100,000 population or more in the United States.

AMENDMENT

Subsection 1(c) of the bill as referred, which would have required the periodic rotation of teachers after 5 consecutive years of service overseas, has been eliminated. The committee believes that a rotation system, such as is in effect in certain areas of military employment of civilian personnel in overseas areas, is not suitable for the overseas dependent school system. The U.S. Government does not operate a public school system in this country. The overseas educational program is unique, and the Government is unable to offer suitable employment opportunities for teachers returning to the United States after 5 years' service. The only domestic market for teachers is in individual State school systems, and it would be difficult, to say the least, for a Federal employee teaching overseas to secure an appointment in a school district in the United States during the spring or summer months (when most appointments are made) while the employee is physically located in Germany, Okinawa, Great Britain, or any other foreign country.

A significant number of these teachers remain abroad, teaching American children, for a number of years. Evidence developed in public hearings by the Civil Service Subcommittee indicated that most if not all of these teachers are loyal and dedicated public servants doing an outstanding job in circumstances that are usually difficult. The committee sees no point in adding to the problems of operating an American school program overseas by advising any prospective teacher that at the end of 5 years' service they will have to return to the United States and look for a job.

The committee has revised the effective date of the bill to make it take effect on the first day of the first pay period after enactment. As referred, the bill would have taken effect as of the beginning of the present school year—September 1965. Teachers received an increase in salary at the beginning of this school year by administrative action of the Department of Defense. At the time the bill was referred to the committee, August 4, 1965, it was not intended to have retroactive effect, particularly for a period of several months. Retroactivity always involves considerable administrative problems; in this instance the committee believes it is justifiable to amend the bill to make it effective prospectively.

THE INTERNATIONAL PETROLEUM EXPOSITION

The joint resolution (S.J. Res. 63) authorizing the President to invite the States of the Union and foreign nations to participate in the International Petroleum Exposition to be held at Tulsa, Okla., May 12–21, 1966, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 63

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and foreign nations to participate in the International Petroleum Exposition, to be held at Tulsa, Oklahoma, from May 12 to May 21, 1966, inclusive, for the purpose of exhibiting machinery, equipment, supplies, and other products used in the production and marketing of oil and gas, and bringing together buyers and sellers for the promotion of foreign and domestic trade and commerce in such products.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 954), explaining the purposes of the joint resolution.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of Senate Joint Resolution 63 is summarized in its title. It involves no expenditure of Federal funds. The purpose of the exposition is the exhibiting of machinery, equipment, supplies, and other products used in the production and marketing of oil and gas, and the bringing together of buyers and sellers for the promotion of foreign and domestic trade and commerce in these products.

COMMITTEE ACTION

Senate Joint Resolution 63 was introduced on March 15, 1965, by Senator MONRONEY, for himself and Senator HARRIS, and referred to the Committee on Foreign Relations. The

committee agreed, on January 25, 1966, to report the joint resolution favorably to the Senate without amendments. Similar action has been taken frequently in the past with respect to industrial expositions and trade fairs without involving official U.S. Government participation in them. The committee therefore recommends that the courtesy embodied in Senate Joint Resolution 63 be extended to the International Petroleum Exposition in Oklahoma.

THE 50TH ANNIVERSARY OF THE CHARTERING OF THE BOY SCOUTS OF AMERICA

The concurrent resolution (S. Con. Res. 68) recognizing the 50th anniversary of the chartering by act of Congress of the Boy Scouts of America was considered, and agreed to, as follows:

S. CON. RES. 68

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby pays tribute to the Boy Scouts of America on the occasion of the fiftieth anniversary of the granting by Act of Congress of the charter of the Boy Scouts of America, and expresses its recognition of and appreciation for the public service performed by this organization through its contributions to the lives of the Nation's youth.

The preamble was agreed to.

WORLD HEALTH ASSEMBLY, 1969

The joint resolution (H.J. Res. 403) authorizing an appropriation to enable the United States to extend an invitation to the World Health Organization to hold the 22d World Health Assembly in Boston, Mass., in 1969 was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 955), explaining the purposes of the joint resolution.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

1. PURPOSE OF THE RESOLUTION

House Joint Resolution 403 authorizes the appropriation of an amount not to exceed \$500,000 to defray the expenses for a meeting of the 22d World Health Assembly in the United States.

House Joint Resolution 403 recommends Boston, Mass., as the site of the 1969 meeting of the World Health Assembly in connection with the centennial celebration of the Massachusetts Department of Health, the first State health department to be established in the United States.

2. BACKGROUND

The World Health Organization usually designates Geneva, Switzerland, as the site of its annual Assembly meeting. In 1958, however, after congressional action similar to that suggested here, the 11th World Health Assembly was held in Minneapolis, Minn.

A similar resolution, Senate Joint Resolution 80, to authorize appropriations to defray the costs of organizing and holding the 20th Annual World Health Assembly in the United States, was sponsored by Senators KENNEDY of New York and JAVITS.

Mr. MANSFIELD. Mr. President, that concludes the call of the calendar.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session, to consider the nominations on the Executive Calendar.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar.

U.S. AIR FORCE

The legislative clerk proceeded to read sundry nominations in the U.S. Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

U.S. ARMY

The legislative clerk proceeded to read sundry nominations in the U.S. Army.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

U.S. NAVY

The Chief Clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Chief Clerk read the nomination of Lisle C. Carter, Jr., of New York, to be an Assistant Secretary of Health, Education, and Welfare.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The Chief Clerk proceeded to read sundry nominations in the U.S. Air Force and the U.S. Army placed on the Secretary's desk.

When she was 8, they moved to Hartford, Conn., where her parents opened Abuza's home restaurant, featuring a 25-cent gefilte fish dinner. As an added attraction, Sophie sang for the customers—for nickels and dimes.

Recalling those years, she said:

"We all have dreams, ambitions. It wasn't that I dreamed in a house of splendor, a house of riches. I didn't have it. I hated everything I did as a girl because I wasn't a normal child.

"NO PLAYMATES, NOTHING"

"I didn't play. I had no playmates. I had nothing. I was 4, 5, 6, and I had to make my own cup of coffee. I had nothing, and I was determined to have it, and I got it.

"The happiest thing of all is that in getting it I hurt nobody. Some people are ruthless. Some hurt others, but I did it the hardest way and the longest one, too."

In 1961, when asked how much she had earned as a performer, she replied, "I'm not rich, but I can tell you that nobody's going to have to hold a charity performance for me. I'm going all right."

Sophie was married three times, each ending in divorce. Her first husband was Louis Tucker, from whom she got her stage name of Tucker. They had one child, Bert. Her next husband was Frank Westphal, the pianist for her vaudeville act. And her last was Al Lackey, her business manager.

[From the Washington Star, Feb. 10, 1966]

BILLY ROSE DIES AT 66; MILLIONAIRE SHOWMAN

MONTEGO BAY, JAMAICA.—Billy Rose, the master showman who made a fortune out of the unlikely combination of extravaganza, curvaceous girls, and the stock market, died today in Montego Bay.

Rose, 66, died at 2:15 a.m. of lobar pneumonia at the Eldmire Nursing Home.

He had come to Montego Bay, where he maintains a winter home, to recuperate from cardio-vascular surgery performed in Houston, Tex., in December.

Rose, an impresario, theatrical producer, newspaper columnist, nightclub owner and writer of such songs as "That Old Gang of Mine," "Without a Song" and "Me and My Shadow," returned to his New York home December 22.

RECUPERATION PRESCRIBED

He flew to Montego Bay Tuesday with his sister, Polly Gottlieb, wife of Hollywood producer and writer Alex Gottlieb. Doctors had prescribed 6 weeks of recuperation.

In New York, a close friend, Broadway producer Arthur Cantor said, "one of the reasons Billy went to Jamaica was because he was feeling better."

Gottlieb said in Beverly Hills, Calif., that his wife had called him and said Rose had caught a slight cold 2 days ago and developed pneumonia Wednesday.

Mrs. Gottlieb was planning to accompany the body to New York today, where funeral arrangements will be completed.

Besides Mrs. Gottlieb, he leaves another sister, Miriam Stern of New York City.

Death of the flamboyant figure came just hours after the death of another show business personality, Sophie Tucker. She died last night in her New York apartment.

The 5-foot-3 Rose scrambled out of the Manhattan slums and at the time of his death was worth more than \$25 million. He once joked that "if my luck holds out by 1970 I will really be a rich fellow."

He made his first million 3 months after the 1936 New York World's Fair opened. His "Aquacade" was the hit of the fair and its star, Eleanor Holm, became one of his four wives. He was actually married five times, but he married one wife, Joyce Matthews, twice.

MARRIED FANNY BRICE

Another wife was Fanny Brice, the comedienne whose life story was told in the hit Broadway musical "Funny Girl." He was also married to Doris Warner, daughter of motion picture executive Harry Warner.

He once characterized success as "a combination of good health, good friends, and a financial career where the winners make \$2 more than the losers."

As to marriage Rose said he didn't consider himself "a monumental success in that department because at 65 I'm a bachelor."

Last spring in an interview he said this about death:

"I'm not afraid of it. For the past 5 years I have felt that I'm on velvet after 60 very active years * * *. I just want to spin out life as gracefully as I can with the least amount of storm * * *. I have no fears about death. By the same token, I'm not rolling out a red carpet and inviting it in."

SHORTHAND CHAMPION

Rose first gained national attention as a teenager. At 17 he was national shorthand speed champion and 2 years later was chief stenographer to Financier Bernard M. Baruch, who was then the head of the War Industries Board.

From Baruch, a lifelong friend, Rose picked up a knowledge that guided him on many paths. "I learned from him always to get the facts," he said. "Experience and judgment mean little if you don't get the facts."

Rose, who was often referred to as the bantam Barnum, said "I've been more in the tradition of Barnum than in the tradition of Baruch," he said. "I wish it had been the other way around."

Last year Rose donated his million dollar collection of sculpture from his palatial East Side townhouse to the National Museum of Israel.

"BALLYHOO, NOT GENIUS"

Rose gained his real fame from the extravaganzas he staged. "I sell ballyhoo, not genius," he said.

In 1936, when Texas celebrated its statehood centennial with an exposition at Dallas, neighboring Fort Worth hired Rose to stage a wild west show at its rival frontier centennial. His take was \$1,000 a day. Fort Worth's slogan was "Dallas for education, Fort Worth for entertainment."

Then Cleveland asked him to glamorize its Great Lakes exposition in 1937. He thought up a water ballet that he called the "Aquacade." Two years later he took it to the New York World's Fair and became a millionaire.

In his theatrical productions Rose borrowed from the late Florenz Ziegfeld and used plenty of pretty girls, sentimental music, and soft lights. Later he was to buy the Ziegfeld Theater for \$630,000 cash.

OWNED 17 NIGHTCLUBS

His musicals included "Sweet and Low," "Crazy Quilt," "Carmen Jones," "Seven Lively Arts," and "Jumbo." Among his serious productions were "The Great Magoo" and "Clash by Night."

In 1938 he opened the plush Diamond Horseshoe nightclub. At one time he owned 17 nightclubs.

His syndicated column, "Pitching Horseshoes," was published in 400 daily and 2,000 weekly newspapers. He was the author of "Wine, Women, and Words."

After five childless marriages Rose ended up single again. "The single life," he said, "is like a red-and-gold box of Christmas candy. When you open it, all it holds is a couple of lousy bonbons."

Rose made this critical assessment of himself:

"I size myself up as a fellow who has been a grain of sand in the public eye. Thanks to a tremendous amount of work and a tremen-

dous amount of luck, I've made out reasonably well in a series of toy careers. I don't see myself as an important fellow. When I'm recognized in a small town, I've never ceased to be amazed by it."

Mr. LONG of Louisiana. I yield to the Senator from South Dakota.

PRESIDENT'S ADDRESS ON THE FOOD-FOR-PEACE PROGRAM

Mr. McGOVERN. Mr. President, I have just finished reading the President's food-for-peace address delivered to the Congress today. I wish to take this opportunity to commend President Johnson for a constructive and positive statement, committing the United States to a greater effort to eliminate hunger in the world.

The President says:

I propose that the United States lead the world in a war against hunger.

As he goes on to point out, there can be only victors in that kind of war.

I believe the most significant feature of his message is its change in the concept under which our overseas food programs have been operating since 1954. In the past, our food aid programs have been dependent entirely upon what we happen to have in surplus stocks at any given time.

What the President now proposes is that the Secretary of Agriculture take a careful look at food needs around the world and, on the basis of that survey to determine the amount and types of food that the United States should produce to meet our share of the world food deficit, and, after consultation with the Secretary of State, to make provision for necessary production.

The President properly places a heavy emphasis on self-help programs, so that our food aid will stimulate rather than depress efforts on the part of the countries we are trying to assist to develop their own economies.

There are some things which the Congress must do to implement the concept of the President's message. There may need to be new administrative machinery and a central coordinating office to give direction to this expanded program. Also, strong budget support will be needed. There is need to recognize the very serious distribution bottlenecks which face us overseas—inadequate port facilities, and inadequate warehouse and distribution systems.

However, I am sure that problems of that kind will be faced by the Government and by Congress. This is a hopeful, positive, and constructive message.

The message signifies a change, both in the direction of our overseas aid program, and also in our domestic agricultural policies here at home. I think it is quite clear that in the years ahead, we shall be relying less and less on acreage restrictions and more and more utilizing our production to meet very real needs overseas.

So I again wish again to commend the President on this message. Since it moves in the direction of a bill, S. 2157, which I introduced last summer, the In-

ternational Food and Nutrition Act, I read this message with special interest.

Mr. President, I ask unanimous consent that the message of the President be printed in the *RECORD* at this point.

There being no objection, the message was ordered to be printed in the *RECORD*, as follows:

MESSAGE ON FOOD FOR FREEDOM

To the Congress of the United States:

Men first joined together for the necessities of life—food for their families, clothing to protect them, housing to give them shelter.

These are the essentials of peace and progress.

But in the world today, these needs are still largely unfulfilled.

When men and their families are hungry, poorly clad and ill-housed, the world is restless—and civilization exists at best in troubled peace.

A WAR ON HUNGER

Hunger poisons the mind. It saps the body. It destroys hope. It is the natural enemy of every man on earth.

I propose that the United States lead the world in a war against hunger.

There can only be victors in this war. Since every nation will share in that victory, every nation should share in its costs. I urge all who can help to join us.

A PROGRAM FOR MANKIND

The program I am submitting to Congress today, together with the proposals set forth in my message on foreign assistance, look to a world in which no man, woman, or child need suffer want of food or clothing.

The key to victory is self-help.

Aid must be accompanied by a major effort on the part of those who receive it. Unless it is, more harm than good can be the end result.

I propose:

1. Expanded food shipments to countries where food needs are growing and self-help efforts are under way.

Even with their maximum efforts abroad, our food aid will be needed for many years to come.

2. Increased capital and technical assistance.

Thus, self-help will bear fruit through increased farm production.

3. Elimination of the surplus concept in food aid.

Current farm programs are eliminating the surpluses in our warehouses. Fortunately the same programs are flexible enough to gear farm production to amounts that can be used constructively.

4. Continued expansion of markets for American agricultural commodities.

Increased purchasing power, among the hundreds of millions of consumers in developing countries, will help them become good customers of the American farmer.

5. Increasing emphasis on nutrition, especially for the young.

We will continue to encourage private industry, in cooperation with the Government, to produce and distribute foods to combat malnutrition.

6. Provision for adequate reserves of essential food commodities.

Our reserves must be large enough to serve as a stabilizing influence and to meet any emergency.

AMERICA'S PAST EFFORTS

This program keeps faith with policies this Nation has followed since President Franklin D. Roosevelt proclaimed the four freedoms of mankind.

After World War II, we helped to make Europe free from want. We carried out on that continent massive programs of relief, reconstruction, and development.

This great effort—the Marshall plan—was followed by President Truman's Point Four,

President Eisenhower's Act of Bogotá, and its successor, President Kennedy's Alliance for Progress. Under these programs we have provided technical and capital assistance to the developing nations.

Our food aid programs have brought over 140 million tons of food to hungry people during the past decade.

Hunger, malnutrition, and famine have been averted.

Schools and hospitals have been built.

Seventy million children now receive American food in school lunch and family and child feeding programs.

Nevertheless the problem of world hunger is more serious today than ever before.

A BALANCE IS REQUIRED

One new element in today's world is the threat of mass hunger and starvation. Populations are exploding under the impact of sharp cuts in the death rate. Successful public health measures have saved millions of lives. But these lives are now threatened by hunger because food production has not kept pace.

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine. In my message on International Health and Education, I described our increased efforts to help deal with the population problem.

IMPROVING LOCAL AGRICULTURE

Many of the developing countries urgently need to give a higher priority to improving and modernizing their own production and distribution of food. The overwhelming majority of those who till the soil still use the primitive methods of their ancestors. They produce little more than enough to meet their own needs, and remain outside of the market economy.

History has taught us that lack of agricultural development can cripple economic growth.

The developing countries must make basic improvements in their own agriculture.

They must bring the great majority of their people—now living in rural areas—into the market economy.

They must make the farmer a better customer of urban industry and thus accelerate the pace of economic development.

They must begin to provide all of their people with the food they need.

They must increase their exports, and earn the foreign exchange to purchase the foods and other goods which they themselves cannot produce efficiently.

In some developing countries, marked improvement is already taking place. Taiwan and Greece are raising their food output and becoming better cash customers for our food exports every year. Others have made a good beginning in improving agricultural production.

THE NEED FOR SELF-HELP

There is one characteristic common to all those who have increased the productivity of their farms: a national will and determination to help themselves.

We know what would happen if increased aid were dispensed without regard to measures of self-help. Economic incentives for higher production would disappear. Local agriculture would decline as dependence upon U.S. food increased.

Such a course would lead to disaster.

Disaster could be postponed for a decade or even two—but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations.

But ultimately those nations would pay an exorbitant cost. They would pay it not only in money, but in years and lives wasted. If our food aid programs serve only as a crutch, they will encourage the developing nations

to neglect improvements they must make in their own production of food.

For the sake of those we would aid, we must not take that course.

We shall not take that course.

But candor requires that I warn you the time is not far off when all the combined production, on all of the acres, of all of the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

Dependence on American aid will not bring about such a change.

The program I present today is designed to bring about that change.

BETTER NUTRITION

Beyond simple hunger, there lies the problem of malnutrition.

We know that nutritional deficiencies are a major contributing cause to a death rate among infants and young children that is 30 times higher in developing countries than in advanced areas.

Protein and vitamin deficiencies during preschool years leave indelible scars.

Millions have died. Millions have been handicapped for life—physically or mentally.

Malnutrition saps a child's ability to learn. It weakens a nation's ability to progress. It can—and must—be attacked vigorously.

We are already increasing the nutritional content of our food aid contributions. We are working with private industry to produce and market nutritionally rich foods. We must encourage and assist the developing countries themselves to expand their production and use of such foods.

The wonders of modern science must also be directed to the fight against malnutrition. I have today directed the President's Science Advisory Committee to work with the very best talent in this Nation to search out new ways to develop inexpensive, high-quality synthetic foods as dietary supplements. A promising start has already been made in isolating protein sources from fish, which are in plentiful supply throughout the world; improve the quality and the nutritional content of food crops; apply all of the resources of technology to increasing food production.

NEW DIRECTIONS FOR OUR ABUNDANCE

Our farm programs must reflect changing conditions in the United States and the world. Congress has provided for American farmers, a continuing prospect of rising incomes; for American consumers, assurance of an abundance of high-quality food at fair prices; for American taxpayers, less dollars spent to stockpile commodities in quantities greater than those needed for essential reserves.

Today—because of the world's needs, and because of the changing picture of U.S. agriculture—our food aid programs can no longer be governed by surpluses. The productive capacity of American agriculture can and should produce enough food and fiber to provide for: (1) domestic needs, (2) commercial exports, (3) food aid to those developing countries that are determined to help themselves, and (4) reserves adequate to meet any emergency, and to stabilize prices.

To meet these needs, I am today directing the Secretary of Agriculture to:

1. Increase the 1966 acreage allotment for rice by 10 percent.

Unprecedented demands arising out of drought and war in Asia require us to increase our rice crop this year. I know that our farmers will respond to this need, and that the Congress will understand the emergency that requires this temporary response.

2. Buy limited amounts of dairy products under the authority of the 1965 act.

We must have adequate supplies of dairy products for commercial markets, and to meet high priority domestic and foreign program needs. Milk from U.S. farms is the only milk available to millions of poor chil-

dren abroad. The Secretary will use authority in the 1965 act whenever necessary to meet our needs for dairy products.

3. Take actions that will increase soybean production in 1966.

The demand for soybeans has climbed each year since 1960. Despite record crops, we have virtually no reserve stocks. To assure adequate supplies at prices fair to farmers and consumers, the Secretary of Agriculture will use authority under the 1965 act to encourage production of soybeans on acreage formerly planted to feed grains. Feed grain stocks are more than sufficient.

These actions supplement earlier decisions to increase this year's production of wheat and barley. Although our present reserves of wheat are adequate to meet all likely shipments, the Secretary of Agriculture has suspended programs for voluntary diversion of additional spring wheat plantings.

Our 60 million acres now diverted to conservation uses represent the major emergency reserve that could readily be called forth in the critical race between food and population. We will bring these acres back into production as needed—but not to produce unwanted surplus, and not to supplant the efforts of other countries to develop their own agricultural economies.

These actions illustrate how our domestic farm program will place the American farmer in the front ranks in the worldwide war on hunger.

FOOD FOR FREEDOM

I recommend a new Food for Freedom Act that retains the best provisions of Public Law 480, and that will make self-help an integral part of our food aid program; eliminate the "surplus" requirement for food aid; emphasize the development of markets for American farm products; authorize greater food aid shipments than the current rate; emphasize the building of cash markets and the shift toward financing food aid through long-term dollar credits rather than sales for foreign currencies—except for U.S. requirements, we look to the completion of that shift by the end of 5 years; continue to finance the food aid program under the Commodity Credit Corporation; increase emphasis on combating malnutrition. The act will authorize the CCC to finance the enrichment of foods; continue to work with voluntary agencies in people-to-people assistance programs; provide for better coordination of food aid with other economic assistance.

FOOD AND FIBER RESERVES

I recommend a program to establish the principle of the ever-normal granary by providing for food and fiber reserves.

This program supplements food for freedom.

It establishes a reserve policy that will protect the American people from unstable supplies of food and fiber, and from high prices in times of emergency.

The legislation I recommend to the Congress will enable us to draw strength from two great related assets:

The productive genius of our farmers.

The potential that lies in the 60 million acres now withdrawn from production.

In case of need, most of those acres could be brought back into productive farming within 12 to 18 months. But because of the seasonal nature of farming time would be needed to expand production even under the flexible provisions of the Agriculture Act of 1965. Therefore we need a reserve to bridge this gap.

We have been able to operate without a specific commodity reserve policy in recent years, because the surpluses built up in the 1950's exceeded our reserve needs. This condition has almost run its course.

Under present law, the Secretary of Agriculture must dispose of all stocks of agricultural commodities as rapidly as possible, con-

sistent with orderly marketing procedures. As we continue to reduce our surpluses we need to amend the law to authorize the maintenance of reserve stocks.

The act I recommend will do that.

It will authorize the Secretary of Agriculture to establish minimum reserve levels. Under the act, he must take into account normal trade stocks, consumer and farm prices, domestic and export requirements, crop yield variations and commitments under our domestic and foreign food programs.

The reserve would be used to meet priority needs, under prices and conditions to be determined within the broad guidelines established by existing law.

The act could be implemented in the year ahead without any additional cost to the Government. We are still reducing our surpluses of most agricultural commodities. During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve.

Under the two acts I recommend today, with the farm legislation now on the statute books—and with the foreign assistance program I have recommended—we will be able to make maximum use of the productivity of our farms.

We can make our technology and skills powerful instruments for agricultural progress throughout the world—wherever men commit themselves to the task of feeding the hungry.

A UNIFIED EFFORT

To strengthen these programs our food aid and economic assistance must be closely linked. Together they must relate to efforts in developing countries to improve their own agriculture. The Departments of State and Agriculture and the Agency for International Development will work together, even more closely than they have in the past in the planning and implementing of coordinated programs.

In the past few years AID has called upon the Department of Agriculture to assume increasing responsibilities through its International Agricultural Development Service. That policy will become even more important as we increase our emphasis on assisting developing nations to help themselves.

Under the Food for Freedom Act, the Secretary of Agriculture will continue to have authority to determine the commodities available. He will act only after consulting with the Secretary of State on the foreign policy aspects of food aid and with other interested agencies.

We must extend to world problems in food and agriculture the kind of cooperative relationships we have developed with the States, universities, farm organizations, and private industry.

AN INTERNATIONAL EFFORT

It is not enough that we unify our own efforts. We cannot meet this problem alone.

Hunger is a world problem. It must be dealt with by the world.

We must encourage a truly international effort to combat hunger and modernize agriculture.

We shall work to strengthen the Food and Agriculture Organization of the United Nations. The efforts of the multilateral lending organizations, and of the United Nations development program should be expanded—particularly in food and agriculture.

We are prepared to increase our participation in regional as well as worldwide multilateral efforts, wherever they provide efficient technical assistance and make real contributions to increasing the food-growing capacities of the developing nations. For example, we will undertake a greatly increased effort to assist improvements in rice yields in the rice-eating, less-developed countries, as part of our cooperation with FAO during this International Rice Year.

FOR A WORLD AT PEACE

The program I recommend today will raise a new standard of aid for the hungry, and for world agriculture.

It proclaims our commitment to a better world society—where every person can hope for life's essentials—and be able to find them in peace.

It proclaims the interdependence of mankind in its quest for food and clothing and shelter.

It is built on three universal truths—

That agriculture is an essential pursuit of every nation,

That an abundant harvest is not only a gift of God, but also the product of man's skill and determination and commitment,

That hunger and want—anywhere—are the eternal enemies of all mankind.

I urge Congress to consider and debate these suggestions thoroughly and wisely in the hope and belief we can from them fashion a program that will keep freemen free, and at the same time share our leadership and agricultural resources with our less blessed brothers throughout the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, February 10, 1966.

Mr. MONDALE. Mr. President, President Johnson's message of food for freedom just presented to the Congress promises a bold, imaginative, and realistic attack on a problem which is surely one of the greatest our century will have to face. In its approach, in its scope, the President's message has shown the determination of the administration to use our unmatched agricultural capacity to win the war on hunger in the world.

I have been among several Senators who have long argued for a strong world-hunger program. The growing menace of hunger throughout the world, so starkly illustrated by the present Indian food shortage, has made it clear that a strong action is needed. This message makes it clear that the administration is determined that our country will truly meet the need.

I am particularly gratified with the emphasis on self-help, for in my own proposal, the Food for Freedom Act, S. 2826, I placed top priority on programs to help poor countries improve their own farm production. I am also pleased that the President proposes to give not just our surpluses, but to produce enough and give enough to really do the job.

I feel it an honor to sit on the Senate Agriculture Committee, which will consider this proposal. It is my sincere hope that, after giving careful consideration to all the proposals to meet the world food crisis, the Senate will pass this year bold, far-reaching legislation on this matter so vital to our farmers at home, peoples overseas, and the success of our foreign policy in years to come.

I am also pleased that the President proposes to establish a program of food and fiber reserves. If we are to meet the challenge of world hunger, and also make sure we have enough food for our national emergency needs, it is essential that we keep adequate stocks of all major commodities to meet unexpected emergencies.

TIME FOR COMMITTEE TO FILE REPORT

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the

Committee on Finance have until midnight, Wednesday, February 16, 1966, to file its report, with minority views, on H.R. 136 (S. 1912), to amend section 1, 17(a), 64(a) (5), 67(b), 67(c), and 70(c) of the Bankruptcy Act, and for other purposes; and H.R. 3438 (S. 976), to amend the Bankruptcy Act with respect to limiting the priority and nondischargeability of taxes in bankruptcy.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Without objection, it is so ordered.

THE PRICE-FIXING CONSPIRACY IN BROAD-SPECTRUM ANTIBIOTIC DRUGS

Mr. LONG of Louisiana. Mr. President, there exists today one of the worst conspiracies ever foisted upon the American people. What makes this conspiracy so reprehensible and so shameful is that its chief victims are the aged and the poor, not only in our country but also in many of the most impoverished areas of the world.

For more than a dozen years, American drug manufacturers have been involved in a worldwide cartel to fix the price of "wonder drugs"—broad-spectrum antibiotics—at identical, grossly inflated, and unconscionably high prices.

These drugs, developed in part through Government facilities and which cost about 1.6 cents per pill to make,¹ were, until recently, sold to the American public at 51 cents per pill and now sell for about 30 cents per pill.

Although children, the elderly, and the poor have been and are still, unable to afford such drugs, and although the existence of at least one aspect of this conspiracy has been known to Federal agencies since at least 1958, the cartel continues to operate in all its vigor. In fact, documentary evidence which I shall today make available to the Senate will conclusively show that it is operating not only in the United States but also in Canada and Latin and South America.

Among these documents is a secret code used to disguise price fixing and "payoff" communications. Fictitious names, decoded, become drug names; "Pluto" becomes the manager of a U.S. firm overseas, a "sinner" denotes a person who has dared to depart from unlawful price-fixing agreements. A "disturbed family" refers to a price-cutting situation and a "powwow" is a price-fixing meeting. When decoded, an innocuous-looking letter containing highly personal references and a sprinkling of company names becomes a startling document on price fixing.

The American pharmaceutical firms involved are: Chas. Pfizer & Co., Inc., American Cyanamid Co., Bristol-Myers Co., Inc., the Squibb Division of Olin

Mathieson Chemical Corp., and the Upjohn Co.

To understand the scope and effect of this cartel, it is necessary to explore in detail the nature and use of the drugs involved and the steps leading up to the formation of the conspiracy.

BACKGROUND

Antibiotics are widely used by the medical profession for the treatment of human infectious diseases and are dispensed upon a doctor's prescription. The earlier antibiotics such as penicillin and streptomycin are known as "narrow-spectrum" antibiotics because they are normally effective against either gram-positive or gram-negative bacteria but not both. "Broad-spectrum" antibiotics are effective against both kinds of bacteria, as well as various other disease-producing organisms, and for that reason are commonly referred to as the "wonder drugs."

The major broad-spectrum antibiotics are (1) Parke Davis' Chloromycetin, (2) Cyanamid's Aureomycin, (3) Pfizer's Terramycin, and (4) tetracycline—all of which are marketed under various brand names by the five companies mentioned. All four are effective against substantially the same range of disease-producing micro-organisms and are generally interchangeable in medical use. Aureomycin, Terramycin, and tetracycline, which account for most of the broad-spectrum antibiotic sales, have closely similar molecular structures.

Aureomycin is manufactured and sold exclusively by American Cyanamid Co. under a patent issued in 1949 and was among the first broad-spectrum antibiotics, coming on the market in 1948. Terramycin is manufactured and sold exclusively by Chas. Pfizer & Co. under a patent issued in 1950. Tetracycline, the most widely used broad-spectrum antibiotic, is manufactured by Pfizer, Cyanamid, and Bristol-Myers, under a patent issued to Pfizer on January 11, 1955.

In 1953, Aureomycin and Terramycin were being sold on the market by Cyanamid and Pfizer respectively at identical prices. With the discovery of tetracycline in late 1952, it became necessary to secure a patent on tetracycline because, if tetracycline was unpatentable, its marketing would destroy the existing monopoly price structure for Aureomycin and Terramycin. The reason is that tetracycline was better than the other broad-spectrum antibiotics and was substantially interchangeable with them in medical use.

According to the Federal Trade Commission:

Cyanamid and Pfizer knew that tetracycline, if produced and sold commercially, would be fully competitive with Aureomycin and Terramycin. They both knew or had reason to believe that the value of their re-

spective patents and their dominant positions in the broad-spectrum antibiotic market would be impaired by the unrestricted production and sale of tetracycline by other firms. Moreover, they knew or had reason to believe that, if tetracycline could be sold by other firms in free and open competition, the price of this product as well as that of other broad-spectrum antibiotics would be forced downward as the price of penicillin had been in recent years.²

Mr. President, I digress from my prepared remarks to point out that—if I recall correctly—in open competition, the price of penicillin had been forced down to about 1 percent of what it was when it was first marketed. It is in the public domain and available for any other purpose. The same thing could have happened with regard to the broad-spectrum antibiotics, if tetracycline was, in fact, not subject to a patent because it was already known and merely had to be identified.

Recognizing this danger, Pfizer and Cyanamid entered into an agreement to assist one another to secure a patent, the successful patentee to cross-license the other, and, as a result of misrepresentations made to the Patent Office, Pfizer eventually secured the patent in 1955. Tetracycline was introduced on the market in late 1953 and early 1954 by Cyanamid and Pfizer at prices substantially identical to those of Aureomycin and Terramycin.

Bristol, a competitor of Pfizer and Cyanamid, also attempted to secure a patent on tetracycline and during the course of the patent fight the Pfizer and Cyanamid misrepresentations came to light. Rather than risk exposure and possible loss of the patent, and with the assurance that Bristol and its licensees would strictly adhere to the price structure, an arrangement was made in late 1955 whereby Pfizer agreed to: first, license Bristol to manufacture and sell tetracycline; and second, license Bristol's licensees, Squibb and Upjohn, to sell tetracycline. In this connection, the FTC found that Pfizer settled the patent infringement suit because it knew or had reason to believe that Bristol, Squibb, and Upjohn would be able to prove that Pfizer had obtained the tetracycline patent by means of false and misleading representations to the Patent Office or that the patent would otherwise be declared invalid.³

From 1954 to the present, Pfizer, Cyanamid, Bristol, Squibb, and Upjohn have been selling tetracycline at identical prices and at prices substantially identical to Cyanamid's aureomycin and Pfizer's terramycin.

I ask unanimous consent that a chart showing these identical prices be placed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

¹Footnotes at end of Mr. LONG's remarks.

truth of Lord Acton's aphorism: Power tends to corrupt, and absolute power corrupts absolutely.

Despite thousands of fifth amendment pleas by scores of officers and agents of the unions investigated, the McClellan committee took 20,432 pages of testimony, which made it manifest that the unions investigated were unworthy to receive either the voluntary or the coerced support of freemen.

I can summarize with accuracy what the investigation revealed by quoting a statement made by me at the conclusion of the McClellan committee's work. I quote:

The testimony taken by the committee has shocked the conscience of the Nation.

This is true because the testimony has made it crystal clear that some or all of the following things have occurred upon frequent occasions in some of the unions investigated:

First. Union moneys in enormous amounts have been converted to their own use, or that of their cronies, by union officers whose duty it was to safeguard them.

Second. Union officers committing such raids upon union treasuries have destroyed union records to conceal their financial misdeeds from union members, income tax authorities, law enforcement officers, and investigating committees.

Third. Union members have been deprived of any real voice in the election of union officers or the management of union affairs by dictatorial activities of union officers, undemocratic regulations, wanton abuse of the trustee process, and even, on occasion, sheer terrorism.

Fourth. Persons convicted and sentenced to prison for armed robbery, burglary, extortion, and other infamous crimes have been placed in positions of authority over honest and law-abiding union members shortly after their release from prison and before they had brought "forth fruits meet for repentance."

Fifth. Union charters have been granted to known racketeers and their associates who have used them as devices to prey upon the public and helpless workers compelled to earn their bread in the sweat of their brows.

Sixth. Union officers and agents of employers have entered into conspiracies resulting in sweetheart contracts or other arrangements which constitute betrayal of the union members such officers were supposed to represent.

On an occasion 2 years earlier, Mr. George Meany, president of the American Federation of Labor and the Congress of Industrial Organizations, made some illuminating comments upon the facts revealed by evidence presented to the McClellan committee during the first months of its investigation. Mr. Meany's comments corroborate in substantial part the accuracy of my statement. I quote his comments as set out in an article headlined "Meany Is Shocked by Rackets' Scope," which appeared in the New York Times for November 2, 1957:

When the AFL and the CIO merged nearly 2 years ago, he said, the concern of labor leaders about corruption was written into the constitution. "We thought we knew a few things about trade union corruption," he said, "but we didn't know the half of it, one-tenth of it, or the one-hundredth part of it. We did not know, for instance, that we had unions where a criminal record was almost a prerequisite to holding office under the national union. We didn't know that we had top trade union leaders who

made it a practice to secretly borrow the funds of their union. We didn't know that there were top trade union leaders who used the funds for phony real estate deals in which the victims of the fraud were their own members. And we didn't know that there were trade union leaders who charged to the union treasury such items as speed boats, perfume, silk stockings, brassiers, color TV, refrigerators, and everything else under the sun." Mr. Meany asserted that "some of these things are still going on." "Of course," he remarked, "you can't get much cooperation from a national union the officers of which are practicing the same sort of larceny on a national scale as is being practiced by their so-called local representatives on a local scale."

This ends the quotation from the article in the New York Times, whose writer stated that Mr. Meany was commenting on the conduct of leaders of the International Brotherhood of Teamsters.

Some of those who demand compulsory unionism assert, however, that the McClellan committee ended its work in March 1960, and that in consequence the American people ought to presume that the evils revealed by its investigation no longer exist anywhere in the labor movement.

It is not likely that the American people will be so naive as to indulge such a presumption as long as irresponsible labor unions call jurisdictional strikes at Cape Kennedy in contempt of the national security, or James R. Hoffa remains the president of the country's most numerous and powerful union, or the officials of a supposedly respectable union miscount 25,509 of the 133,000 ballots cast in an election for a national president in order to thwart the will of the members and make it appear that the incumbent was reelected by a majority of 2,193, when he was actually defeated by a majority of 23,316.

The vast preponderance of corruption, denial of member rights, and maladministration discovered by the McClellan committee in unions was in unions which depended upon the coercive provisions of union shop agreements to obtain and retain their members. It is not surprising that this was so.

The tragic truth is that union shop agreements are calculated to make union members unable to secure their rights against dictatorial union leaders or to prevent corruption or maladministration by corrupt leaders.

This is so because union shop agreements permit dictatorial control of workers by union leaders. The workers are compelled to become and remain dues-paying union members under penalty of losing their means of livelihood.

As Wallace Turner, who acquired expert knowledge of the subject while working as a reporter for the Portland Oregonian, testified before the McClellan committee, members of unions are reluctant "to get out of line" for fear "that their union cards will be taken up and they will be out of employment."

Sylvester Petro, professor of labor law in the New York University School of Law, and author of the wise commentary on the McClellan investigation entitled "Power Unlimited—The Corruption of Union Leadership," declares that "the 40-odd volumes of the McClellan Record

may accurately be summed up as an overwhelming documentation of Mr. Turner's Point." He adds, in substance, that "union officers would not be so highly tempted to abuse members and thugs and racketeers would not find unions so attractive" if members "were free at any time simply to quit paying dues"—page 139.

I share in full measure Professor Petro's views. No amount of sophistry can erase the truth that those who work for their daily bread must have the right to belong or refrain from belonging to a union if they are to be really free.

The recognition of this fundamental freedom does not impair any privilege rightly belonging to labor unions. Each union is left free to number among its dues-paying members all those it can induce by voluntary persuasion to join it. Surely, it is no injustice to require labor unions to obtain their members in the same way in which churches and all other voluntary associations secure theirs.

When all is said, yellow-dog contracts are simply not acceptable in a free country, regardless of whether they are imposed upon workers at the employer's behest or the union's demand. In either case, they rob the workers of a basic freedom—the right to make their own choice in a matter of crucial import to them.

The proposal to repeal section 14(b) raises once again an ever recurring and age-old issue—the issue of tyranny versus freedom.

I make a promise to you and all other Americans who loath tyranny and love liberty. I shall urge Senators to read and ponder a great poem—Rudyard Kipling's "The Old Issue"—before the Senate votes upon the question of repeal.

In "The Old Issue," Kipling tells in eloquent and truthful words how freedom was bought for us by our fathers at great cost long ago, and how it will be lost by us unless we resist the unceasing attempts of government, which he calls the King, to take it from us bit by bit. I quote a few lines from this great poem:

All we have of freedom, all we use or know,
This our fathers bought us long and long ago.
Ancient Right unnoticed as the breath we draw,
Leave to live by no man's leave, underneath the Law.
Lance and torch and tumult, steel and grey-goose wing,
Wrenched it, inch and ell and all, slowly from the King.
So they bought us freedom, not at little cost,
Wherefore must we watch the King, lest our gain be lost.

I close this observation: Right-to-work laws enforce, and union shop agreements nullify, the ancient right which Kipling calls "leave to live by no man's leave." One does not have leave to live by one man's leave if he is compelled to pay a labor union for leave to earn his livelihood.

SURPLUS NO LONGER THE KEY

Mr. INOUE. Mr. President, I am pleased to note that in the new food-for-freedom legislation, the administration

proposed to depart from the surplus concept in food aid.

In my judgment, the time has passed when we can afford to operate this fine program on the basis of a surplus disposal. It is true that we had heavy agricultural surpluses on hand when the original food-for-peace legislation was passed nearly 12 years ago, but they are now greatly reduced. World conditions have changed. What is needed now is not a surplus disposal program for the United States, but a positive food program for our friends around the world that makes sense in terms of meeting human needs and stimulating economic development. The President's food-for-freedom program meets that requirement.

The surplus disposal concept has made the program difficult to administer. In some instances it has led to unbalanced food programs, with heavy emphasis on grain and too little emphasis on other useful products. It has brought accusations from others that we dump our surpluses. It has not sufficiently prompted recipient countries to build their own economies.

The time is ripe for this basic change. President Johnson and all who participated in formulating these new proposals are to be commended. I am confident that the Congress will endorse this change of emphasis.

NEW AIRCRAFT FOR U.S. AIRLINES

Mr. MAGNUSON. Mr. President, in this Monday's New York Times, there was an article describing the new aircraft that the U.S. airlines plan to put in service in 1966. The article is based upon an Air Transport Association report which indicates that these aircraft are valued at \$1.4 billion.

The deliveries in 1966, of course, are

just a part of an overall airline reequipment program that totals \$3.8 billion. The program began in 1965 and will continue through 1969. As of the end of 1965, the airlines had 574 new aircraft on order for deliveries between now and 1969.

Airline orders of this magnitude have enormous significance for the aircraft manufacturing industry, as well as the entire economy of the Nation. I know that the economy of the State of Washington will benefit enormously from the 350 Boeing jet transports that will be delivered to the airlines in the next several years.

Airline orders mean jobs and I was very pleased to note a recent statement from the Boeing Co. which pointed out that the orders for commercial jets have created 15,000 new jobs for that one manufacturing company alone.

The airlines are to be commended for their vast reequipment program. It has a great meaning for the economy of the Nation as well as the millions of passengers and shippers who will be taking advantage of this new shipment.

Mr. President, I ask unanimous permission to reprint the full text of the Air Transport Association of America's statement which describes the new equipment on order; also several news articles on the same subject.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. AIRLINES TO ADD 282 NEW JET AIRCRAFT DURING 1966

WASHINGTON, D.C.—The U.S. scheduled airlines expect to place 282 new turbine-powered aircraft in service during 1966, the Air Transport Association of America said today. The new aircraft are valued at \$1.4 billion.

The 282 airplanes to be delivered in 1966 are the largest number ever added to the airline fleets in any one year. The \$1.4 billion

cost of the aircraft also represents a new high.

"The additional capacity will be needed to provide for and properly anticipate the Nation's growing demand for air transportation," Stuart G. Tipton, president of ATA said. "For the domestic trunks, this means an estimated 14 to 17 percent increase in available seat miles in 1966, depending on the rate of retirement of older equipment and assuming no material changes in seating configurations.

"It's interesting to note that during 1965, the airlines disposed of well over 100 obsolete piston aircraft. Some 80 percent of all airline revenue passenger miles are now accounted for by pure jet aircraft and that figure will continue to increase during 1966 as airlines dispose of still more piston aircraft and replace them with new jets," Tipton said.

This year's deliveries are part of a 5-year program—1965-69—designed to reequip the Nation's airlines with new pure jet and turboprop aircraft. The total airline commitment for the purchase of the aircraft in this period is now \$3.8 billion. One hundred sixty-one airplanes valued at an estimated \$880 million were delivered in 1965.

An ATA survey of airline equipment in service and on order as of December 31, 1965, showed that the airlines now have a total of 574 new jets and turboprops on order for delivery in 1966 through 1969. The cost of the new aircraft will be \$2.9 billion.

Tipton noted that 396 of the new jets on order are designed for short and medium hauls. "Service to the many smaller cities in the United States is in the process of being improved with the new jets and the response from passengers so far indicates that they are providing a significant stimulus to air travel," he said.

As of yearend 1965, the survey showed, the airline fleet totaled 1,925 aircraft of all types. The fleet was broken down into 704 pure jets, 299 turboprops, 898 piston aircraft, 14 turbine-powered helicopters and 10 piston helicopters.

(Attached is the ATA survey of flight equipment in service and on order as of December 31, 1965, and a delivery schedule for the new aircraft.)

Aircraft in service and on order by U.S. scheduled airline industry (Dec. 31, 1965)

Type and manufacturer	Model	In service	On order	Type and manufacturer	Model	In service	On order
Fixed wing:				Fixed Wing—Continued			
Jet:				Piston—Continued			
Boeing.....	B-707.....	187	103	Douglas.....	DC-3.....	141	
	B-720.....	115	8		DC-4.....	2	
	B-727.....	163	173		DC-6.....	185	
	B-737.....		60		DC-7.....	84	
British Aircraft Corp.....	BAC-111.....	21	32	Lockheed.....	Constellation	35	
Convair.....	CV-880.....	47			Super Constellation.	68	
	CV-990.....	18			202.....	8	
Douglas.....	DC-8.....	129	31	Martin.....	404.....	76	
	DC-9.....	4	131	Others.....		101	
Sud Aviation.....	Caravelle.....	20		Total.....		898	
Total.....		704	538	Total fixed wing.....		1,901	573
Turboprop:				Helicopters:			
Canadair.....	CL-44.....	23		Turbine:			
Convair.....	600.....	8	(2)	Boeing Vertol.....	107.....	10	
	580.....	20	(3)	Sikorsky.....	S-61.....	4	1
Fairchild.....	F-27.....	62	3	Total.....		14	1
Hillier.....	FH-227.....		24	Piston:			
Lockheed.....	Electra.....	117		Bell.....	47-G.....	3	
	L-382B.....		2	Sikorsky.....	S-51.....	1	
Nord Aviation.....	262.....	6	6		S-55.....	2	
Pilatus.....	P-6A.....	4			S-58C.....	4	
Vickers.....	Viscount 700.....	48		Total.....		10	
	Viscount 800.....	11		Total helicopter.....		24	1
Total.....		299	35	Total scheduled industry.....		1,925	574
Piston:							
Convair.....	240.....	53					
	340.....	50					
	440.....	95					

¹ Includes 51 leased aircraft.

² 44 conversions of piston aircraft to turboprop.

³ 22 conversions of piston aircraft to turboprop.

man has found freedom of opportunity and has organized a social order in which he has been able to extend this freedom to all levels of society.

This is the story of American history, a story which does not grow old with its retelling.

It was just 200 years ago that the liberties which we take for granted today were few indeed. This establishment and growth of freedom, which is the history of America, must be understood to be defended. As a writer once said, it is necessary that freedom be won by each generation of Americans or it will die. In order to win freedom anew, each generation must be vitally aware of its heritage and have such a stake in its preservation that they will offer their lives if necessary in freedom's defense.

Making February American History Month will stimulate a greater interest in our history in all parts of the country. Local and State historical associations and private individuals could effectively advance programs to stimulate and to further this interest generated by a Presidential proclamation.

February is the ideal month. It is the birth month of two of our greatest Presidents—George Washington and Abraham Lincoln. Both of these men played monumental roles in the establishment of this Nation, Washington as the father of our country and Lincoln, who kept the Nation united and who helped to bind up the Nation's wounds after a bitter Civil War. It is difficult to imagine what the United States would have become had not these men come to the front to guide the Nation through turbulent times. February is also the month in which the U.S. Supreme Court held its first session back in 1790 when John Jay was the Chief Justice.

One historian reminds us that "out of the world of yesterday the world of today has grown; out of the world of today will come the world of tomorrow." Mr. President, how true those words are. Knowledge of the past is a prerequisite to wise action in the present. And the actions which we take today will determine the future of tomorrow.

With this compelling obligation to know the past and to understand the consequences of our actions upon the future, it is right that renewed interest in American history is encouraged and stimulated.

We have been counseled that those who fail to know the past are doomed to relive it. Designating February as American History Month is a proper response to that counsel.

History teachers in schools throughout this country have continued to play their essential role in exposing young people to the American story. American History Month would serve to call attention to this profession and its vital work. It would give recognition to those dedicated men and women whose labors in the classroom are so necessary to freedom's preservation. They have our deepest appreciation for a job well done. American History Month would be an expression of our gratitude and assist their future efforts.

It is indeed satisfying to me to join Senator COOPER in his proposal that

February be designated American History Month.

FOOD FOR FREEDOM

Mr. MONTTOYA. Mr. President, I commend the selection of the new name for this program—food for freedom. It grows logically out of the history of the program.

You may recall that when the food aid program was originally established, it was known almost entirely by its legislative designation—Public Law 480—and still is so known by many of the people associated with it.

But the people of the United States do not think in numbers—they think in meaningful concepts. So the name food for peace came into being as a fuller means of identifying the food aid program. It has been a fine name, a useful name. It is known by millions of Americans and by people all over the world.

Now, however, we are proposing to expand the program—to meet a greater depth of human needs. Food for peace does not fully delineate the new concept and the new framework of the expanded program. We need a name that indicates our broadened thinking and aspirations.

So the President has given us a new name—food for freedom. It suggests a program designed to meet the needs of the ultimate human aspiration: personal dignity under free institutions.

A STUDY OF DURHAM RATIONALE COMMITMENTS IN THE DISTRICT OF COLUMBIA

Mr. DODD. Mr. President, a controversy has been evident for some time in the District of Columbia regarding the so-called insanity test, or test of criminal responsibility established by the Durham decision written in 1954 by Judge David L. Bazelon of the U.S. Court of Appeals for the District of Columbia.

I have received complaints from both professional people and private citizens in Washington, charging that too many of these insanity acquittals take place on the basis of the Durham rule.

I have heard charges that too many criminals are back on the streets too soon after a brief stay at the St. Elizabeths Hospital for the mentally ill.

I have heard numerous proposals for changing the Durham rule.

And I have even heard suggestions and recommendations that we go back to the M'Naghten test of knowledge of right and wrong in determining criminal responsibility of mentally disturbed offenders.

As you know, under the Durham rationale a person is held not responsible for a criminal act if at the time of commission of the act he suffered from a mental disease or defect, and if the act was a product of such disease or defect.

I am very concerned about the complaints concerning this rule.

I am concerned because whatever we do in controlling crime and delinquency in the Nation's Capital has wide repercussions throughout the rest of the country.

I am concerned because I believe that our Capital City must have the best, the

most enlightened methods of crime control and the most advanced procedures for the administration of justice.

And I am concerned because the mental patient and his status under criminal law constitute a problem that has defied solution throughout history; indeed, it is a problem that remains unresolved even today.

Mr. President, because I consider the Durham decision a remarkable step forward in the administration of justice, I do not want to see this advance dismissed lightheartedly. I do not want us to adopt less satisfactory procedures because of peripheral rather than substantial difficulties involved in maintaining this one. I do not want the courts to revert to injustice because it is too difficult or too expensive or too inconvenient to make justice work.

To avert these dangers, I have studied the Durham rationale. I have studied the court procedure and have deliberated the insanity defense as it is seen by jurists, psychiatrists and other specialists in the field of crime control. I, and staff members of the committee, have gone to the Metropolitan Police; we have talked to the professional staff of the St. Elizabeths Hospital, and we have asked the Federal Bureau of Investigation to check its files regarding the subsequent behavior of individuals who have invoked the "Durham rule" in the District courts.

We have done all this because I want to make certain that we do not condemn the Durham rationale for the wrong reasons.

We have done this because I consider the Durham rule more than just a rule of procedure or just a test of criminal responsibility.

We have done this because I suspect that the Durham decision has brought to the fore certain basic difficulties involved in using the insanity defense.

I believe that it has illuminated difficulties and raised questions which were hidden from view under the older insanity rules. These are questions that go to the very heart of the matter of determining who is legally insane and of proving it in court.

Under other insanity rules, these basic problems are often obscured by definitions of terms, by rules of procedure, by instructions to the jury, and by attitudes of the court and the law which are still imbedded in the age-old "classical" approach to crime that presumes, in all but the most extreme cases involving complete lunatics, that man's behavior is always governed by free will.

I do not want to belabor the free will question, but I believe that these are difficulties and problems connected with the insanity defense that should not be "swept under the rug" by rearranging unclear definitions and burdensome court procedures.

The Durham rule and our experience with it has confronted us with certain questions that need broader answers and with problems that require more basic solutions than are supplied by even such alleged refinements of the decision as those contained in the case of McDonald against United States, which raises standards for some evidence of insanity.

introduced by the defendant, lessens the burden to prove sanity for the Government and simplifies the causal connection between mental disease and crime.

I believe that these redefinitions and reformulations may have some value. However, I want to make certain that we do not attempt to eliminate substantive problems going beyond matters of definition and procedure with superficial solutions confined to definition and procedure.

It is true that today we still do not know exactly what to do with the psychiatrist in court. We do not know how to make the jury understand psychiatric testimony and most important of all we do not know how to bring legal and medical concepts in line with one another to serve the cause of justice rather than to frustrate the court.

Today we may deliberate the burden of proof issue and we may note the difficulties involved in explaining to the jury the meaning of such terms as "productivity," "substantial capacity," and other similar concepts. These are problems of definition and procedure.

But beyond this there is an even more basic problem. We do not know how many crimes are actually caused by mental disease or defect of the individual, nor do we have a standard of comparison by which we can judge whether the insanity plea is used excessively, or whether it is not used enough.

All we know today is that this society has recognized some offenders as being so mentally disturbed that they cannot be held responsible for their criminal behavior.

Should we persist in this recognition, it seems imperative that we exert our juridical and crime control efforts with respect to mentally disturbed offenders in two ways.

First, we should abolish obviously inadequate or erroneous tests of criminal responsibility or of insanity as such inadequacies or errors are discovered and reported by experts in the field of psychiatry and jurisprudence. A classical example of such inadequate tests is the "knowledge of right and wrong" test established by the M'Naghten decision.

Second, in order to assure protection for the public and justice for the defendant, in testing criminal responsibility we should rely more on psychiatric examinations in hospitals by staffs of experts than on legal maneuvering and manipulations in court. We should attempt to identify all mentally ill or defective offenders.

What I am saying is that we should be more concerned with determining whether or not an offender is mentally incompetent than with inventing techniques, definitions, and procedural devices to keep insanity pleas to the minimum.

In line with this, I believe that the test of the effectiveness of an insanity rule should not be established by counting the individuals who use the insanity plea in court, but it must rather be established by gauging the behavior of these offenders subsequent to their release from the mental hospital. These are important considerations in the over-all picture because of imperfections both in our scien-

tific knowledge in psychiatry on the one hand and in our legal concepts and court procedures on the other.

The thin line between criminal responsibility and irresponsibility because of mental disease is not always clearly visible.

Thus, we are confronted with questions of policy regarding how we want to react to marginal cases. It seems that the general public and certain segments of the legal profession and law enforcement would like to treat them as criminals rather than as patients.

And yet, if we send even marginal cases to the mental hospital and rehabilitate them so that they no longer break the law, we have scored a success.

On the other hand, if we send such marginal cases to prison, they may come back to haunt society after their release, more mentally disturbed, more irresponsible, and more crime prone than ever before, because whatever the prison does to men, it does not cure mental illness.

This is the type of reasoning which has led me to support in principle a rather general and inclusive rule of criminal responsibility instead of a narrow and restrictive one.

This is the type of reasoning that has led me to undertake a study of the extent of lawbreaking by individuals released from St. Elizabeths Hospital subsequent to a mandatory commitment after an insanity defense.

The important thing is to render the dangerous person harmless. And it is best to do this by correction rather than simply by incarceration.

I have attempted to determine to what extent the Durham rule offenders contribute to the crime problem here in the District subsequent to their release from a mental hospital. I have tried to determine what steps must be taken to protect the community from the violent and destructive acts of mentally disturbed persons, and what must be done in turn to protect these sick people from gross injustice and mistreatment because of a lack of understanding on the part of law enforcement officers, the administrators of justice, and the public.

We found that between 1954 and 1961, 324 persons were committed to St. Elizabeths Hospital after the court found their crimes to be "products" of mental disease or defect under the Durham rationale. From these 324, 116 who were subsequently released from the hospital became the subject of the subcommittee's inquiry.

During these 7 years, insanity acquittals under the Durham rule increased from 4 in 1954, to 110 in 1960, which was the peak year. The number of successful insanity defenses dropped to 90 in 1961 and have ranged annually between 50 and 90 through 1965. Many critics pointed to the initial overall increase as proof that mentally competent criminals were using the insanity plea as a device to evade the law. However, I submit that these figures have no real meaning since they neither show that some of the insanity pleas were unwarranted nor do they show that the insanity defense has been used to excess.

The statistics we obtained are not spectacularly revealing because they lack a standard of comparison. However, certain insights can be gained from a closer look at the figures.

A repeated complaint has been that the Durham rule offenders who are released prematurely contribute seriously to the crime problem in the District of Columbia. Some complaints went so far as to ascribe the mounting crime rate in this city in large part to the releases from St. Elizabeths.

I would like to rebut this as an irrational and largely groundless contention. The 50-or-so offenders that were involved with police subsequent to their release from St. Elizabeths, and this study covers a decade, hardly compose even an appreciable segment of the thousands of offenders tried in the District courts during this same period of time.

Another charge has been that one inducement to plead insanity might arise from the knowledge that the mandatory commitment to St. Elizabeths Hospital can be expected to last for a shorter period of time than a respective commitment to a Federal penitentiary.

The records show that for 26 persons acquitted under Durham for felonies, the mean period of incarceration was 15.2 months, and the median was 10.4 months. For 12 persons acquitted of misdemeanors, the mean period of incarceration was 10.5 months and the median was 8.0 months. Had these persons been found guilty and sentenced to a penal institution, they could expect to have been incarcerated for substantially longer periods of time. Such crimes as housebreaking and larceny carry penalties of 2 to 4 years, while robbery carries a penalty of 4 to 5 years.

If such statistics were known to defense attorneys and defendants themselves, this might induce some to rely on an insanity defense. On the other hand, the stigma attached to such a plea and the subsequently uncertainty regarding the length of hospitalization could just as easily discourage its use in other cases.

Another set of statistics obtained from the Federal Bureau of Investigation which are important for a broad evaluation of the Durham rule, concerns the subsequent behavior of the 116 persons released from St. Elizabeths Hospital. We found that 54 of these persons, or 46.5 percent, had been subsequently involved with law enforcement agencies at the time our study was concluded. Records indicate that 28 of these 54 releasees were arrested on felony charges, while 35 were arrested for misdemeanors. In addition, 10 of these individuals were charged both with felonies and misdemeanors. Thus, between them, these 54 individuals were arrested 63 times for a total of 48 felony charges and 87 misdemeanor charges.

I felt it would be significant to determine how the subsequent crimes of these 54 individuals compared with the original offenses which resulted in their insanity pleas and commitment to St. Elizabeths Hospital. We found that 18 individuals were charged with more serious types of crimes than those for

89TH CONGRESS
2D SESSION

H. R. 12785

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food for Freedom Act
4 of 1966."

5 SEC. 2. The Congress hereby declares it to be the policy
6 of the United States to expand international trade; to develop
7 and expand export markets for United States agricultural
8 commodities; to use the abundant agricultural productivity
9 of the United States to combat hunger and malnutrition and
10 to encourage economic development in the developing coun-

1 tries, with particular emphasis on assistance to those countries
2 that are determined to improve their own agricultural produc-
3 tion; and to promote in other ways the foreign policy of the
4 United States.

5 TITLE I

6 SEC. 101. In order to carry out the policies and ac-
7 complish the objectives set forth in section 2 of this Act,
8 the President is authorized to negotiate and carry out
9 international agreements to provide for the sale of agricul-
10 tural commodities for dollars on credit terms or for foreign
11 currencies.

12 SEC. 102. For the purpose of carrying out agreements
13 concluded under this Act the Commodity Credit Corporation
14 is authorized to finance the sale and exportation of agri-
15 cultural commodities whether from private stocks or from
16 stocks of the Commodity Credit Corporation.

17 SEC. 103. In exercising the authorities conferred upon
18 him by this title, the President shall—

19 (a) take into account efforts of countries to help
20 themselves toward a greater degree of self-reliance, es-
21 pecially in providing enough food to meet the needs
22 of their people, and the resources required to attain
23 that objective;

24 (b) take steps to assure a progressive transition
25 from sales for foreign currencies to sales for dollars at

1 a rate whereby the transition can be completed by
2 December 31, 1971: *Provided*, That provision may be
3 included in any agreement for payment in foreign cur-
4 rencies to the extent that the President determines that
5 such currencies are needed for the purpose of subsec-
6 tions (a), (b), (c), and (e) of section 304;

7 (c) take reasonable precautions to safeguard usual
8 marketings of the United States and to assure that sales
9 under this title will not unduly disrupt world prices of
10 agricultural commodities or normal patterns of commer-
11 cial trade with friendly countries;

12 (d) take appropriate steps to assure that private
13 trade channels are used to the maximum extent practi-
14 cable both with respect to sales from privately owned
15 stocks and with respect to sales from stocks owned by
16 the Commodity Credit Corporation;

17 (e) give special consideration to the development
18 and expansion of foreign markets for United States
19 agricultural commodities, with appropriate emphasis on
20 long-term development of new and expanding markets
21 by encouraging economic growth; and

22 (f) obtain commitments from purchasing countries
23 that will prevent resale or transshipment to other coun-
24 tries, or use for other than domestic purposes, of agri-

1 cultural commodities purchased under this title, without
2 specific approval of the President.

3 SEC. 104. Payment by any country for commodities pur-
4 chased for dollars on credit shall be upon terms as favorable
5 to the United States as the economy of such country will
6 permit, and in any event no less favorable to the United
7 States than for development loans made under section 201
8 of the Foreign Assistance Act of 1961, as amended.

9 SEC. 105. In order to maximize sales under this title
10 through the private trade, the Secretary of Agriculture is
11 authorized to enter into sales agreements with foreign and
12 United States private trade under which he shall undertake
13 to provide for the delivery of agricultural commodities for
14 dollars on credit terms permitted under section 104. Any
15 agreement entered into hereunder with the private trade
16 shall provide for the furnishing of such security as the Sec-
17 retary determines necessary to provide reasonable and ade-
18 quate assurance of payment of the amount due.

19 SEC. 106. The Commodity Credit Corporation may bear
20 the cost of ocean transportation incurred pursuant to agree-
21 ments entered into after December 31, 1966, only to the ex-
22 tent that such charges are higher (than would otherwise be
23 the case) by reason of a requirement that the commodities
24 be transported in United States-flag vessels. Dollar credit

1 terms may be extended for the balance of such transporta-
2 tion charges for transportation in United States vessels on
3 the same terms as those provided in section 104 for dollar
4 credit sales.

5 SEC. 107. Agreements shall not be entered into under
6 this title during any calendar year which will call for an ap-
7 propriation to reimburse the Commodity Credit Corporation
8 in an amount in excess of \$2,500,000,000, plus any amount
9 by which agreements entered into in prior years under this
10 title or title I of the Agricultural Trade Development and
11 Assistance Act of 1954, as amended, have called or will
12 call for appropriations to reimburse the Commodity Credit
13 Corporation in amounts less than authorized for such prior
14 years.

15 TITLE II

16 SEC. 201. The President is authorized to determine re-
17 quirements and furnish agricultural commodities, on behalf
18 of the people of the United States of America, to meet
19 famine or other urgent or extraordinary relief requirements;
20 to combat malnutrition, especially in children; to promote
21 economic and community development in developing areas;
22 and to provide assistance for needy persons and for nonprofit
23 school lunch and preschool feeding programs outside the
24 United States. The Commodity Credit Corporation shall

1 make available to the President such agricultural commodi-
2 ties determined to be available under section 301 as he may
3 request.

4 SEC. 202. The President may furnish commodities for
5 the purposes set forth in section 201 through such agencies,
6 private or public, including intergovernmental organizations
7 such as the world food program and other multilateral
8 organizations, in such manner and upon such terms and con-
9 ditions as he deems appropriate. The President shall to the
10 maximum extent practicable make use of the facilities of
11 nonprofit voluntary relief agencies registered with, and ap-
12 proved by, the Advisory Committee on Voluntary Foreign
13 Aid. Insofar as practicable, all commodities furnished here-
14 under shall be clearly identified by appropriate marking on
15 each package or container in the language of the locality
16 where they are distributed as being furnished by the people
17 of the United States of America. The assistance to needy
18 persons shall insofar as practicable be directed toward com-
19 munity and other self-help activities designed to alleviate
20 the causes of the need for such assistance. Except in the
21 case of emergency, the President shall take reasonable pre-
22 caution to assure that commodities furnished hereunder will
23 not displace or interfere with sales which might otherwise
24 be made.

1 SEC. 203. The Commodity Credit Corporation may, in
2 addition to the cost of acquisition, pay with respect to com-
3 modities made available under this title costs for packaging,
4 enrichment and fortification; processing, transportation,
5 handling and other incidental costs up to the time of their
6 delivery, free on board, vessels in United States ports; ocean
7 freight charges from United States ports to designated ports
8 of entry abroad, or, in the case of landlocked countries,
9 transportation from United States ports to designated points
10 of entry abroad; and charges for general average contribu-
11 tions arising out of the ocean transport of commodities trans-
12 ferred pursuant hereto.

13 SEC. 204. Programs of assistance shall not be under-
14 taken under this title during any calendar year which call
15 for an appropriation of more than \$800,000,000 to reim-
16 burse the Commodity Credit Corporation for all costs in-
17 curred in connection with such programs (including the
18 Corporation's investment in commodities made available)
19 plus any amount by which programs of assistance under-
20 taken in the preceding calendar year have called or will call
21 for appropriations to reimburse the Commodity Credit Cor-
22 poration less than were authorized for such purpose during
23 such preceding year by this title or by title II of the Agri-
24 cultural Trade Development and Assistance Act of 1954,

1 as amended. In addition to other funds available for such
2 purposes under any other Act, funds made available under
3 this title may be used in an amount not exceeding \$7,500,000
4 annually to purchase foreign currencies accruing under title
5 I of this Act or of the Agricultural Trade Development and
6 Assistance Act of 1954, as amended, in order to meet costs
7 (except the personnel and administrative costs of cooperating
8 sponsors, distributing agencies and recipient agencies, and
9 the costs of construction or maintenance of any church
10 owned or operated edifice or any other edifices to be used
11 for sectarian purposes) designed to assure that commodities
12 made available under this title are used to carry out effec-
13 tively the purposes for which such commodities are made
14 available or to promote community and other self-help activ-
15 ities designed to alleviate the causes of the need for such
16 assistance: *Provided, however,* That such funds shall be used
17 only to supplement and not substitute for funds normally
18 available for such purposes from other non-United States
19 Government sources.

20 TITLE III

21 SEC. 301. After consulting with other agencies of the
22 Government affected and within policies laid down by the
23 President for implementing this Act, and after taking into

1 account productive capacity, domestic requirements, farm
2 and consumer price levels, commercial exports, and adequate
3 carryover, the Secretary of Agriculture shall determine the
4 agricultural commodities and quantities thereof available
5 for disposition under this Act, and the commodities and
6 quantities thereof which may be included in the negotiations
7 with each country.

8 SEC. 302. The term "agricultural commodity" as used
9 in this Act shall include any product of an agricultural com-
10 modity.

11 SEC. 303. There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out this
13 Act including such amounts as may be required to make
14 payments to the Commodity Credit Corporation, to the
15 extent the Commodity Credit Corporation is not reimbursed
16 under section 305, for its actual costs incurred or to be
17 incurred.

18 SEC. 304. Notwithstanding any other provision of law,
19 the President may use or enter into agreements with foreign
20 countries or international organizations to use the foreign
21 currencies, including principal and interest from loan repay-
22 ments, which accrue in connection with sales of foreign cur-

1 rences under title I of this Act and title I of the Agricultural
2 Trade Development and Assistance Act of 1954, as amended,
3 for one or more of the following purposes:

4 (a) For payment of United States obligations; and

5 (b) For carrying out programs of United States
6 Government agencies to:

7 1. Help develop new markets and expand
8 existing markets for United States agricultural com-
9 modities. Provision shall be made in sale agree-
10 ments under title I and loan agreements under
11 subsection (f) for the convertibility of such amount
12 of the foreign currency proceeds thereof (not less
13 than 2 per centum) as the Secretary of Agriculture
14 determines to be needed to carry out the purpose
15 of this paragraph in those countries which are or
16 offer a reasonable potential of becoming dollar mar-
17 kets for United States agricultural commodities.
18 Such sums shall be converted into the types and
19 kinds of foreign currencies as the Secretary deems
20 necessary to carry out the provisions of this para-
21 graph;

22 2. Finance international educational and cul-
23 tural exchange activities under the programs author-
24 ized by the Mutual Educational and Cultural
25 Exchange Act of 1961 (22 U.S.C. 2451 et seq.):

3. Collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation;

4. Acquire by purchase, lease, rental or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

5. Finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books,

1 periodicals, and other materials are of cultural or
2 educational significance; (B) the registry, indexing,
3 binding, reproduction, cataloging, abstracting, trans-
4 lating, and dissemination of books, periodicals, and
5 related materials determined to have such signifi-
6 cance; and (C) the acquisition of such books,
7 periodicals, and other materials and the deposit
8 thereof in libraries and research centers in the
9 United States specializing in the areas to which
10 they relate;

11 (c) To procure equipment, materials, facilities, and
12 services for the common defense including internal
13 security;

14 (d) For assistance to meet emergency or extraor-
15 dinary relief requirements other than requirements for
16 food commodities;

17 (e) For use to the maximum extent under the pro-
18 cedures established by such agency as the President shall
19 designate for loans to United States business firms and
20 branches, subsidiaries, or affiliates of such firms for busi-
21 ness development and trade expansion in such coun-
22 tries and for loans to domestic or foreign firms for the
23 establishment of facilities for aiding in the utilization, dis-

1 tribution, or otherwise increasing the consumption of,
2 and markets for, United States agricultural products;

3 (f) To promote multilateral trade and economic de-
4 velopment, under procedures established by the Presi-
5 dent, by loans or by use in any other manner which the
6 President may determine to be in the national interest
7 of the United States;

8 (g) For the purchase of goods or services for other
9 friendly countries; and

10 (h) For sale for dollars to United States citizens
11 and nonprofit organizations for travel or other pur-
12 poses of currencies determined to be in excess of the
13 needs of departments and agencies of the United States
14 for such currencies.

15 *Provided*, That section 1415 of the Supplemental Appro-
16 priation Act shall apply to currencies used for the purposes
17 specified in subsections (a) and (b).

18 SEC. 305. Foreign currencies received pursuant to this
19 Act shall be deposited in a special account to the credit of
20 the United States and shall be used only pursuant to section
21 304, and any department or agency of the Government using
22 any of such currencies for a purpose for which funds have
23 been appropriated shall reimburse the Commodity Credit

1 Corporation in an amount equivalent to the dollar value
2 of the currencies used. The President shall utilize foreign
3 currencies received pursuant to this Act in such manner
4 as will, to the maximum extent possible, reduce any deficit
5 in the balance of payments of the United States.

6 SEC. 306. The programs of assistance undertaken pur-
7 suant to this Act shall be directed toward the attainment
8 of the foreign policy objectives and national interest of
9 the United States.

10 SEC. 307. The authority and funds provided by this
11 Act shall be utilized in a manner that will assist those
12 countries that are determined to help themselves toward
13 a greater degree of self-reliance in providing enough food
14 to meet the needs of their people.

15 SEC. 308. The President shall make a report to Con-
16 gress with respect to the activities carried out under this
17 Act at least once each year.

18 SEC. 309. No agreements to finance sales under title I
19 shall provide for delivery of commodities prior to January
20 1, 1967, and no assistance under title II shall be furnished
21 prior to January 1, 1967. No agreements to finance sales
22 under title I and no programs of assistance under title II
23 shall be undertaken after December 31, 1971.

1 SEC. 310. (a) The Agricultural Trade Development
2 and Assistance Act of 1954, as amended (7 U.S.C. 1691 et
3 seq.), is amended—

4 (1) by adding the following new section:

5 “SEC. 407. No agreement to finance sales, and no sales
6 agreement with the private trade, shall be entered into under
7 this title after December 31, 1966.”;

8 (2) by striking out section 308, effective January
9 1, 1967.

10 (b) Section 9 of the Act of September 6, 1958 (7
11 U.S.C. 1431b), is amended, effective January 1, 1967, by
12 deleting the symbol “(1)”, by changing the semicolon to a
13 period and by striking out all of the language in the section
14 after the semicolon.

15 (c) Section 709 of the Food and Agriculture Act of
16 1965 (7 U.S.C. 1446a-1), is amended, effective January
17 1, 1967, by striking out “foreign distribution”.

18 (d) Section 416 of the Agricultural Act of 1949, as
19 amended (7 U.S.C. 1431), is amended, effective January 1,
20 1967, by striking out the following: “and (4) to donate
21 any such food commodities in excess of anticipated dispo-
22 sition under (1), (2), and (3) above to nonprofit voluntary
23 agencies registered with the Committee on Voluntary For-

1 eign Aid of the Foreign Operations Administration or other
2 appropriate department or agency of the Federal Govern-
3 ment and intergovernmental organizations for use in the
4 assistance of needy persons and in nonprofit school lunch
5 programs outside the United States”; “and (4) above”; “,
6 in the case of commodities made available for use within
7 the United States, or their delivery free alongside ship or
8 free on board export carrier at point of export, in the case
9 of commodities made available for use outside the United
10 States”; and “The assistance to needy persons provided in
11 (4) above shall, insofar as practicable, be directed toward
12 community and other self-help activities designed to alleviate
13 the causes of the need for such assistance.”

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

By Mr. COOLEY

FEBRUARY 14, 1966

Referred to the Committee on Agriculture

89TH CONGRESS
2D SESSION

S. 2933

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17, 1966

Mr. ELLENDER (by request) introduced the following bill; which was read twice
and referred to the Committee on Agriculture and Forestry

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food for Freedom Act
4 of 1966".

5 SEC. 2. The Congress hereby declares it to be the policy
6 of the United States to expand international trade; to develop
7 and expand export markets for United States agricultural
8 commodities; to use the abundant agricultural productivity
9 of the United States to combat hunger and malnutrition and
10 to encourage economic development in the developing coun-

tries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

TITLE I

SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out international agreements to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, and the resources required to attain that objective;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a

rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), and (e) of section 304;

(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation;

(e) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on long-term development of new and expanding markets by encouraging economic growth; and

(f) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agri-

1 cultural commodities purchased under this title, without
2 specific approval of the President.

3 SEC. 104. Payment by any country for commodities
4 purchased for dollars on credit shall be upon terms as favor-
5 able to the United States as the economy of such country
6 will permit, and in any event no less favorable to the United
7 States than for development loans made under section 201
8 of the Foreign Assistance Act of 1961, as amended.

9 SEC. 105. In order to maximize sales under this title
10 through the private trade, the Secretary of Agriculture is
11 authorized to enter into sales agreements with foreign and
12 United States private trade under which he shall undertake
13 to provide for the delivery of agricultural commodities for
14 dollars on credit terms permitted under section 104. Any
15 agreement entered into hereunder with the private trade
16 shall provide for the furnishing of such security as the Sec-
17 retary determines necessary to provide reasonable and ade-
18 quate assurance of payment of the amount due.

19 SEC. 106. The Commodity Credit Corporation may bear
20 the cost of ocean transportation incurred pursuant to agree-
21 ments entered into after December 31, 1966, only to the
22 extent that such charges are higher (than would other-
23 wise be the case) by reason of a requirement that the
24 commodities be transported in United States-flag vessels.

1 Dollar credit terms may be extended for the balance of
2 such transportation charges for transportation in United
3 States vessels on the same terms as those provided in section
4 104 for dollar credit sales.

5 SEC. 107. Agreements shall not be entered into under
6 this title during any calendar year which will call for an ap-
7 propriation to reimburse the Commodity Credit Corporation
8 in an amount in excess of \$2,500,000,000, plus any amount
9 by which agreements entered into in prior years under this
10 title or title I of the Agricultural Trade Development and
11 Assistance Act of 1954, as amended, have called or will
12 call for appropriations to reimburse the Commodity Credit
13 Corporation in amounts less than authorized for such prior
14 years.

15 TITLE II

16 SEC. 201. The President is authorized to determine
17 requirements and furnish agricultural commodities, on behalf
18 of the people of the United States of America, to meet
19 famine or other urgent or extraordinary relief requirements;
20 to combat malnutrition, especially in children; to promote
21 economic and community development in developing areas;
22 and to provide assistance for needy persons and for nonprofit
23 school lunch and preschool feeding programs outside the
24 United States. The Commodity Credit Corporation shall

1 make available to the President such agricultural commodi-
2 ties determined to be available under section 301 as he may
3 request.

4 SEC. 202. The President may furnish commodities for
5 the purposes set forth in section 201 through such agencies,
6 private or public, including intergovernmental organizations
7 such as the World Food Program and other multilateral
8 organizations, in such manner and upon such terms and con-
9 ditions as he deems appropriate. The President shall to the
10 maximum extent practicable make use of the facilities of
11 nonprofit voluntary relief agencies registered with, and ap-
12 proved by, the Advisory Committee on Voluntary Foreign
13 Aid. Insofar as practicable, all commodities furnished here-
14 under shall be clearly identified by appropriate marking on
15 each package or container in the language of the locality
16 where they are distributed as being furnished by the people
17 of the United States of America. The assistance to needy
18 persons shall insofar as practicable be directed toward com-
19 munity and other self-help activities designed to alleviate
20 the causes of the need for such assistance. Except in the
21 case of emergency, the President shall take reasonable pre-
22 caution to assure that commodities furnished hereunder will
23 not displace or interfere with sales which might otherwise
24 be made.

1 SEC. 203. The Commodity Credit Corporation may, in
2 addition to the cost of acquisition, pay with respect to com-
3 modities made available under this title costs for packaging,
4 enrichment, and fortification; processing, transportation,
5 handling, and other incidental costs up to the time of their
6 delivery free on board vessels in United States ports; ocean
7 freight charges from United States ports to designated ports of
8 entry abroad, or, in the case of landlocked countries, trans-
9 portation from United States ports to designated points of
10 entry abroad; and charges for general average contributions
11 arising out of the ocean transport of commodities transferred
12 pursuant thereto.

13 SEC. 204. Programs of assistance shall not be under-
14 taken under this title during any calendar year which call
15 for an appropriation of more than \$800,000,000 to reim-
16 burse the Commodity Credit Corporation for all costs in-
17 curred in connection with such programs (including the
18 Corporation's investment in commodities made available)
19 plus any amount by which programs of assistance undertaken
20 in the preceding calendar year have called or will call for
21 appropriations to reimburse the Commodity Credit Corpora-
22 tion less than were authorized for such purpose during such
23 preceding year by this title or by title II of the Agricultural
24 Trade Development and Assistance Act of 1954, as amended.

1 In addition to other funds available for such purposes under
2 any other Act, funds made available under this title may
3 be used in an amount not exceeding \$7,500,000 annually
4 to purchase foreign currencies accruing under title I of this
5 Act or of the Agricultural Trade Development and Assist-
6 ance Act of 1954, as amended, in order to meet costs (except
7 the personnel and administrative costs of cooperating spon-
8 sors, distributing agencies, and recipient agencies, and the
9 costs of construction or maintenance of any church owned
10 or operated edifice or any other edifices to be used for sec-
11 tarian purposes) designed to assure that commodities made
12 available under this title are used to carry out effectively the
13 purposes for which such commodities are made available or
14 to promote community and other self-help activities designed
15 to alleviate the causes of the need for such assistance: *Pro-*
16 *vided, however,* That such funds shall be used only to sup-
17 plement and not substitute for funds normally available for
18 such purposes from other non-United States Government
19 sources.

20

TITLE III

21

22 SEC. 301. After consulting with other agencies of the
23 Government affected and within policies laid down by the
24 President for implementing this Act, and after taking into
account productive capacity, domestic requirements, farm

1 and consumer price levels, commercial exports, and adequate
2 carryover, the Secretary of Agriculture shall determine the
3 agricultural commodities and quantities thereof available for
4 disposition under this Act, and the commodities and quanti-
5 ties thereof which may be included in the negotiations with
6 each country.

7 SEC. 302. The term "agricultural commodity" as used
8 in this Act shall include any product of an agricultural
9 commodity.

10 SEC. 303. There are hereby authorized to be appro-
11 priated such sums as may be necessary to carry out this Act
12 including such amounts as may be required to make pay-
13 ments to the Commodity Credit Corporation, to the extent
14 the Commodity Credit Corporation is not reimbursed under
15 section 305, for its actual costs incurred or to be incurred.

16 SEC. 304. Notwithstanding any other provision of law,
17 the President may use or enter into agreements with foreign
18 countries or international organizations to use the foreign
19 currencies, including principal and interest from loan repay-
20 ments, which accrue in connection with sales for foreign
21 currencies under title I of this Act and title I of the Agri-
22 cultural Trade Development and Assistance Act of 1954, as
23 amended, for one or more of the following purposes:

24 (a) For payment of United States obligations; and

1 (b) For carrying out programs of United States Gov-
2 ernment agencies to—

3 1. Help develop new markets and expand existing
4 markets for United States agricultural commodities.
5 Provision shall be made in sale agreements under title
6 I and loan agreements under subsection (f) for the
7 convertibility of such amount of the foreign currency
8 proceeds thereof (not less than 2 per centum) as the
9 Secretary of Agriculture determines to be needed to
10 carry out the purpose of this paragraph in those countries
11 which are or offer a reasonable potential of becoming
12 dollar markets for United States agricultural commodities.
13 Such sums shall be converted into the types and kinds
14 of foreign currencies as the Secretary deems necessary
15 to carry out the provisions of this paragraph;

16 2. Finance international educational and cultural
17 exchange activities under the programs authorized by
18 the Mutual Educational and Cultural Exchange Act of
19 1961 (22 U.S.C. 2451 et seq.).

20 3. Collect, collate, translate, abstract, and dissemi-
21 nate scientific and technological information and conduct
22 research and support scientific activities overseas includ-
23 ing programs and projects of scientific cooperation be-
24 tween the United States and other countries such as
25 coordinated research against diseases common to all of

1 mankind or unique to individual regions of the globe,
2 and promote and support programs of medical and scien-
3 tific research, cultural and educational development,
4 health, nutrition, and sanitation;

5 4. Acquire by purchase, lease, rental or otherwise,
6 sites and buildings and grounds abroad, for United States
7 Government use including offices, residence quarters,
8 community and other facilities, and construct, repair
9 alter and furnish such buildings and facilities;

10 5. Finance under the direction of the Librarian of
11 Congress, in consultation with the National Science
12 Foundation and other interested agencies, (A) pro-
13 grams outside the United States for the analysis and
14 evaluation of foreign books, periodicals, and other mate-
15 rials to determine whether they would provide informa-
16 tion of technical or scientific significance in the United
17 States and whether such books, periodicals, and other
18 materials are of cultural or educational significance; (B)
19 the registry, indexing, binding, reproduction, cataloging,
20 abstracting, translating, and dissemination of books,
21 periodicals, and related materials determined to have
22 such significance; and (C) the acquisition of such books,
23 periodicals, and other materials and the deposit thereof
24 in libraries and research centers in the United States
25 specializing in the areas to which they relate;

1 (c) To procure equipment, materials, facilities, and
2 services for the common defense including internal security;

3 (d) For assistance to meet emergency or extraordinary
4 relief requirements other than requirements for food com-
5 modities;

6 (e) For use to the maximum extent under the proce-
7 dures established by such agency as the President shall des-
8 ignate for loans to United States business firms and branches,
9 subsidiaries, or affiliates of such firms for business develop-
10 ment and trade expansion in such countries and for loans to
11 domestic or foreign firms for the establishment of facilities
12 for aiding in the utilization, distribution, or otherwise in-
13 creasing the consumption of, and markets for, United States
14 agricultural products;

15 (f) To promote multilateral trade and economic devel-
16 opment, under procedures established by the President, by
17 loans or by use in any other manner which the President
18 may determine to be in the national interest of the United
19 States;

20 (g) For the purchase of goods or services for other
21 friendly countries; and

22 (h) For sale for dollars to United States citizens and
23 nonprofit organizations for travel or other purposes of
24 currencies determined to be in excess of the needs of

1 departments and agencies of the United States for such
2 currencies: *Provided*, That section 1415 of the Supplemental
3 Appropriation Act shall apply to currencies used for the
4 purposes specified in subsections (a) and (b).

5 SEC. 305. Foreign currencies received pursuant to this
6 Act shall be deposited in a special account to the credit of
7 the United States and shall be used only pursuant to section
8 304, and any department or agency of the Government
9 using any of such currencies for a purpose for which funds
10 have been appropriated shall reimburse the Commodity
11 Credit Corporation in an amount equivalent to the dollar
12 value of the currencies used. The President shall utilize
13 foreign currencies received pursuant to this Act in such
14 manner as will, to the maximum extent possible, reduce
15 any deficit in the balance of payments of the United States.

16 SEC. 306. The programs of assistance undertaken pur-
17 suant to this Act shall be directed toward the attainment
18 of the foreign policy objectives and national interest of the
19 United States.

20 SEC. 307. The authority and funds provided by this
21 Act shall be utilized in a manner that will assist those coun-
22 tries that are determined to help themselves toward a greater
23 degree of self-reliance in providing enough food to meet the
24 needs of their people.

1 SEC. 308. The President shall make a report to Con-
2 gress with respect to the activities carried out under this
3 Act, at least once each year.

4 SEC. 309. No agreements to finance sales under title I
5 shall provide for delivery of commodities prior to January 1,
6 1967, and no assistance under title II shall be furnished prior
7 to January 1, 1967. No agreements to finance sales under
8 title I and no programs of assistance under title II shall be
9 undertaken after December 31, 1971.

10 SEC. 310. (a) The Agricultural Trade Development
11 and Assistance Act of 1954, as amended (7 U.S.C. 1691
12 et seq.), is amended—

13 (1) by adding the following new section:

14 “SEC. 407. No agreement to finance sales, and no sales
15 agreement with the private trade, shall be entered into under
16 this title after December 31, 1966.”;

17 (2) by striking out section 308, effective January
18 1, 1967.

19 (b) Section 9 of the Act of September 6, 1958 (7
20 U.S.C. 1431b), is amended, effective January 1, 1967, by
21 deleting the symbol “(1)”, by changing the semicolon to
22 a period and by striking out all of the language in the section
23 after the semicolon.

24 (c) Section 709 of the Food and Agriculture Act of

1 1965 (7 U.S.C. 1446a-1), is amended, effective January
2 1, 1967, by striking out "foreign distribution".

3 (d) Section 416 of the Agricultural Act of 1949, as
4 amended (7 U.S.C. 1431), is amended, effective January 1,
5 1967, by striking out the following: "and (4) to donate any
6 such food commodities in excess of anticipated disposition under
7 (1), (2), and (3) above to nonprofit voluntary agencies
8 registered with the Committee on Voluntary Foreign Aid of
9 the Foreign Operations Administration or other appropriate
10 department or agency of the Federal Government and inter-
11 governmental organizations for use in the assistance of needy
12 persons and in nonprofit school lunch programs outside the
13 United States"; "and (4) above"; " , in the case of com-
14 modities made available for use within the United States, or
15 their delivery free alongside ship or free on board export
16 carrier at point of export, in the case of commodities made
17 available for outside the United States"; and "The assistance
18 to needy persons provided in (4) above shall, insofar as
19 practicable be directed toward community and other self-
20 help activities designed to alleviate the causes of the need
21 for such assistance."

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

By Mr. ELLENDER

FEBRUARY 17, 1966

Read twice and referred to the Committee on
Agriculture and Forestry

Nathan M. Koffsky, of Maryland, to be a member of the Board of Directors of the Commodity Credit Corporation.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LAUSCHE:

S. 2931. A bill for the relief of Nicolae Calinescu; to the Committee on the Judiciary.

By Mr. ELLENDER (by request):

S. 2932. A bill to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes; and

S. 2933. A bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. ELLENDER when he introduced the above bills, which appear under separate headings.)

By Mr. ELLENDER (for himself, Mr. BASS, Mr. COOPER, Mr. MCGOVERN, and Mr. RUSSELL of South Carolina):

S. 2934. A bill to provide needed additional means for the residents of rural America to achieve equality of opportunity by authorizing the making of grants for comprehensive planning for public services and development in Community Development Districts designated by the Secretary of Agriculture; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. ELLENDER when he introduced the above bill, which appear under a separate heading.)

By Mr. JAVITS:

S. 2935. A bill to authorize grants under section 701 of the Housing Act of 1954 to encourage regional solutions to transportation problems which transcend State boundaries, to authorize grants under the Mass Transportation Act of 1964 on a temporary basis to help defray operating deficits incurred in commuter service, and for other purposes; to the Committee on Banking and Currency.

(See the remarks of Mr. JAVITS when he introduced the above bill, which appear under a separate heading.)

By Mr. MCGEE:

S. 2936. A bill for the relief of Maria Bercera Gestal; to the Committee on the Judiciary.

By Mr. COTTON:

S. 2937. A bill for the relief of Norman A. Sargent; and

S. 2938. A bill for the relief of Mary Louise Pierce; to the Committee on the Judiciary.

By Mr. BASS:

S. 2939. A bill to amend the Tennessee Valley Authority Act of 1933 to prohibit State and local taxation of electric power produced by the Tennessee Valley Authority; to the Committee on Public Works.

(See the remarks of Mr. BASS when he introduced the above bill, which appear under a separate heading.)

By Mr. NELSON:

S. 2940. A bill to coordinate and improve the waste management activities of the Federal Government and of other Government and private organizations; to the Committee on Public Works.

(See the remarks of Mr. NELSON when he introduced the above bill, which appear under a separate heading.)

RESERVE AGRICULTURAL COMMODITIES TO PROTECT CONSUMERS

Mr. ELLENDER. Mr. President, I send to the desk a bill to authorize the Commodity Credit Corporation to estab-

lish and maintain reserves of agricultural commodities to protect consumers, and for other purposes. I also send to the desk a short analysis of the bill, which I ask unanimous consent to have printed in the RECORD.

I wish to announce that hearings on this bill will be held at the same time as those on the bill for food for freedom.

The PRESIDING OFFICER (Mr. McGEE in the chair). The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 2932) to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers and for other purposes, introduced by Mr. ELLENDER, by request, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The analysis presented by Mr. ELLENDER is as follows:

SHORT ANALYSIS OF BILL AUTHORIZING COMMODITY CREDIT CORPORATION TO ESTABLISH AND MAINTAIN RESERVES OF AGRICULTURAL COMMODITIES TO PROTECT CONSUMERS, AND FOR OTHER PURPOSES

Section 201(a) of the Agricultural Act of 1936 requires the Commodity Credit Corporation to dispose of all stocks of agricultural commodities held by it, as rapidly as possible consistent with its existing authority, the operation of the price support program, and orderly marketing.

The attached bill would authorize the establishment and maintenance of reserves of agricultural commodities primarily to assure a continuous, adequate, and stable supply to meet domestic requirements at fair and reasonable prices, and also to meet the requirements of commercial exports, the food for freedom program, and domestic feeding.

The Commodity Credit Corporation would be authorized to reserve such commodities acquired under price support operations and to procure such commodities for the purpose of the reserve as the Secretary may direct.

The commodities to be reserved and the reserve quantities for each marketing year would be determined by the Secretary of Agriculture after consultation with other interested agencies and would be announced in advance of the marketing year.

The Secretary would be authorized to adjust support prices, acreage allotments and marketing quotas to achieve the production necessary to establish and maintain reserves.

Commodities in the reserve would be available for disposal through sales, barter, donations, and redemption of payment-in-kind certificates. Sales would be made under the price restrictions of existing law. Sales for foreign currencies or upon long-term conditions would be made subject to provisions of the Food for Freedom Act of 1966.

The domestic donations which may be made are those in which can be made under current authority. Foreign donations would be made pursuant to the provisions of other law with respect to such donations. Disposal through barter would be pursuant to other authority available to the Commodity Credit Corporation with respect to such transactions.

FOOD FOR FREEDOM

Mr. ELLENDER. Mr. President, I send to the desk, for appropriate reference, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further eco-

nomie development, and for other purposes.

I wish to give notice that the Committee on Agriculture and Forestry, which will have this bill, will begin hearings on the bill on March 1, 1966. I send to the desk a short explanation of the purposes of the bill, and ask that it be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the explanation will be printed in the RECORD.

The bill (S. 2933) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, introduced by Mr. ELLENDER, by request, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The explanation presented by Mr. ELLENDER is as follows:

SHORT EXPLANATION OF BILL

The bill authorizes a 5-year program for furnishing food aid abroad to replace Public Law 480 when it expires on December 31, 1966.

It eliminates the surplus requirement, providing that commodities to be furnished would be those determined to be available by the Secretary of Agriculture, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

Programs of assistance undertaken pursuant to the new legislation would be directed toward attaining self-help on the part of the recipient countries particularly with respect to meeting needs for food.

Emphasis is placed on the development of markets for American farm products.

The program would continue to be financed under the Commodity Credit Corporation.

TITLE I

This title authorizes the sale of agricultural commodities both for foreign currencies and for dollars on credit terms. The bill enunciates a policy of shifting from foreign currency sales to dollar credit sales at a progressive rate in order that the transition to dollar sales can be completed by December 31, 1971, except for U.S. requirements.

The bill limits agreements under this title during any year to \$2.5 billion plus unused authorizations from prior years.

TITLE II

This title authorizes the donation of agricultural commodities for such purposes as to meet emergency food needs for victims of disasters, to provide food-for-work community development programs, and to carry out the U.S. pledge to the world food program.

The policy of furnishing this type of aid through nonprofit voluntary relief agencies to the maximum extent practicable is re-emphasized.

Programs of assistance under this title during any year are limited to \$800 million plus unused authorizations from prior years.

TITLE III

This title provides that currencies which accrue from foreign currency sales shall be deposited to the credit of the United States and shall be used for specified purposes. Among the purposes authorized are: to finance U.S. expenses abroad, to develop new markets for U.S. agricultural commodities, to procure military equipment for common defense, to promote economic development, to finance educational exchange programs, to make loans to U.S. firms for business development and trade expansion, and to finance research.

RURAL POVERTY PROGRAM

Mr. ELLENDER. Mr. President, I introduce, for appropriate reference, in behalf of myself, Mr. BASS, Mr. COOPER, Mr. McGOVERN, and Mr. RUSSELL of South Carolina, a bill to provide needed additional means for the residents of rural America to achieve equality of opportunity, by authorizing the making of grants for comprehensive planning for public services and development in community development districts designated by the Secretary of Agriculture. Hearings on this bill will begin on March 9 of this year.

I ask unanimous consent that the bill remain at the desk for a period of 1 week, so that others who may desire to join as cosponsors may do so.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be received and appropriately referred.

The bill (S. 2934) to provide needed additional means for the residents of rural America to achieve equality of opportunity by authorizing the making of grants for comprehensive planning for public services and development in community development districts designated by the Secretary of Agriculture, introduced by Mr. ELLENDER (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

Mr. ELLENDER. I ask unanimous consent to have printed in the RECORD the President's message on the subject, as well as a staff explanation, and an analysis of the bill.

There being no objection, the message from the President, explanation and analysis presented by Mr. ELLENDER are as follows:

RURAL POVERTY PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING THE RURAL POVERTY PROGRAM

To the Congress of the United States:

Last year in my message on agriculture I described poverty's grip on rural America: Nearly half of the poor in the United States live in rural areas.

Almost one in every two rural families has a cash income under \$3,000.

One-fourth of rural nonfarm homes are without running water.

Rural people lag almost 2 years behind urban residents in educational attainment.

Health facilities in rural areas are so inadequate that rural children receive one-third less medical attention than urban children.

These deficiencies persist in 1966. Their effect is grievous on urban America—the recipient of millions of unskilled migrants from rural areas in the past two decades. It is tragic on the rundown farms and impoverished communities that still house 4.4 million poor rural families.

ADMINISTRATIVE ACTIONS

Last year I directed—

Each department and agency administering a program that could benefit rural people, to assure that its benefits were distributed equitably between urban and rural areas.

The Secretary of Agriculture and the Director of the Budget to review the administrative obstacles that might stand in the way of such a distribution.

The Secretary of Agriculture to put his field offices to the task of assisting other Federal agencies in making their programs effective in rural areas.

As a result, the Rural Community Development Service was created and charged with assuring that the Department made that assistance available.

This mission of the Department is now firmly established in practice. Its field personnel are active in informing rural people of their eligibility for Medicare, and of its requirements. They work with the Economic Development Administration in planning and encouraging new rural industrial developments. In several pilot counties, concerted projects are underway. The Departments of Labor, Health, Education, and Welfare, and Agriculture are joined in a common effort to bring social services to poor rural communities. The water and sewer facilities program has been simplified. They have been made more responsive to the needs of small towns and communities.

The Office of Economic Opportunity has increased its efforts in rural areas. Community action programs are underway in a number of rural counties—supporting community action planning; providing remedial reading courses, vocational instruction, and adult education; and assisting small cooperatives to acquire farm machinery.

These programs have inspired a new sense of hope among the rural Americans who have experienced them.

More—much more—needs to be done if their effects are to reach the dispersed but very real pockets of rural poverty throughout America.

THE NEED FOR PLANNING

Legislation enacted by the first session of this Congress, and in prior years, provides the means for a massive attack on poverty in America.

But—even with the help of these great new programs—too few rural communities are able to marshal sufficient physical, human, and financial resources to achieve a satisfactory level of social and economic development.

The central advantage of the city has been a large and concentrated population to provide the leadership and technical capability. This leadership can achieve economies of scale in operations, to provide adequate public services and facilities for its people.

On the other hand, it is difficult, if not impossible, for every small hamlet to offer its own complete set of public services. Nor is it economic for the small city to try to achieve metropolitan standards of service, opportunity, and culture, without relation to its rural environs.

The related interests of each need to be taken into account in planning for the public services and economic development of the wider community. In this way the benefits of creative federalism can be brought to our rural citizens—in small cities as well as its rural neighbors.

WHAT MIGHT BE DONE

The base exists for such coordinated planning.

New communities are coming into being—stimulated by advanced means of travel and communications. Because of these it is possible to extend to people in the outlying rural areas a richer variety of public services, and of economic and cultural opportunities.

Resources must be combined—in larger areas, as well as rural and small urban communities. In a population base large enough to support a full range of efficient and high-quality public services and facilities, we can achieve the conditions necessary for economic and social advance.

THE DIMENSIONS OF THE COMMUNITIES

The dimensions of an area within which residents should join to carry out integrated planning are likely to be already marked by the trading or commuting patterns.

In most such communities, the total population will be large enough, with enough

potential users of each essential service, to justify employing competent full-time resident specialists in medical services, schools, and the like. In some such communities, where towns of even 10,000 are scarce, it may be more practical to provide major services to people at the outer limits through mobile facilities.

BENEFITS OF PLANNING

Coordinated planning can stimulate economic growth.

It can provide the economies of efficient public services—which attract business and industry.

It can make possible adequate vocational training. Rural workers who lack present job opportunities can become qualified for work in new and expanding industries within reach of their homes or farms.

It can provide the schools to spare young children the fate of their fathers. Seventy-two percent of all poor rural families today are headed by persons who have finished only 8 years of schooling or less.

It can greatly enlarge the effectiveness of public and private resources.

It can insure that programs will comprise a logical and comprehensive effort to solve the community's interrelated problems at minimum cost.

It can bring us closer to achieve a more beautiful, more livable rural America. An increasing combination of local, State, and Federal resources is already beginning to transform the countryside. This cooperation is making multiple uses possible—for production, for outdoor recreation, and for the restoration of natural beauty. Planning can help make this beneficence a part of the lives of millions of urban Americans.

Above all, planning is an affirmative act. It signifies the willingness of rural men and women to make their part of America a place of hope. Rural America need not be a wasteland from which the young, however ill prepared, flee to the cities. It does not have to be a place where live only those too old, too poor, too defeated to seek other horizons.

COMMUNITY DEVELOPMENT DISTRICTS

I propose that we show how broad-based planning can inspire the people of rural America to unite the resources of their rural governments and small cities.

I propose this union to improve the quality of life for the citizens of both.

I propose that we assist in the establishment of a number of community development districts to carry out, under local initiative, such comprehensive planning.

The boundaries of community development districts will correspond to the normal commuting or trading patterns of the rural and city residents.

Planning activities for the district will be performed under the direction of representatives selected by each of the participating county or municipal governments. They will be responsible for planning the coordination of all governmental development and service functions within the district.

Federal grants would be provided:

(1) For districtwide planning of public services and governmental functions where other Federal planning assistance is not available; and

(2) For districtwide coordination of local planning activities with Federal programs and private initiatives, in a comprehensive attack on rural community problems.

The Secretary of Agriculture will certify that the area has met the requirements for designation as a community development district. Selection of the pilot districts will be made to afford experience in a representative variety of geographic, economic, and social conditions. Funds will be requested to augment those presently available for planning grants.

Federal assistance would help to support coordinated and comprehensive planning for

all public services, development programs, and governmental functions within the district; a continuing liaison with Federal and State agencies; and a comprehensive survey of resources and needs within the district, such as labor skills, industrial sites, land and water resources, health care, education, cultural opportunities, and public services.

Thus the scope of planning to be supported would extend beyond physical development. It would encompass as well the social and economic needs of the area, and its potential for growth.

Each agency of the Government charged with administering a program relevant to these needs will be requested to cooperate with the community development districts. For example, a comprehensive survey of medical conditions in the area would be undertaken by the Department of Health, Education, and Welfare. The Teacher Corps—which I again urge the Congress to support at a level commensurate with its promise—would be asked to make teams available for the districts. The Department of Agriculture will offer a concerted emphasis in its resource development programs within the pilot districts.

The purpose of the planning effort I recommend is to assist these districts to achieve significant economies of scale and rational use of resources. This achievement can lift them, and their peoples, above their present level of development.

Our purpose is to demonstrate how a common effort can provide the needed district vocational school in one county, the hospital in another, the police training in a third, industry or an adequate library in a fourth. This effort can avoid the waste of duplication—or worse still, the total lack of such facilities or services because of a failure to pool common resources.

Our purpose is not to supplant present efforts of local, State, or Federal governments. Our purpose is to supplement them. Then we do not forsake the small community, but help to avoid underrepresentation in decisions that affect its life.

MEDICAL NEEDS

Rural families share with the urban poor a greater need for modern medical services. Infant mortality and infectious-disease rates are higher, life expectancy is lower, and the need for chronic-illness care is just as prevalent. Yet rural families have had less access to physicians, with rural States averaging only a third the number of physicians per person as he heavily populated urban States. The continuing decline in the per capita number of physicians, therefore, strikes harder at rural families.

The beneficial effects of recent legislation, providing for more extensive professional relationship between rural hospitals and urban medical centers; the improved schooling that will soon be available in rural areas; improved roads and transportation—all will reduce the difficulty in recruiting physicians for rural areas by increasing the professional and educational opportunities available to them.

Nevertheless, we are not recruiting sufficient numbers of medical students from the families of the urban poor and rural areas. We need a financial incentive that will make it possible for children of these families to undertake a medical career. At the same time we need to draw upon medical students from other areas to settle in rural medical practice.

I shall soon propose, therefore, that a loan forgiveness program modeled upon the National Defense Education Act Amendments of 1965 be applied to medical students who choose to practice in poor rural areas.

RURAL POVERTY

The efforts of five administrations have provided some relief for hundreds of thousands of poor families who remain on small

farms and in rural communities. Yet the old task remains undone: to end the travail of unemployed and underemployed men; to teach their children the skills they must have to prosper in a competitive society; to provide enough food, adequate shelter, and decent medical care for their families; and to help them achieve freedom from want and fear in their later years.

I do not believe we should stand idly by and permit our rural citizens to be ground into poverty—exposing them, unassisted and unencouraged, to the neglect of a changing society. Few other elements of our population are so treated by our humane and progressive people.

Yet I believe we need the counsel of those best qualified by experience and understanding of rural America's problems, to help us chart our course of assistance to her poor.

Consequently, I shall soon appoint a Commission on Rural Poverty, whose task it will be to make recommendations to me, within 1 year of its appointment, on the most efficient and promising means of sharing America's abundance with those who have too often been her forgotten people.

Rural poverty has proved an almost intractable problem in past decades. Its abolition may require a journey of a thousand miles.

But the first step in that journey is the pooling of the common resources of rural Americans—joining them in a common planning effort that will magnify the resources of each.

In the program I propose, I ask the Congress to take that step with me today.

LYNDON B. JOHNSON.

THE WHITE HOUSE, January 25, 1966.

S. 2934

A bill to provide needed additional means for the residents of rural America to achieve equality of opportunity by authorizing the making of grants for comprehensive planning for public services and development in designated community development districts designated by the Secretary of Agriculture

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Community Development District Act of 1966".

SEC. 2. It is the purpose of this Act (1) to provide the means for more equitable participation by rural residents in coordinated planning activities and decisions; (2) to increase efficiency in the use of resources; (3) to provide full representation of smaller governmental units in the planning activities and decisions which affect their residents, so that existing and future programs can be made more effective in providing in rural America equality of opportunity; (4) to improve the relationships between and the welfare of both urban and rural people; and (5) to facilitate the cooperation among all Federal, State, and local agencies in establishing multi-county community development districts to better coordinate the planning of programs to improve rural life.

SEC. 3. The Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, may designate as a community development district (hereafter called "district") any area that has been so delineated by the State agency specified by the Governor or legislature of the State, or any other area if such designation is not in conflict with the action of such State agency, where he finds that the area encompassed within the district includes a county or municipal government having jurisdiction over a commuting center, or two or more centers within convenient daily commuting distance of each other, and the surrounding territory within convenient daily commuting distance of such centers. The district may include such other territory

beyond convenient daily commuting distance of such centers within which the residents are dependent upon such centers as their usual source of some or all of the goods and services generally secured by daily commuting. "Convenient daily commuting distance" means such distance and direction as residents normally commute for their day-to-day commercial, vocational, public service, social, and cultural pursuits.

SEC. 4. (a) Upon designation of a district by the Secretary of Agriculture, a community development district planning agency (hereafter called "agency") may be established in the district. The agency shall be established and governed by a board or commission (hereafter called "board") whose members are appointed by and responsible to the participating county or municipal governments having jurisdiction within the district. Representation on the board shall be reasonably related to the populations of the participating governmental jurisdictions, and the eligibility of county or municipal governments to participate shall be so established as to enable all citizens residing within the district to be represented on the board by the appointee of an elected government.

(b) "Participating" governments as used in this Act means those counties and municipalities which have authorized by official action of their governing bodies representation on the board and participation in the functions of the board.

SEC. 5. (a) Section 701 of the Housing Act of 1954, as amended, is amended by adding thereto the following:

"(h) Notwithstanding any other provisions of this section grants may be made by the Secretary of Housing and Urban Development to the planning agency of any community development district designated by the Secretary of Agriculture under the Community Development District Act of 1966 for comprehensive planning as defined in this section and in accordance with purposes of that Act. Such grants shall be in the amounts certified by the Secretary of Agriculture, as follows:

"(1) Not to exceed 75 per centum of the costs of salaries and expenses of the professional staff required for community development district program development planning, and for other planning of public services and other functions of the participating governments for which Federal planning grants are not otherwise available.

"(2) Planning incentive grants in an amount not to exceed 10 per centum of the amount of other Federal grants for planning purposes extended within the district.

"Grants provided under this subsection to the planning agency may be paid in whole or in part to participating governments for the use of the planning agency where this will facilitate the purposes of the Community Development District Act of 1966.

"For purposes of this subsection comprehensive planning may also include the undertaking of coordinated planning for public services and for all other governmental functions."

SEC. 6. The Administrator of any Federal assistance program having a requirement for planning as a condition of loan or grant assistance shall, before approval of such assistance, give consideration to the plans for the applicable district.

SEC. 7. The Secretary of Agriculture shall require, as a condition of extending planning assistance, that the board agree to give consideration to all other planning requirements under any other Federal program.

SEC. 8. Any agencies of the United States authorized to make grants, loans, or other assistance shall accord due and appropriate consideration to requests for assistance to carry out plans of districts. Upon request of a board, the Secretary of Agriculture may provide technical advice to applicants for such assistance in the development and im-

plementation of plans provided for in this Act.

SEC. 9. (a) The Secretary of Agriculture is authorized to delegate to the heads of other departments and agencies of the Federal Government such of his functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will, to the maximum extent permitted by other applicable laws, assist in carrying out the objectives of this Act.

SEC. 10. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SHORT STAFF EXPLANATION OF RURAL POVERTY BILL

The bill requested by the President in his message transmitting the rural poverty program provides for planning assistance to local areas. It would be called the Community Development District Act of 1966. Under it the Secretary of Agriculture, after consulting with the Secretary of Housing and Urban Development, could designate community development districts (generally within daily commuting distance of a center), if such action did not conflict with State action. A planning agency would be established for each district by a board consisting of representatives of county and municipal governments in the district.

Grants could then be made by the Secretary of Housing and Urban Development to the planning agency in amounts certified by the Secretary of Agriculture for—

1. Up to 75 percent of the professional staff cost required for development planning and planning of public services and functions for which Federal planning grants are not otherwise available; and

2. Planning incentive grants in an amount up to 10 percent of the amount of other Federal planning grants made within the district.

An analysis prepared by the Department of Agriculture is attached.

ANALYSIS OF THE COMMUNITY DEVELOPMENT DISTRICT ACT OF 1966

Sections 1 and 2: The purpose of this act is to help raise the quality of life and the level of opportunity in rural America to a par with our continually rising expectations of urban life by—

1. Providing the means for more equitable participation by rural residents in coordinated planning activities and decisions;

2. Increasing efficiency in the use of resources;

3. Providing full representation of smaller governmental units in the planning activities and decisions which affect their residents, so that existing and future programs can be made more effective in providing in rural America equality of opportunity;

4. Improving the relationships between and the welfare of both urban and rural people; and

5. Facilitating the cooperation among all Federal, State and local agencies in establishing multicounty community development districts to better coordinate the planning of programs to improve rural life.

Section 3: The Secretary of Agriculture would be authorized, after consulting with the Secretary of Housing and Urban Development, to designate community development districts. The boundaries of districts would be those delineated by the appropriate State planning agency, or not in conflict with action taken by such State agency.

This will have the important advantage of enabling the State planning agency to de-

velop a pattern for planning organization within the State that can be followed uniformly in planning for all State, local, and Federal governmental programs.

The guidelines for determining the boundaries of districts, in accordance with the standards specified in this bill, are likely to be already marked with considerable precision by the commuting patterns that have been drawn by rural and urban residents together as they drive to work, to shop, to college, to visit, and to medical, educational, vocational training, recreational, and cultural facilities. The commuting center is likely to be within 1 hour's driving time of most or all residents.

In such districts the total population will be large enough to insure enough users of each essential service to justify employing competent, full-time resident specialists to provide concerted medical and educational services. In some regions where towns of even 10,000 people are scarce, it is more practical to provide major services to people at the outer limits through mobile facilities rather than for them to commute.

No two districts, of course, will be identical. But a typical district can be thought of as having a small- or medium-sized city at the center, together with a circle of primarily rural counties within commuting range around it. Some districts might contain two or more urban centers. The rural counties will invariably contain several county-seat towns and smaller settlements. The distinguishing feature is that residents of the district normally and spontaneously carry on most of their resident-type activities within its limits.

Section 4: Upon designation of a district by the Secretary of Agriculture, a community development district planning agency may be established. It shall be governed by a board or commission whose members are appointed by the participating county or municipal governments. Representation on the board is to be reasonably related to population of the governmental jurisdictions participating. The eligibility of participating governments is to be established so that all residents within the district can be represented on the board, if an elected government having jurisdiction over them takes the necessary official action to participate in the functions of the planning agency. A participating government is defined as one that has taken official action to appoint a representative on the board and to participate in its functions.

Section 5: Section 5 would amend section 701 of the Housing Act of 1954, as amended, relating to community planning, by adding an additional subsection "h". The grants' program would be administered by the Department of Agriculture, but the funds granted are to be disbursed by the Secretary of Housing and Urban Development. The Secretary of Housing and Urban Development would make grants in the amounts and to district planning agencies certified by the Secretary of Agriculture, for funds authorized under the proposed legislation.

Grants would cover part of the cost of salaries and expenses of professional staffs needed to carry out comprehensive planning, as defined in section 701, as it would be amended by the Community Development District Act. Such grants would be available to cover—

1. Up to 75 percent of the professional staff cost for developing the district planning program, and for planning of other governmental functions and public services for which Federal planning grants are not otherwise available; and

2. Planning incentive grants in an amount up to 10 percent of other Federal planning grants made within the district.

Grants could be paid to the participating governments for use by the planning agency,

if this would facilitate district planning. This would enable district planning agencies to function in some States which may not now have legislative authority for county municipal governments to undertake such planning jointly.

For the purposes of this new provision, the term "comprehensive planning" under section 701 is broadened to include the undertaking of coordinated planning for public services and for all other governmental functions.

The regular section 701 planning grants, and the special planning grants under the proposed Community Development District Act of 1966, would be distinct and separate, but related, planning grant programs.

The present urban planning assistance program authorized by section 701 of the Housing Act of 1954, as amended, provides Federal grants to supplement State and local funds for the purpose of financing comprehensive and coordinated urban planning activities. This main thrust is to develop plans that would more adequately deal with the problems of smaller communities and related metropolitan areas arising from the expansion of urban and urbanizing areas, which in many instances, transcend political boundaries. The planning purposes are concerned with the pattern and intensity of land use and the provision of public facilities, including transportation, open space and recreation, housing, health, educational facilities, community development and urban renewal, and long-range fiscal plans for such development. These grants require the intergovernmental coordination of all related planning activities among the State and local governmental agencies concerned.

The present urban planning assistance program provides a maximum grant of two-thirds of the total cost of the urban planning project. If the locality is situated in Economic Development Administration redevelopment areas, or in areas in which there has occurred a substantial reduction in employment as a result of a decline in government employment or purchases, grants may amount to as much as 75 percent of the project cost, which is the amount that would be authorized under the Community Development District Act for districts designated by the Secretary of Agriculture. In addition, community development districts may get up to a maximum of a 10-percent of the amount of other grants within the district as an additional incentive grant.

Under the present section 701 authorities, counties (without regard to population) and multicounty agencies may receive planning grants. However, such grants are limited to use for plans for the development of public facilities, including transportation, land use, open space, recreation, etc., in the population centers.

The planning and development of public facilities in the main population centers of metropolitan and nonmetropolitan areas will contribute importantly to rural opportunities in the area. However, there is needed also an efficient means for the planning of programs for improved public services and governmental functions in predominantly rural areas. The broader scope of comprehensive planning for community development districts that would be provided by the proposed amendment to section 701 will permit predominantly rural local governments to participate in planning for the improvement and development of the natural resources, public facilities, and public services, with the commuting center cities upon which rural people must depend to an important extent.

Section 6: The bill would require the administrator of any Federal assistance program, having a requirement for planning as a condition of loan or grant assistance, to

give consideration to the plans of the applicable district before approving such aid. This would help to insure that federally aided projects within a district will conform to the districtwide plan.

Section 7: Requires the Secretary of Agriculture to condition planning assistance to districts upon the boards agreement to give consideration to the planning requirements of other Federal programs.

Section 8: Any Federal agency making grants, loans, or other assistance would be required to give consideration to requests for assistance needed to carry out a district's plan. Upon request of a district board, the Secretary of Agriculture would be authorized to give technical advice to applicants for such assistance, in the development and carrying out of projects conforming to the district's plans.

Section 9: The Secretary of Agriculture would receive the conventional authority to delegate his functions under this act to other Federal agencies. All Federal agencies would be required to exercise their functions, to the maximum extent permitted by other law, in such a manner as to assist in carrying out the objectives of this act.

Section 10: The bill would authorize appropriations needed for administering the provisions of this act.

REGIONAL SOLUTIONS TO CERTAIN TRANSPORTATION PROBLEMS

Mr. JAVITS. Mr. President, I send to the desk a bill to encourage regional solutions to mass transportation problems which transcend State boundaries, and to provide expanded Federal assistance to hard-pressed commuter services.

I ask unanimous consent that the bill may lie on the desk for 1 week for additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the bill seeks to encourage the regional approach in solving mass transit commuter problems, by doing the following:

First. Authorizing the Secretary of Housing and Urban Development to make grants of up to three-fourths of the estimated cost of surveys, studies, and development plans undertaken by regional transportation authorities. Only authorities duly created by individual States or through interstate compact and empowered to own or lease and to operate transportation facilities would qualify for these grants.

Second. Authorizing the Secretary to provide technical assistance with respect to the establishment of these transportation authorities.

The bill would also—

Third. Increasing the authorization under the Mass Transit Act to \$300 million a year through fiscal 1970.

Fourth. Authorizing the Secretary, for a maximum of 3 years, to make grants of up to 50 percent of the operating deficits of any mass transportation company running commuter service in one or more urban areas.

Such grants would be conditioned on the submission to the secretary of a commuter service improvement plan providing for a more efficient and economical commuter service. This portion of the legislation differs from S. 2804, recently introduced by the Senator from New Jersey [Mr. WILLIAMS],

in that it limits the duration of such aid to any one company to 3 years—rather than 10 years—and sets a maximum grant at one-half—rather than two-thirds—of the actual operating deficit.

Fifth. Increase the limit of what any one State may receive under the capital grant program of the Urban Mass Transportation Act of 1964 from 12½ to 15 percent under certain conditions.

Mr. President, I firmly believe it is the role of the Federal Government to meet the operating costs of essential commuter service just as the Federal Government spends millions of dollars to give aid to other means of transportation such as the subsidies to airlines and the merchant marine and, of course, the enormous Federal highway program. Under present law, States may receive up to 90 percent of the cost for highway construction from the Federal Government for interstate highway systems. The intention of increased Federal aid in the case of commuter railroads is only to provide temporary assistance—the bill limits Federal grants to 50 percent of the annual net operating loss for a 3-year period. It is my hope that within that period of time, the commuter service either through private or State aid may no longer need Federal support.

I have previously introduced legislation to create an interstate rail authority to operate financially hard-pressed commuter services. That legislation, S. 1234, was recently the subject of hearings by the Senate Commerce Committee. This present proposal would increase incentives for the establishment of such regional transportation authorities on a national basis.

Failure to maintain commuter service would bring about not only intolerable restrictions on the flow of commuter traffic in heavily urbanized areas, but also would result in increasing the burdens of already crowded highways and the need for added Federal and State expenditures for highway construction. The loss of 4 tracks of 1 commuter railroad would, according to a recent survey, require the construction of 80 highway lanes at prohibitive cost.

I have for a long time been aware of the necessity for regional solutions to the transportation needs of many areas of this Nation. I am hopeful that this legislation will stimulate establishment of new regional transportation authorities and, in addition, further strengthen those already in existence, such as the Tri-State Transportation Commission, and the Massachusetts Bay Transportation Authority.

It is time that we join together where necessary to devise a system of rapid transportation which will work efficiently, economically, comfortably, and safely. Each year we become more aware that although we are building spacecraft which may reach the moon, we are yet unable to provide the citizen with a modern rapid transit system.

I believe that in the development and improvement of commuter services, the Federal Government can help by increasing the amount of funds available to finance expenditures for capital equip-

ment. President Johnson in his budget message requested legislation authorizing \$150 million for the programs under the Mass Transit Act for fiscal 1968—this amounts to a 1-year extension of the program at the same figure authorized for fiscal 1966 and 1967. I believe that neither the amount to be authorized nor the 1-year extension requested is actually enough. I am informed that demand for funds has exceeded the amount available in each year since the program was begun. The 1-year extension does not give State and localities a long enough commitment of Federal support to enable them to make comprehensive plans for the future. Accordingly, my proposal would amend the Urban Mass Transportation Act of 1964 to authorize appropriations through fiscal year 1970 and at the same time the amount authorized would be increased to \$300 million through fiscal 1970. This amount would include the operating deficits program. A gradual increase to \$50 million for fiscal 1969 is authorized for research, development, and demonstration projects.

I am informed that at least three States—New York, California, and Pennsylvania—are certain to make requests for funds amounting to more than the 12½-percent limitation which any one State may receive under the present law. I intend to increase the limitation to 15 percent in the case of any State in which more than two-thirds of the maximum grants have been made or obligated for projects and where the Secretary determines that there is a substantial need for such an increase in order to carry out existing programs. This language is similar to that used in the urban renewal section of the Housing Act of 1949, as amended—section 106(e).

Those who would see the transportation problem—in particular the commuter situation—as strictly a problem confronting the northeastern section of the Nation fail to see what I believe to be the significant national ramifications of this problem. For many, the commuter problem at this time is only a distant din, but as this Nation continues to grow, I can tell you most assuredly that the problem will reach all sections of the Nation. You may be sure this problem of urban transit will arise in Atlanta or in San Francisco or in other metropolitan areas in the future. This is the time for the legislators of all States to join with those of us who are presently immersed in this problem to enact legislation which will not only rid us of these recurrent urban transportation crises but will also prevent such problems from arising in the growing metropolitan areas.

We must stay ahead of the growth of our urban transit needs by developing a farsighted comprehensive plan for urban mass transit through the setting up of regional mass transportation authorities. I believe the Federal Government, with one hand, must temporarily help the commuter railroads to stay alive, while with the other hand, it must give long-term aid so that these railroads may establish a more secure economic position through a capitalization pro-

gram designed to modernize their facilities.

I urge my colleagues to study the problem and to join with me in supporting this important legislation. I hope that this bill will be the subject of hearings along with a bill of the Senator from New Jersey [Mr. WILLIAMS] (S. 2804) which is now before the Committee on Banking and Currency.

I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred, and, without objection, the bill will be printed in the RECORD.

The bill (S. 2935) to authorize grants under section 701 of the Housing Act of 1954 to encourage regional solutions to transportation problems which transcend State boundaries, to authorize grants under the Mass Transportation Act of 1964 on a temporary basis to help defray operating deficits incurred in commuter service, and for other purposes, introduced by Mr. JAVITS, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 2935

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 701 of the Housing Act of 1954 is amended by adding at the end thereof a new subsection as follows:

"(h) In order to encourage regional solutions to those transportation needs and problems which transcend the boundaries of any one State or its political subdivisions, the Secretary of Housing and Urban Development is authorized—

"(1) to make grants to regional transportation authorities, designated by the Governors of the States involved and acceptable to the Secretary, which are empowered under State laws or interstate compact to own or lease and to operate transportation facilities, and to perform planning functions with respect to transportation, on a regional basis; and

"(2) to provide technical assistance to States or political subdivisions of States with respect to the establishment of transportation authorities to meet regional transportation needs.

A grant under paragraph (1) of this subsection shall not exceed three-fourths of the estimated cost to any such authority for undertaking surveys and studies, and developing plans and programs, for meeting effectively regional transportation requirements. Assistance under paragraph (2) of this subsection shall include studies evaluating the need for the establishment of regional transportation authorities in meeting the transportation requirements of metropolitan or other areas in the United States, and such assistance may be provided by the Secretary through members of his staff, or by contract with public or private institutions or firms."

SEC. 2. (a) The Urban Mass Transportation Act of 1964 is amended by redesignating sections 6, 7, 8, 9, 10, 11, and 12 as sections 7, 8, 9, 10, 11, 12, and 13, respectively, and by adding after section 5 a new section as follows:

"GRANTS TO MEET COMMUTER SERVICE DEFICITS"

"SEC. 6. (a) The Secretary may make grants on a temporary basis to any State or local public body for the purpose of enabling such State or public body to assist any mass transportation company which maintains commuter service in one or more urban areas within the jurisdiction of such State or public body to defray operating deficits incurred

as the result of providing such service. The amount of any grant made under this section to any State or local public body to assist any such company shall not exceed one-half of the annual net operating deficit of such company, as certified by such State or public body and approved by the Secretary. Any grant under this section to any State or local public body to assist any mass transportation company to defray operating deficits incurred as the result of providing commuter service in one or more urban areas within the jurisdiction of such State or public body shall be conditioned on the joint submission by such State or local public body and such company of a commuter service improvement plan, meeting criteria established by the Secretary and approved by him, for providing more efficient, economical, and convenient commuter service in such area or areas, and for placing the commuter operations of such company on a sound fiscal basis. No grant shall be made under this section to assist any such company unless (1) the Secretary is satisfied that such company has the requisite ability and authority to carry out an approved commuter service improvement plan, (2) the State or local public body and the company submitting such approved plan agree to provide such joint or separate reports to the Secretary as he may require, and (3) such company agrees to permit the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, during any period in which it is receiving assistance under this section, to have access for the purpose of audit and examination to any of its books, documents, papers, and records that are pertinent to the purposes for which such assistance is granted. No such company shall receive assistance provided under this section for a period in excess of three years, except that the Secretary may authorize such assistance for an additional period, not exceeding two years, if he determines that an extension is necessary in order to enable such company to carry out its commuter service improvement plan.

"(b) In providing assistance under this Act for the benefit of any mass transportation company, the Secretary shall, insofar as practicable, coordinate such assistance with any other assistance which is reasonably available to such company from public or private sources."

(b) Section 10(c) of such Act (as redesignated by subsection (a)) is amended—

(1) by striking out the semicolon at the end of clause (3) and inserting in lieu thereof "and the term 'Secretary' means the Secretary of Housing and Urban Development";

(2) by striking out "and" at the end of clause (4);

(3) by striking out the period at the end of clause (5) and inserting in lieu thereof "and"; and

(4) by adding at the end there a new clause as follows:

"(6) the term 'annual net operating deficit' means that part of the annual operating costs of a mass transportation company which could reasonably have been avoided by the elimination of commuter service in an urban area, less the annual revenues derived by such company from the provision of such service."

SEC. 3. (a) The first sentence of section 4(b) of the Urban Mass Transportation Act of 1964 is amended to read as follows: "In addition to amounts heretofore appropriated to finance grants under this Act, there is authorized to be appropriated for that purpose not to exceed \$300,000,000 for fiscal year 1967; \$300,000,000 for fiscal year 1968; \$300,000,000 for fiscal year 1969; and \$300,000,000 for fiscal year 1970."

(b) The first sentence of section 7(b) of such Act (as redesignated by section 2(a) of this Act) is amended to read as follows: "In

addition to amounts heretofore made available to finance projects under this section, the Administrator may make available for that purpose from the mass transportation grant authorization provided in section 4(b) not to exceed \$35,000,000, which limit shall be increased to \$40,000,000 on July 1, 1967, to \$45,000,000 on July 1, 1968, and to \$50,000,000 on July 1, 1969."

SEC. 4. Section 13 of the Urban Mass Transportation Act of 1964 (as redesignated by section 2(a) of this Act) is amended—

(1) by striking out "section 7(b)" and inserting in lieu thereof "section 8(b)"; and

(2) by striking out the period and inserting in lieu thereof the following: "Provided, That such limitation shall be increased to 15 per centum in the case of any State, if (1) more than two-thirds of the maximum grants permitted under the foregoing limitation have been made or obligated for projects in such State, and (2) the Secretary determines that there is a substantial need for such increase in order to carry out existing programs meeting the requirements of section 4(a)."

PROHIBITION OF STATES AND LOCAL GOVERNMENTS FROM TAXING TVA PRODUCED ELECTRIC POWER

Mr. BASS. Mr. President, I introduce, for appropriate reference, a bill to amend the Tennessee Valley Authority Act of 1933 to prohibit State and local taxation of electric power produced by the Tennessee Valley Authority.

One of the principal motivating factors behind the enactment of the law creating the TVA was reasonably priced electric power for consumers. The success in this area is so remarkable that today the rates of TVA produced power are used as a guideline or a yardstick for the price of power throughout our Nation.

Yet, Mr. President, there are forces at work today that would undermine this economical concept. It is indeed ironic that, after the potential of a State has been developed to such a great degree by an agency, this same State would turn and attack one of the basic concepts of the developing agency. But this is what is being done to the consumer by applying sales taxes to the sale of electric power produced by TVA. The temptation to cash in at the expense of, not only the TVA, but the citizen-consumer proved too great.

Most States which have sales taxes provide exemptions for basic necessities. Certainly, after the recent experience of the blackout in New York City, no one can question that electric power is essential. In the TVA area this is doubly true. With the advent of reasonably priced electric power, the people of this region have utilized electricity on a much wider scale than other areas of the country. For instance, more people heat their homes electrically in this section than in any other area of our Nation.

However, certain State governments, and I must regretably report that my own is the chief transgressor, have seen fit to attempt to tap this source of blessing to their people by applying sales taxes.

This practice, Mr. President, is not only in obvious disregard of the State government's responsibility to insure the essentials of life to its own people, but is an

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Feb. 21, 1966
For actions of Feb. 18, 1966
89th-2nd; No. 28

CONTENTS

Adjournment.....7	Food for freedom.....3	Price supports.....1
Balance of payments.....8	Foreign aid.....6,9	Public works.....11
CCC.....2,3	Information.....10,12	Taxes.....10
Commodity reserves.....3	Milk.....1	Water pollution.....5,13
Fishery products.....3	Nomination.....2	Weather.....4

HIGHLIGHTS: Several Senators criticized budget cut in school milk program and urged increase in dairy price supports. Senate confirmed Koffsky nomination to CCC Board. Sen. Bartlett submitted amendment to add fishery products to proposed food for freedom program.

SENATE

1. MILK; PRICE SUPPORTS. Sens. McGovern, Mundt, Proxmire, Young, N. Dak., Nelson, Thurmond, and Hart criticized the budget cut for the school milk program and urged an increase in dairy price supports as a means of maintaining an adequate supply of milk. pp. 3304-8
Sen. Proxmire criticized the school milk program budget cut and the proposal "to give the milk only to those children who cannot afford to pay for it," and inserted a letter in support of his position. p. 3281

2. NOMINATION; CCC. Confirmed the nomination of Nathan Koffsky to be a member of the CCC Board of Directors. p. 3283
3. FOOD FOR FREEDOM. Sen. Bartlett (for himself and Sen. Magnuson) submitted an amendment to S. 2933, the proposed Food for Freedom bill, to permit the use of CCC funds to purchase domestic fishery products for the program. p. 3280
Sen. Ellender announced that hearings on S. 2933, the proposed Food for Freedom bill and S. 2932, to authorize CCC to establish commodity reserves, have been postponed from Mar. 1 to Mar. 2. p. 3280
4. WEATHER MODIFICATION. Received from the President the annual report on weather modification in which he stated that highly encouraging steps are being taken toward establishing safe and effective programs for modifying the weather; to Commerce Committee. pp. 3275-6
5. WATER POLLUTION. Sen. Metcalf commended activities of HEW in enforcing water pollution control measures. p. 3289
6. FOREIGN AID. Sen. Javits commended the appointment of Deputy Ambassador William Porter to supervise and coordinate nonmilitary programs in South Vietnam. p. 3283
7. ADJOURNED until Mon., Feb. 21. p. 3312

ITEMS IN APPENDIX

8. BALANCE OF PAYMENTS. Extension of remarks of Sen. Javits inserting an article and stating that the principal point of the article is "that there is a great likelihood that our balance-of-payments position in the current year will very likely deteriorate." p. A840
9. FOREIGN AID. Extension of remarks of Rep. Hanna urging greater cooperation with technical assistance programs in less developed countries. p. A843

BILLS INTRODUCED

10. TAXES. S. 2941 by Sen. Williams, to amend the Internal Revenue Code of 1954 to require that information returns made with respect to payments under programs administered by the Department of Agriculture be filed by the Secretary of Agriculture; to Finance Committee. Remarks of author p. 3276
S. 2942 by Sen. Williams, to amend the Internal Revenue Code of 1954 to limit the maximum rate of percentage depletion to a rate of 20 percent; to Finance Committee.
11. PUBLIC WORKS. S. 2943 by Sen. Javits, to amend the Public Works and Economic Development Act of 1965 to extend for an additional year the eligibility of certain areas of substantial unemployment; to Public Works Committee. Remarks of author pp. 3276-7
12. INFORMATION. S. 2944 by Sen. Javits, to extend and amend the Library Services and Construction Act; to Labor and Public Welfare Committee. Remarks of author pp. 3277-80
13. WATER POLLUTION. S. 2947 by Sen. Muskie, to amend the Federal Water Pollution

helping hordes of elementary and secondary school students.

Regional and local librarians work together to provide regular story hours for pre-school children—in the libraries, in schools, and in small communities reached only by bookmobiles.

Libraries are using VISTA volunteers, students in the Federal work-study program, and unemployed fathers, whenever possible.

WORKSHOPS

Ten 2-week summer workshops for untrained local librarians and bookmobile librarians have been held at Kentucky State College.

Over 250 1-day workshops have been held by regional librarians for local librarians, bookmobile librarians and library board members.

Three Governor's conferences for library board members and librarians have been held.

THE STATE LIBRARY

A 10,000-square-foot processing center has been constructed as an annex to the old State Library Building. It makes possible faster and more efficient cataloging, processing, and distribution of regional and bookmobile books and materials. The entire space in the old building is now used by a library collection of books, pamphlets, and periodicals. These are used mainly to supplement local library collections and school libraries by special requests, which are received by telephone and by mail daily.

A microfilm reader-printer and microfilmed copies of 250 periodicals have been purchased—to facilitate serving local public and school library requests for up-to-date information in periodicals.

Funds for books for the State library have increased from \$2,828 in 1956-57 to \$44,170 in 1964-65.

Service to the blind is made possible by a contract with the Cincinnati Public Library, a regional center of the Federal Government, for free braille books, talking books and talking-book machines for Kentucky's blind; the department of libraries paid \$12,000 to the Cincinnati Public Library for this service. Materials and machines are provided free by the Federal Government.

Professional personnel has been increased by two additional librarians for the reference and loan department and two additional catalogers in the processing center. An administrator of construction projects has been hired.

SCHOLARSHIPS

One \$2,000 scholarship was paid to a graduate student in library science; he is now regional librarian of the Green River library region, with headquarters in Ohio County.

Two additional graduate students are currently receiving library science scholarships of \$2,000 each to attend the Department of Library Science at the University of Kentucky.

Many small scholarships are provided by the Friends of Kentucky Libraries to help local librarians obtain additional training.

FISH IN THE FOOD-FOR-FREEDOM PROGRAM

AMENDMENT NO. 485

Mr. BARTLETT. Mr. President, for myself and the senior Senator from Washington [Mr. MAGNUSON], I submit for appropriate reference, an amendment to S. 2933, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes. This bill adds domestic fishery products to the President's food-for-freedom program.

This is an amendment similar to one Congress enacted several years ago adding fishery products to the food-for-peace program. I understand that the failure to include fishery products in the present bill was not a deliberate act of omission and that the administration recognizes the significant contributions that could be made to our food-for-freedom program by high protein fishery products. I am particularly pleased to note that the new program is no longer dependent upon offering to needy, friendly nations only our surplus production which cannot otherwise be used. This restriction prevented any fishery products from being sold under the food-for-peace program simply because the Secretary of the Interior never determined that any domestic fishery product was in surplus. The new program is focused not on disposing of surplus but on the human problem of feeding hungry people, particularly children who are suffering from malnutrition. This is a much more noble venture and one toward which high protein fishery products can make a substantial contribution.

Under the amendment the financing of fishery products would be the same as under the present law; namely, CCC funds would be available.

As pointed out on the floor of the Senate when the amendment to the present law was adopted, CCC funds should be made available for the purchase of fishery products as well as agricultural products because these are public funds. I would like to emphasize that fish protein concentrate which will be available, we hope in the near future, is already included in the legislation since authority is in the bill to use CCC funds for the acquisition of additives and for the cost of enrichment and fortification which would, of course, include fish protein concentrate.

Mr. President, I request that this amendment be printed at the close of my remarks.

The PRESIDING OFFICER. The amendment will be received and appropriately referred; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 485) was referred to the Committee on Agriculture and Forestry, as follows:

At the appropriate place, amend section 302 to add after the word "commodity" and before the period the phrase "or any domestic fishery product".

Mr. McGOVERN subsequently said: Mr. President, I ask unanimous consent that an amendment to S. 2933, submitted earlier today by the Senator from Alaska [Mr. BARTLETT], for himself and the Senator from Washington [Mr. MAGNUSON], be held at the desk for 10 days for additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF POSTPONEMENT OF HEARINGS BEFORE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. ELLENDER. Mr. President, yesterday I introduced two bills, S. 2932 and

S. 2933. The first bill was to create a reserve of food to protect consumers, and the second was the food-for-freedom bill.

I had announced that the hearings would start on March 1, 1966. I now find that we have to postpone them to March 2, 1966.

I announce that the hearings on both bills will start on March 2, 1966.

NOTICE OF HEARING ON S. 2704, A BILL TO PROVIDE FOR THE REGULATION OF BANK COLLECTIVE INVESTMENT FUNDS

Mr. ROBERTSON. Mr. President, I should like to announce that the Subcommittee on Financial Institutions of the Committee on Banking and Currency will hold a hearing on S. 2704, a bill to provide for the regulations of bank collective investment funds.

The hearing will begin on Tuesday, March 8, 1966, at 10 a.m., in room 5302, New Senate Office Building.

Any persons who wish to appear and testify in connection with this bill are requested to notify Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, Washington, D.C., telephone 225-3921.

NOTICE OF HEARINGS ON BANK HOLDING COMPANY BILLS

Mr. ROBERTSON. Mr. President, I should like to announce that the Subcommittee on Financial Institutions of the Committee on Banking and Currency will hold hearings on three bills to amend the Bank Holding Company Act of 1956: H.R. 7371, which passed the House on September 23, 1965; S. 2353, a bill which I introduced at the request of the Federal Reserve Board; and S. 2418, introduced by Senator Morse and other Senators.

The hearings will begin on Wednesday, March 16, 1966, at 10 a.m., in room 5302, New Senate Office Building.

The hearings will open with representatives of the Federal Reserve Board, which has for several years recommended the enactment of legislation to amend the Bank Holding Company Act of 1956, and which is the author of S. 2353.

The Banking and Currency Committee has issued two committee prints which may be helpful in connection with the consideration of these bills: the first committee print, issued November 1965, contains analyses of the three bills and an explanation of the provisions of S. 2353; and the second committee print, issued February 1966, contains lists of bank holding companies and of the organizations that would apparently be covered by the amendments to the Bank Holding Company Act incorporated in S. 2353—the one-bank holding company exemption and the various other exemptions which would be eliminated by that bill.

Any persons who wish to appear and testify in connection with these bills are requested to notify Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate

Senator HILL, I have appeared before his appropriations subcommittee nearly every year in support of funds for the library services program, and know the strong leadership he has given year after year with the support of many of us to build the program which is proving so valuable today.

I understand that Congressman PERKINS, of Kentucky, chairman of the General Subcommittee on Education, has introduced a somewhat similar bill in the House of Representatives, and believe that these bills have the approval and represent the recommendations of the American Library Association.

The bill would authorize increased amounts for the library services and library construction programs, and also includes new titles to assist in the development of cooperative library services, and specialized and State government library services. I know the committees will give serious consideration to these proposals and will review the level of authorizations and specific proposals which have been made. At this point, I affirm my continued support for the program, which must be extended this year.

Mr. President, I recently received from Miss Margaret Willis, our very able State librarian, a summary of library activities in Kentucky, and ask unanimous consent that her letter and the summary be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF LIBRARIES,
Frankfort, Ky., January 12, 1966.

Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOPER: Enclosed is a brief report of what has been accomplished with Library Services Act and Library Services and Construction Act funds by the department of libraries, in cooperation with local library boards.

We have worked hard, and much has been accomplished, we think. We have a good library plan, which works well in the counties. One of the advantages of both bills has been that each State may decide what is best for that State. There has been no control exercised by the Federal Government other than to make sure that funds have been spent the way each State has said they would be spent. Kentucky has made use of all Federal funds, thank goodness. The amounts have been small, but the impact has been far beyond the actual dollars spent by the Federal Government.

As you can see, we are working toward the development of permanent programs, rather than merely providing temporary, palliative measures.

We have always received wonderful help from you, and the counties know this.

We sincerely hope and pray you will help Kentucky to get an extended and improved Library Services and Construction Act, so that Kentucky's libraries and bookmobiles can continue to expand, improve, and go forward permanently—for the benefit of all the people, rich and poor, young and old. We are confident that you will.

Most gratefully,

MARGARET WILLIS.

Enclosures.

RÉSUMÉ OF WHAT HAS BEEN DONE UNDER THE LIBRARY SERVICES AND CONSTRUCTION ACT

In round figures the Library Services Act and the subsequent Library Services and Construction Act have provided for Kentucky the following:

Library Services Act

1956-57	\$40,000
1957-58	137,000
1958-59	171,000
1959-60	221,000
1960-61	221,000
1961-62	205,000
1962-63	205,000
1963-64	205,000

Library Services and Construction Act

In 1964-65, \$429,000 (services); \$510,000 (construction); plus \$93,000 from other States.

In 1965-66, \$429,000 (services); \$510,000 (construction).

The Federal bill's effect on the State income: In 1956-57 the State budget¹ was \$180,000; in 1965-66 the State budget was \$885,000 (more than a 400-percent increase).

The effect of both on local income: In 1956-57 local income was slightly more than \$1 million; in 1965-66 local income is well over \$2 million (an increase of 100 percent).

Additional local action to assure permanent library and bookmobile programs: Since 1960, when a new State law was passed, permitting a county or counties to vote for a library tax, 16 counties have voted to tax themselves for a library and bookmobile program.

Since 1964, when a second State law was passed, permitting a county or counties to petition for a library tax, 10 counties have petitioned successfully for a library and bookmobile program.

Therefore a total of 26 counties have taxed themselves for library service.

At the present time many more counties are preparing to vote or petition for a library tax.

This progress in State and local support has been a direct result of the comparatively modest Federal help. It is not nearly enough, but without the impact of Federal help, Kentucky's library and bookmobile program would most probably have remained static.

REGIONAL LIBRARY DEVELOPMENT

Fourteen library regions are developing in 81 libraries in 71 counties with Federal and State funds. Headquarters for two additional regions have been designated; both counties qualified by passing a local library tax. They are receiving regular shipments of catalogued and processed new books, records, films and other materials. A third county has recently qualified as a headquarters for a new region.

Sixteen trained regional librarians and 44 clerical assistants, paid with Federal and State funds are now working in these regions—organizing and reorganizing libraries, aiding in improving book-mobile service, leading workshops for in-service training of local librarians and bookmobile librarians, planning and leading adult and children's programs in libraries, upgrading reference and informational services, publicizing new materials and services offered, and coordinating service in each area.

Up to July 1, 1955, the following regional materials have been provided with Federal and State funds for libraries in regions: Books, 538,809; records, 18,000 (approximately); films, 518 (film circuit) plus rental

of films from the University of Kentucky film collection (paid by the department of libraries); American Lending Library Service (a rotating collection of current books), 150 books for small counties, 300-450 books for large counties; periodicals, approximately 15 subscriptions for each county; framed paintings, 2,500, rotated regularly among libraries; athletic equipment, in 1964-65 (for loan), \$3,200 (cost).

BOOKMOBILES

Ninety-six new large bookmobiles have been purchased since 1960—with Federal and State funds to replace small, worn out bookmobiles and to provide bookmobile service to 10 counties for the first time.

BOOKMOBILE BOOKS

Total annual funds for bookmobile books to counties giving bookmobile service have increased from \$40,000 in 1956-57 to \$133,000 in 1964-65 (a great improvement, but not nearly enough).

CIRCULATION OF BOOKS

Circulation of books in the State has increased 200 percent in 11 years. But circulation of books in counties participating in regions has increased over 800 percent in the same period.

NEW NONBOOK MATERIALS

The new educational films, and the language, literature, classical music and music recordings have stimulated many new interests in each county. They have been used constantly—in the libraries, and with clubs and organizations, or in homes. Athletic equipment has brought many users to libraries, who borrow the equipment and start reading books on related subjects.

EXAMPLES OF COOPERATION WITH OTHER AGENCIES

The department of libraries has cooperated with the Kentucky Federation of Women's Clubs by providing the study program for their ESO reading program and by providing all the books included in the program—for each library.

The department is participating in the Jaycees good reading program.

The department selects the annual reading list for the Kentucky homemakers and places all books listed on bookmobiles.

The department is cooperating with the national fitness program by making athletic equipment available to clubs and families.

The department has purchased professional books for child welfare workers and is providing a revolving collection for local office.

The department cooperated with the Department of Natural Resources in a program of distribution of tree seedlings to make Kentucky a greener land. Distribution was from libraries and bookmobiles.

The department has catalogued and processed library collections for a school library, the Department of Safety Library, the Child Welfare Library, the National Guard Library, and others free of charge.

State and Federal agency publications are distributed regularly to libraries participating in regions. Among them are the University of Kentucky Agricultural Extension Department's farm bulletins.

Regional librarians have aided Appalachian volunteers in their work by helping to cull donated books to one-room schools and by providing books, records, and films for them.

All libraries aid college students in their search and research.

All libraries train schoolchildren in the use of libraries, and give hours each day to

¹ Department of libraries.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued March 1, 1966
For actions of Feb. 28, 1966
89th-2nd; No. 35

CONTENTS

Buildings.....7	Food for freedom.....2	Public works.....29
Civil defense.....35	Foreign aid.....30	Reclamation.....24
Conservation.....4,13	Foreign currencies.....30	Reorganization.....1
Cotton Board.....14	Government organization.....10	Research animals.....36
Cotton research.....14	Highways.....22	River basins.....1
Credit.....34	Imports.....38	Ryukyu Islands.....31
Defense production.....27	Information.....32	School lunch.....3
Economic growth.....21	Land-grant colleges.....5	School milk.....3,26
Economic policy.....15	Lands.....37	Small business.....20
Economic report.....8	Metric system.....17	Soil conservation.....4,13
Education.....11	Milk.....3,26	Taxation.....28,33
Experiment stations.....5	National parks.....6	Water pollution....1,18,25
Export controls.....19	Opinion poll.....12	Weather.....9
Fairs.....28	Personnel.....33	Weights and measures....17
Family planning.....30	Poverty.....12,16,23	

HIGHLIGHTS: Both Houses received President's reorganization plan to transfer water pollution control activities from HEW to Interior. Sens. Proxmire and Aiken inserted items critical of school milk and school lunch budget cuts. Sen. Tydings submitted amendment to Food for Freedom bill re foreign currencies to finance family planning programs abroad. Sen. Muskie introduced and discussed clean rivers bill.

SENATE

1. WATER POLLUTION. Both Houses received the President's Reorganization Plan No. 2 providing for reorganization of certain water pollution control functions in which he stated the plan "will transfer to the Secretary of the Interior the functions of the Department of Health, Education, and Welfare under the Federal Water Pollution Control Act except for responsibilities relating to public health for which HEW has special competence," and that "The Federal Water Pollution Control Administration would be transferred to the Department of the Interior." (H. Doc. 388). pp. 4035-6, 4056

Both Houses received from Interior a proposed bill "to provide a program of pollution control and abatement in selected river basins of the United States through comprehensive planning and financial assistance, to amend the Federal Water Pollution Control Act, as amended, and for other purposes"; to Public Works Committees. pp. 4053, 4057

2. FOOD FOR FREEDOM. Sen. Tydings submitted (for himself and Sen. Gruening) a proposed amendment to S. 2933, the Food for Freedom bill, to authorize the use of foreign currencies accumulated through future sales of agricultural commodities to finance voluntary family planning programs in friendly foreign nations; to Agriculture Committee. pp. 4065, 4100-06 15
3. SCHOOL MILK; SCHOOL LUNCH. Sens. Proxmire and Aiken inserted items critical of the budget cuts for the school milk and school lunch programs. pp. 4071-2, 4081
Sen. Randolph was added as a cosponsor of S. 2888, to insure that children participating in domestic nonprofit school lunch programs will be assured of adequate supplies of nutritious dairy products. p. 4065
4. SOIL CONSERVATION. Sen. Long, La., inserted an address by Sen. Ellender before the National Assoc. of Soil and Water Conservation Districts commending the soil conservation program. pp. 4095-7
5. EXPERIMENT STATIONS; LAND-GRANT COLLEGES. Sen. Gruening criticized the budget cuts for the Alaska Agriculture Experiment Station and for the land-grant colleges. pp. 4081-2
6. NATIONAL PARKS. Received from Interior a proposed bill to authorize the establishment of the Redwood National Park, Calif.; to Interior and Insular Affairs Committee. p. 4057
Sen. Kuchel endorsed, and inserted items supporting, establishment of the Park. p. 4074
7. BUILDINGS. Received from GSA a report "on the status of construction, alteration, or acquisition of public buildings." p. 4057
8. ECONOMIC REPORT. The Joint Economic Committee was granted an extension from March 1, 1966, to March 17, 1966, to file a report of its finding and recommendations on the President's Economic Report. pp. 4065, 4011
9. WEATHER MODIFICATION. Sens. Cannon and Scott were added as cosponsors of S. 2916 to provide for a weather modification program to be carried out by the Secretary of Commerce. p. 4065
10. GOVERNMENT ORGANIZATION. Sen. Pearson urged enactment of legislation to establish a commission to study and appraise the organization and operation of the executive branch. pp. 4068-9
11. EDUCATION. Sen. Pell criticized the budget cut for Federal aid to schools in federally impacted areas. p. 4086
12. OPINION POLL. Sen. Yarborough inserted the results of a public opinion poll on support of the President's domestic programs, including aid to farmers and the poverty program. pp. 4093-4

Yes, Mr. President, it is an outrageous disgrace that these peddlers of perverted pornography can traffic in their tarnished trade in trash with insolent impunity from successful prosecution by State or Federal authorities, behind the protective cloak of a Supreme Court, the majority of which seemingly cannot comprehend the distinction between liberty and license. Their distorted misconstructions of the constitutional guarantee set forth in the first amendment have virtually nullified our State and Federal regulatory statutes and have bound our prosecuting attorneys in a legal straitjacket. Certainly their recent decisions call to mind the accusation of John Milton, wherein he charged:

License they mean when they cry liberty.

As summed up by one religious periodical:

With billions of dollars at stake, smut merchants naturally fight any legal strictures on their business, hiding behind the first amendment, which guarantees freedom of the press. Unfortunately, many well-meaning jurists, organizations, and individuals who tend to confuse liberty and license, join these publishers in their cynical misuse of the Constitution.

In the 1957 case of *Roth v. United States*, 354 U.S. 476, the Supreme Court upheld convictions under State and Federal statutes dealing with the regulation of obscene publications. In a comprehensive decision, the Court set forth what many hoped to be an effective test for obscene material. As stated by the Court:

Obscene material is material which deals with sex in a manner appealing to prurient interests.

The test to be applied was "whether to the average person, applying contemporary community standards, the dominant theme of the material taken as a whole appeals to prurient interest."

However, the hopes of those who found encouragement in the Roth decision were soon dispelled.

In 1962 the Court, in the case of *Manual Enterprises v. Day*, 370 U.S. 478, held that in addition to the "prurient interest" standard set forth in the Roth decision, the material must be "patently offensive" to fall without the protective shield of the first amendment. According to Harlan, this means only "hard-core" pornography can "constitutionally be reached under this or similar state obscenity statutes."

The shocking impact of the Court's decision in the *Manual Enterprises* case cannot be fully realized without taking notice of the vile and obscene nature of the material involved therein. The Court's approval of such salacious trash which by its own admission consisted of publications "primarily, if not exclusively, for homosexuals, and have no literary, scientific or other merit" and which "would appeal to the prurient interest of such sexual deviates," is an outrageous and reprehensible perversion of the spirit as well as the letter of the first amendment. As stated in Justice Clark's dissenting opinion, the decision, "despite the clear congressional man-

date—requires the post office to be the world's largest disseminator of smut and the grand informer of the names and places where obscene material may be obtained."

The indignation of the American people at these decisions was vividly described by Rev. John J. Regan, dean of St. Joseph's University of Liberal Arts and Sciences:

We have come to expect periodic outbursts from the American public at the Supreme Court's decisions dealing with obscenity. The people are rightly concerned. Our society is in the middle of an anti-Puritan revolution in morals. Any writer who manages to shock is automatically entitled to respect as a worthy rebel. William Phillips, editor of the *Partisan Review*, has labeled the heroes of today's avant-garde as "the new immoralists." He adds: "To embrace what is assumed to be beyond the pale is taken as a sign of true sophistication. And this is not simply a change in sensibility; it amounts to sensibility of chaos."

In reaction to this revolution, the ordinary citizen is developing a neurosis about courts and judges. He sees the flood of pornography inundating the newsstand and the local movie theater, and flowing steadily into the private home through the mails. In desperation he is turning to the legislatures and ultimately to the courts for protection. But he is frustrated by the apparent lack of concern in the courts for his problem. He sees little of the delicate judicial task of balancing the public interest in the moral fabric of society with the equally important public interest in free speech.

How long must the people of America be subjected to the outrage of having their families and children subjected to the public presence of this shocking, salacious, obscene literature?

How long must the public suffer the contemptuous, arrogant disregard for their rights exhibited by a court which seems obsessed with its role as the protective guardian of those who seek to subvert every institution, idea, principle, and moral value which our people hold dear and upon which this great Nation has been established?

We have taken progressive and effective steps to purge the pollution from our streams and air; to beautify our public highways and national parks; to protect the physical and mental health of our families.

When will be taken the necessary steps to purge the venomous stain of this malignant, infectious, pornographic plague from the midst of our society?

I submit that this responsibility rests with the Congress and that the time to act is now.

PROMOTION OF INTERNATIONAL TRADE IN AGRICULTURAL COMMODITIES—AMENDMENT

AMENDMENT NO. 489

Mr. TYDINGS (for himself and Mr. GRUENING) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 2933) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, which was received, ordered to be printed, and referred to the Committee on Agriculture and Forestry.

AUTHORIZATION FOR JOINT COMMITTEE TO FILE ITS REPORT ON MARCH 17, 1966

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the Joint Economic Committee be granted an extension from March 1, 1966, to March 17, 1966, to file a report of its finding and recommendations with respect to the economic report which is required by section 5(b)(3) of Public Law 304, 79th Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR BILL TO LIE ON THE DESK FOR COSPONSORS

Mr. MUSKIE. Mr. President, the bill (S. 2947) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act, is at the desk for the benefit of Senators who may wish to cosponsor it.

I ask unanimous consent that the bill lie at the desk until this coming Friday, March 4, 1966.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTION

Mr. AIKEN. Mr. President, I ask unanimous consent that, at its next printing, the name of the Senator from West Virginia [Mr. RANDOLPH] be added as a cosponsor of the bill, S. 2888, to insure that children participating in domestic nonprofit school lunch programs will be assured of adequate supplies of nutritious dairy products.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, at its next printing, I ask unanimous consent that the names of Senators CANNON and SCOTT be added as cosponsors of the bill (S. 2916) to provide for a weather modification program to be carried out by the Secretary of Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that my name be added as a cosponsor of Senate Joint Resolution 85 a resolution introduced by Senator McCARTHY providing that equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILL AND RESOLUTION

Under authority of the orders of the Senate, as indicated below, the following names have been added as additional cosponsors for the following bill and resolution:

Authority of February 16, 1966:

S. 2928. A bill to amend title IV of the Civil Rights Act of 1964 in order to authorize the Commissioner of Education to provide technical assistance and grants to school boards

in support of programs designed to overcome any racial imbalance in the public schools: Mr. BARTLETT, Mr. CLARK, Mr. DOUGLAS, Mr. HART, Mr. HARTKE, Mr. INOUE, Mr. KENNEDY of New York, Mr. MONDALE, Mr. MUSKIE, Mr. NELSON, Mr. PASTORE, Mr. PELL, Mr. PROXMIER, Mr. RANDOLPH, and Mr. YOUNG of Ohio.

Authority of February 21, 1966:

S. Res. 227. Resolution expressing the sense of the Senate that the Small Business Administration should remain an independent agency of the United States: Mr. DOMINICK.

NOTICE OF HEARING ON THE NOMINATIONS OF ANDREW F. BRIMMER, OF PENNSYLVANIA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, AND WILLIAM W. SHERRILL, OF TEXAS, TO BE A MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. ROBERTSON. Mr. President, I should like to announce that the Committee on Banking and Currency will hold a hearing on the nominations of Andrew F. Brimmer, of Pennsylvania, to be a member of the Board of Governors of the Federal Reserve System, and William W. Sherrill, of Texas, to be a member of the Federal Deposit Insurance Corporation.

The hearing is scheduled to be held on Wednesday, March 2, 1966, in room 5302, New Senate Office Building, at 10:30 a.m.

Any persons who wish to appear and testify in connection with these nominations are requested to notify Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, telephone 225-3921.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, February 28, 1966, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 577. An act for the relief of Mary F. Morse;

S. 851. An act for the relief of M. Sgt. Bernard L. LaMountain, U.S. Air Force (retired);

S. 1520. An act for the relief of Mr. and Mrs. Earl Harwell Hogan; and

S.J. Res. 9. Joint resolution to cancel any unpaid reimbursable constructions costs of the Wind River Indian irrigation project, Wyoming, chargeable against certain Indian lands.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the amendment of the House to the bill (S. 251) to provide for the establishment of the Cape Lookout National Seashore in the State of North Carolina, and for other purposes.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. SCOTT:

Article entitled "National AME Church Sets 150th Celebration of Anniversary," published in the Philadelphia Independent of February 11.

By Mr. MAGNUSON:

Speech entitled "Marketing the Northwest," delivered by Reed O. Hunt, chairman of the board, Crown Zellerbach Corp., delivered on February 15, 1966.

Essay entitled "Autobiography of a Bill," written by Marianne Williams.

Article entitled "Puget Sound: What It Is," written by Don Page, and published in a recent edition of the Seattle Post-Intelligencer.

By Mr. COOPER:

Editorial entitled "A Resolution of Patriotic Reminder," dealing with the proposed designation of February as American history month.

Articles dealing with the appointment of Miss Molly Clowes as editorial page editor of the Louisville Courier-Journal.

Articles dealing with the award of Freedom Leadership Medal to Dr. James Turpin.

SENTIMENT ABOUT VIETNAM AT THE UNIVERSITY OF MISSOURI

Mr. SYMINGTON. Mr. President, often news is made by dissenters and critics.

Even though people in agreement often represent an overwhelming majority, content often appears less appealing than discontent.

Last week, at the University of Missouri in Columbia, it was announced that 50 persons were expected to take part in protesting our policies in Vietnam. I am told, however, that not more than 10 actually participated at any one time.

Very properly this news was reported and made headlines. Most of these same stories, however, failed to mention the fact that shortly before the demonstrations, a great many more students at the university, specifically, 1,125, had signed petitions affirming their support of the policies of this administration in Vietnam.

Those petitions were circulated by both the Young Democratic and the Young Republican Clubs at the university.

I ask unanimous consent that the wording of the petition be printed at this point in the RECORD. I also ask unanimous consent that the names of all those who signed be printed at the point in the RECORD.

There being no objection, the petition and signatures were ordered to be printed in the RECORD, as follows:

VIETNAM PETITION

Whereas the American commitment in the Vietnam war has become a major issue on many college campuses;

Whereas some of the most striking dissenters to American policy in Vietnam have been college students; and

Whereas these critics seem unrepresenta-

tive of the majority of the students at the University of Missouri at Columbia: Therefore

We the undersigned students of the University of Missouri at Columbia, after consideration of the critical complexities of this issue, affirm our support of President Lyndon B. Johnson and his administration's policy in Vietnam.

SIGNERS

Kenneth G. Matthews, Dave Salisbury, William C. Tuen, Ronald Fuber, Paul Field, Ron Moody, Gary Shipper, Ralph Borsum, Kenneth McGee, Mike Burnham, Tom Young, Bob West, Stephen Struffer, Douglas C. Hager, Larry C. Copeland, Bill Dabney, Robert E. Kindle, Dale Mayness, Mike Martin, James T. McPegor, Michael D. Martin, James Russell Goff, Richard H. Kessinger, James H. Jarman, Michael Drury, Joseph W. Kubengusk, Wm. Franklin, Paul Sherrell, Glen Rutz, Dennis Hale, Tom Osborn, Jr., Patrick Zorsch, Thomas Hill, Jeff Hascovits, Edward W. Bass, Carl Ledbetter, Robin Watson, Bruce D. Findley, J. Randall Brovles, James D. Jones, David L. Duke, Roger Wehile, Green Haase, Stier Sheppard, Don Lueckenotte, Gregory Luetkemeyer, Wm. F. Erling, Arthur Ellis, Claude Eldridge, Larry W. Zimmer.

Ronald Mann, Deanna Dean, Nancy A. Leaf, Michael R. Ewing, Gary Findlay, John Blance, Bob Parker, Larry Moore, Cindy Palmer, Harry Hill, Nancy Morgenstern, Noelle Schattyn, Marge Agatstein, Danny F. Moody, Rita Young, Judy White, Ricky Mongler, Tom Miskell, Thomas Jennings, Jeffrey D. England, Von Armstrong, Ralph Schoeder, Mike Macy, John Ford, Kay Cissna.

M. Walsh, Steven Overy, Edna Overy, John Montgomery, Eldon E. Hallen, Carl H. Graham, Steven Huitt, Andrew S. Ralms, Clark A. Gurn, Mel Gerstner, Albert Ward, Jack Bard, Dennis E. Stevens, Tom R. Talbert, Michael E. Ming, A. Marion Houghton, Jr., Ray Seward, Alan B. Holbrook, Robert T. Roth, Wilma Thompson, Garry S. Hirsch, John K. Zigler, George S. Kishmer, Russell L. Cooper, Kathy Grossarth.

Mike Smith, Michael Watkins, Ellen M. Kane, Dianne A. Taus, C. T. South, Anne T. Clark, Liz Manson, Alice A. Templeton, Robert F. Striken, Thomas S. Patten, Jennie Myers, Judith E. Turner, David W. Gardner, Ellen Sue Zigel, Frances E. Wilson, Mary J. Hagan, Carolyn M. Kaiser, Michael L. Villain, Richard Fredman, James V. Schwent, Thomas Lee Siffin, Paul Andrews, Toni Rerwick, Loran, Maloney, William Gordon Culver.

Sharon Sue Patterson, Lindy Perner, Jacque Finney, William L. Smith, Jeffrey Murphy, June Throckmorton, David Murphy, Jr., Herbert R. Finch, James G. Freer, John Micholench, Ronald N. Bold, John D. Cuneio, Wesley H. Sizemore, Jr., Noel Lane Flippen, Matthew Knuckles, John Struwe, Charlie Dodds, Ray Raleigh, Randy P. Scott, Janice Taylor, M. V. Weertz, Bettie Marie Bommarito, Dominic Lee, Joseph Patten, Clarke Atteberry.

Larry E. Huffman, Robert Heek, Clarence R. Geud, George M. Cox, C. Hunt Bushnell, Jr., Beverly Jones, LeSere Dollar, Kurt A. Leonard, Robert Botkin, David M. Etdle, Joe Smith, Donald George, Lawrence D. Whetley, Jacquelyn Steers, John R. Harris, Michael Pera, John Wyman Ewing, C. Eugene Thompson, Barb Rostenberg, Don Walter, Jim Willsey, Mike Lee, Andy Benage, Jim Alzbaugh, Jim Westcott.

William Gerry Brumfield, Thomas B. Allen, Donald C. Gerhardt, Kenneth R. Ray, James Edward Turner, Robert Eugene Heater, John M. Gianino, David Radunsky, Edward M. Wheat, Ronald N. Lingo, Mike Walters, Tom Haynes, Roger S. Mixtar, Mike Gibbons, Irving W. Kurtz, Lawrence R. Lemer, Mike Kuppel,

These recent materials were added to the arsenal of anticivil rights propaganda which the Birch Society had been using for some time. Its "Civil Rights Packet" already included "Color, Communism, and Common-sense" by the late Negro ex-Communist, Manning Johnson, and Welch's "Letter to the South" which first appeared some years ago. Also available were various reprints, all hewing to the Birch line that the civil rights movement is a Communist manifestation, lock, stock, and barrel.

THE TACT COMMITTEES

The campaign for this nationwide attack was created by Welch in July 1965, with a proposed new and major approach to exposure of the fraud known as civil rights. He called for "the setting up throughout the country of hundreds of local or regional ad hoc committees for the specific purpose of telling the truth about the civil turmoil." Anticipating that they would come to be known as TACT—Truth About Civil Turmoil—he gave the shorthand name his blessing.

TACT front groups sprang up and swung immediately into high gear, distributing literature, holding meetings, sponsoring lectures by American opinion speakers, buying full-page ads in local newspapers, and peppering the letters-to-the-editors columns with Birch propaganda exposing the "truth about civil turmoil."

Welch's choice of the Communist-style front-group technique worked admirably. Many non-Birchite rightists and conservatives were lured into making common cause with the Birchers against the civil rights movement. In many localities, even the newspapers and other media of public information were at first unaware that the TACT committees were Birch fronts. For example:

In Fort Wayne, Ind., the News Sentinel reported the formation of the local TACT committee and merely noted that it had been formed to provide information about past instances of civil turmoil in order to prevent recurrences. There was not a hint in the news report of the TACT group's real sponsorship.

In the suburban Glenview-Northbrook area of Chicago, where a TACT committee was formed, the local newspaper reported that the committee chairman had said that the group, conservative in nature, is not connected with any organization. Yet the group's own newspaper advertisement was signed: "The TACT Committee of Northbrook and Glenbrook Division of the John Birch Society."

But the TACT committees around the country were not the only fronts spearheading the Birch Society's ideological warfare against civil rights.

The Detroit Committee for the Prevention of Racial Disorder listed the same post office box number as the local Birchite "support your local police" organization, and the same individual was listed as chairman of both.

In La Punta, Calif., Citizens for the Support of Law and Order seized on the Watts riots in Los Angeles, in the summer of 1965, to distribute a flyer captioned "Now Will You Believe?" It was, in effect, an advertisement for Stang's book and bore the "support your local police" emblem.

A woman in Whittier, Calif., received a letter from the Committee for Better Understanding which listed a post office box in racially troubled Selma, Ala. The letter ended with: "Yours for less government, more individual responsibility, and a better world," the slogan of the John Birch Society.

While waging war against the civil rights movement, the John Birch Society has, at the same time, diligently sought to create a public image of itself as friendly to Negroes. A mainstay of the Birch speakers' bureau dur-

ing 1965 was Mrs. Julia Brown, a Negro lady who had once been a Communist and later an informant for the Government. More recently, the American Opinion Speakers' Bureau listed conservative Negro newspaper columnist George Schuyler as one of its lecturers. Birch spokesmen go out of their way to make it clear that the society has Negro members. As part of the campaign to rid itself of any anti-Negro stigma, the society has established a Manning Johnson scholarship for deserving Negro students.

EXPLOITING RACIAL TENSIONS

Nevertheless, the Birchers seek to exploit racial tensions, unrest, and disorders for their own purposes. Forty-eight hours after the Watts riots in Los Angeles in the summer of 1965, Birch chapters were mobilized—via a directive to all area chapter leaders—for an intensive anticivil rights propaganda drive to exploit the white reaction to the outburst of violence and disorder.

It is inevitable that, like the Communists, the Birchers will seek in this way to exploit racial tensions and outbursts of violence. During 1965, Birch propaganda had much to say about the Selma civil rights march, some of it indistinguishable from the outpourings of openly racist organizations in the Deep South.

In the June 1965 issue of American Opinion, Writer Jim Lucier described the Selma march as having been organized by the international conspiracy of evil. An unsigned article in the July issue purported to describe what happened "when a horde of termites from all over the country, led by half-crazed ministers and professors, swarmed over the small town of Selma, Ala., in a typical demonstration of Communist activism."

It would be hard to finger such explosive educational prose as a direct cause of violence in the South but it is equally difficult to see in it any indication of an attempt to restore the racial harmony which Robert Welch, born and raised on a North Carolina farm, claims existed in the past.

WELCH'S HAPPY VISION

Welch has described such visions. In the June 1965, Bulletin, he wrote of "that huge reservoir of good will between the races that was such a happy circumstance of American life only two decades ago." And in a recent television interview he saw that period (a time of Negro second-class citizenship and enforced Jim Crow vassalage) as having included "a very, very tiny amount of injustice."

Such may be the cornerstone of the racial attitudes the John Birch Society is building; the happy circumstance was one of segregation and inequality.

The quarrel of the Birch Society with the concept of Negro equality goes far deeper than mere questions of politics and methods, or even of the alleged Communist character of the civil rights movement itself.

In "the Blue Book" of the society, Welch decried democracy as "merely a deceptive phrase, a weapon of demagogery, and a perennial fraud." In a footnote he added that democracy was "the worst of all forms of government."

Jim Lucier, a frequent contributor to American Opinion, argued in the June 1965, issue that (1) Voting is not one of the basic rights of a human being; (2) there is no direct relationship between voting and freedom; and (3) the doctrine of majority rule is alien to American political tradition and ideals.

In the November 1964 issue, National Council Member Revilo P. Oliver, described by Welch as "quite possibly the world's greatest living scholar," wrote that it was a lie that the races are equal.

In the February 1965 issue, National Council Member Tom Anderson wrote that "the

right to discriminate is the right to choose and the right to choose is the essence of liberty."

TAINTED SOURCES

Welch and those who wage war at his side are not always careful about the sources they cite to back up their contentions:

In the June 1965 Birch Bulletin for instance, Welch quoted "the long and prophetically accurate December 1965 Special Report of the American Flag Committee." The American Flag Committee had predicted 9 years earlier, he said, that 1965 was marked by the Communists as the target year for agitation for Negro voting rights. Welch devoted five full pages of the Bulletin to this report, and cited the American Flag Committee in five separate references.

The American Flag Committee was, in fact, a small-time propaganda outfit run by W. Henry MacFarland, Jr., of Philadelphia, an outspoken anti-Semite who toured the country some years ago with Gerald Smith, the anti-Jewish rabble rouser. MacFarland cooperated with the late Conde McGinley, Jew-baiting publisher of Common Sense, and with the gutter level, racist, and anti-Semitic National Renaissance Party, headed by James Madole of New York, a minor pamphleteer and street corner agitator.

Welch's members had no way of knowing that two of the organizations founded by MacFarland before he created the American Flag Committee were included in the U.S. Attorney General's so-called list of subversive organizations. One was MacFarland's Nationalist Action League; the other, the Committee for Nationalist Action.

The July-August 1965, issue of American Opinion gave source credit, in an evaluation of racial questions, to the Councilor, a blatantly racist and openly anti-Semitic publication edited in Shreveport, La. by Ned Touchstone. The Councilor is the organ of the White Citizens Councils of Louisiana.

What of the John Birch Society and the Ku Klux Klans, now waging guerrilla race warfare in the American South? Welch and Society Public Relations Director John Rousselot have made it clear that Klan members are not welcome in the John Birch Society.

However, take the case of Dr. John R. Andrew of Stone Mountain, Ga. Andrew was the leader of the Birch Society's Emory (Atlanta) chapter until he resigned the position early in 1965 to run for political office. He is still a member of the society, and the Emory chapter still meets in his home. On August 23, 1965, Dr. Andrew addressed a rally of the Ku Klux Klan (United Klans of America) in Atlanta. He told the assembled Klansmen that he had been defeated in the special election for the reapportioned State legislature by the international banking conspiracy. Later, Andrew told a reporter for the Atlanta Journal that he was not actually a Klan member but would like to help the organization if he could.

Andrew was present on September 13, 1965, at the Henry Grady Hotel in Atlanta—as were Mr. and Mrs. George Birch (parents of John Birch) and other local society luminaries—to hear a speech by former Maj. Gen. Edwin A. Walker. During the question period, Walker, always proudly a Birch Society member, told a cheering audience:

"There will be a KKK in the U.S.A. longer than there will be an L.B.J."

When, on August 10, 1965, at Long Beach, Calif., Walker told his hearers of the Red plot aimed at "you, the white race—just 90 miles from Florida," he was giving perhaps the ultimate expression to the politico-racial fears that have emerged as the wellspring of John Birch Society activity.

PURPOSES

The stated purpose of the society's anti-civil rights campaign was set forth by Welch in a July 1965, pamphlet entitled "A Stick of Dynamite." The society, he wrote, was not strong enough to fight a war, but it was strong enough to fight a battle and have a chance of success if it concentrated its forces on one front.

What are the true purposes of the society's all-out attack on the civil rights movement?

It is a convenient instrument for exploiting whatever white backlash exists in the Nation as the result of the Negro thrust for equality.

The propaganda campaign is a logical preliminary to Welch's plan for a Birch Society effort in 1966 to influence the congressional elections.

The campaign offers an opportunity for nationwide activity by Birchers, using TACT and other front groups, and for recruiting new members into the society's ranks.

In short, like the Communists, the John Birch Society is seeking to exploit the Nation's racial tensions for its own propaganda and recruitment purposes, and for its deeper political goals. And it is using the Communist technique of the front group as a propaganda and recruiting instrument.

SUPPORT FOR STUDY OF CIA

Mr. HARTKE. Mr. President, the proposal made by Senator McCARTHY recently for a Foreign Relations Committee study of the role of the Central Intelligence Agency in foreign policy has drawn several favorable comments editorially. One newspaper making such editorial comments is the Evansville, Ind., Courier in its February 9 edition. In fact, the paper indicates its approval also for the bill offered by Senator YOUNG of Ohio to establish a joint Senate-House Committee for continuing understanding of CIA operations.

I ask unanimous consent that the editorial, entitled "Surveillance of CIA," be printed in the Congressional RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SURVEILLANCE OF CIA

Past efforts to bring the Central Intelligence Agency under some meaningful scrutiny by Congress has not gotten far. Those who espouse the CIA's viewpoint have thwarted such moves. Their central argument is that the CIA's effectiveness as a highly secret undertaking would be crippled if Congress were to ask embarrassing questions.

This argument has come up against some which are more than its match. The CIA is being called increasingly into question for its evident dabbling in foreign policy. Some of its clandestine operations are demonstrably not for the purpose of gathering intelligence, and sometimes constitute interference in the internal affairs of other nations.

This imperils the national interest of the United States. The fact that little is known about CIA operations, so that observers are forced into the tricky waters of conjecture, is in itself dangerous. Secret or not, the CIA should in reasonable measure be subject to the same rule that applies to all Federal agencies: it is the public's business, and the public has a right to know what it is up to.

It is against this background that one must consider two current attempts, by Senators STEPHEN M. YOUNG and EUGENE J. McCARTHY, to assert the congressional right of surveillance over the CIA as over the other agencies. Senator McCARTHY would clear

the air with a "full and complete study," to be made by a Foreign Relations Subcommittee, of how the CIA affects U.S. foreign relations. YOUNG wants Congress to set up a permanent joint Senate-House committee to keep an eye on the intelligence agency. Both proposals have merit, and the first might indeed provide valuable guidelines for operation of a committee. Discreetly handled, surveillance by a committee would not hurt the CIA and might keep it from getting out of control.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there further morning business? If not, morning business is concluded.

SUPPLEMENTARY MILITARY AND PROCUREMENT AUTHORIZATION, FISCAL 1966

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2791) to authorize appropriations during the fiscal year 1966 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles and research, development, test, and evaluation for the Armed Forces, and for other purposes.

DEFUSING THE POPULATION EXPLOSION

Mr. TYDINGS. Mr. President, I shall send to the desk, at the conclusion of my remarks, on behalf of Senators GRUENING, CLARK, YARBOROUGH, NEUBERGER, HARTKE, and myself, two bills.

These bills deal with the subject of family planning at home and abroad. One bill would amend the Foreign Assistance Act and authorize the Agency for International Development to use U.S. holdings in foreign currencies to finance voluntary family planning programs in friendly foreign nations. The other authorizes the Secretary of Health, Education, and Welfare to make matching Federal grants to State, local, and private nonprofit organizations to enable them to provide family planning information and related medical assistance to individuals who desire these services but cannot afford to obtain them.

I ask unanimous consent that these bills be printed in the RECORD at the conclusion of my remarks and that they lie on the table for 10 calendar days.

AMENDMENT NO. 489

I also send to the desk, on behalf of Senator GRUENING and myself, a proposed amendment to S. 2933, the President's food for freedom bill, which would authorize the use of foreign currencies accumulated through future sales of agricultural commodities to finance voluntary family planning programs in friendly foreign nations.

In view of the fact that the Committee on Agriculture begins hearings on S. 2933 tomorrow, I ask unanimous consent that my amendment be printed in the RECORD at the conclusion of my remarks, but that it be immediately referred to

the Agriculture Committee, and not lie on the table for cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TYDINGS. Mr. President, there is urgent need for the Congress to take decisive action to defuse the population explosion. We cannot pretend that this problem has nothing to do with the goals which our Nation is striving to foster both at home and abroad. We have made great sacrifices to help underdeveloped nations to improve their standards of live, yet hunger stalks the globe and the number of new mouths to feed outruns the ability of many nations, most notably India, to provide even a minimum diet. Indeed, the world food crisis has reached the point that U.S. production, even at full capacity, could not fill the gap in a few years.

At home we are seeking to attack the causes of poverty and crime, yet we know that the unwanted child of poor parents is the person least likely to break the cycle of poverty, illiteracy, unemployment, and despair—that he is the person most likely to become the burden and ultimately the enemy of society.

President Johnson has wisely said that finding effective but compassionate methods of curbing the population explosion is a cause second only to the search for peace.

The time is ripe for positive action. Ten years ago, even five years ago, this was a politically delicate subject. Today the Nation has awakened to the need for Government action.

The New York Times recently published the results of a poll conducted by the Gallup Organization, Inc. This poll, based upon an unusually large and carefully selected sample, shows that 63 percent of the American public favors U.S. Government aid to voluntary family planning programs and only 28 percent is opposed. It shows that 58 percent of all Americans favor such assistance to foreign governments, and only 34 percent are opposed. It shows that a majority of Catholics favor such assistance both at home and abroad. It also shows that 81 percent of Catholics and 86 percent of non-Catholics believe that family planning information should be easily available to any married couple which wants it. I ask unanimous consent that this article as well as a complete report on the Gallup survey be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TYDINGS. This change in public attitude has come about through the efforts of men who had the courage to brook the tides of public opinion. Senator CLARK is such a man. Senator GRUENING is such a man. So is President Johnson. Because of their leadership it is no longer necessary for an elected official to speak with trepidation on this subject. We have solid proof that a substantial majority of Americans feel it is a proper function of Government to provide family planning information and assistance to those, both at home and abroad, who explicitly request it.

The bills which I am introducing today would provide the funds and authority

needed to make an impact on population problems. They make two basic points unmistakably clear:

First. The Congress of the United States regards family planning as an area of great concern. We cannot turn away from the overriding social and economic issue of our time.

Second. In this delicate area, the Government will neither influence nor coerce its own citizens or foreign nationals to engage in family planning or to prefer any one method of family planning over any other method.

My bills contain careful safeguards to insure the integrity of conscience. The foreign bill provides that the Secretary of State shall approve a program "only if he has received satisfactory assurances that in the administration of the program the recipient nation will take reasonable precautions to insure that, first, no person will receive any family planning information, medical assistance, or supplies unless such person desires such services, and, second, the information, medical assistance, and supplies provided any recipient will not be inconsistent with the individual's expressed moral, philosophical, or religious beliefs."

The domestic bill provides that:

No grant shall be approved unless it contains and is supported by reasonable assurances that in carrying out any program assisted by any such grant, the applicant will establish and follow procedures designed to insure that—

(a) No individual will be provided with any information, medical assistance, or supplies which such individual states to be inconsistent with his or her moral, philosophical, or religious beliefs; and

(b) No individual would be provided any medical assistance or supplies unless such individual is medically indigent and has voluntarily filed a written request with the applicant asking for such medical assistance or supplies.

It is clear that under either bill any assistance to practicing Catholics would have to be consistent with their faith. Indeed, under the domestic bill, a Catholic hospital or welfare organization could qualify for Federal assistance to provide church-approved family planning assistance to Catholics. There are many great Catholic hospitals that now provide such church-approved family planning assistance. I know this to be true in my own State of Maryland.

In order to insure full access to individually preferred sources of assistance the bill specifically authorizes the Secretary to make grants to more than one organization in each community. Requirements for eligibility would be determined by the grant recipients. If additional safeguards to insure integrity of conscience are needed or desired I would be prepared to support them.

In other words, Mr. President, the domestic legislation gives effective initiative to State and local officials. They will plan their own programs. No bureaucrat in Washington can arbitrarily disqualify a program, unless it violates those specific guarantees of freedom of choice which the bill contains.

The population crisis is widely recognized throughout our society. The Catholic Church is currently engaged in a

fundamental reexamination of its attitudes toward family planning. The Ford and Rockefeller Foundations are spending millions of dollars to investigate and help resolve population problems.

Our great universities are devoting increased resources and attention to reproductive biology and family planning. I am particularly proud of the fact that the Johns Hopkins University in Baltimore is one of America's outstanding centers for research and for the training of personnel in all aspects of family planning. The school of public health is now establishing a department of population and family health to undertake coordinated studies in reproductive biology, demography, and the motivational aspects of family planning.

The school's division of international health has a population unit and under grants from AID has trained some of the people who are helping foreign countries to set up national family planning programs. Prof. William McElroy of the university is a member of the President's Science Advisory Council with particular responsibility for family planning. He chaired the National Academy of Science committees which recently published such impressive studies on the growth of world and of U.S. population.

Until just a few years ago, the subject of overpopulation was politically taboo. As recently as 1959, our Government took the view expressed by President Eisenhower—that giving birth control information to foreign countries was "none of our business," though in the same year the Draper report warned that the world's population would soon outstrip man's ability to feed himself.

President Kennedy took the first steps in focusing official interest on family planning. He quietly authorized AID to consider requests for family planning information from foreign countries and encouraged research in this area by establishing the National Institute of Child Health and Human Development.

No one has done more to focus public attention on the population crisis than President Johnson. In his state of the Union message of 1965, he said:

I will seek new ways to use our knowledge to help deal with the explosion in world population and the growing scarcity in world resources.

Later that year, he told the 20th anniversary of the United Nations that "less than \$5 invested in population control is worth \$100 invested in economic growth." In his state of the Union message last month, and in the foreign aid and health messages he has sent to Congress, the President has reaffirmed his intention of finding ways to deal with the population problem.

The first man to discuss family planning on the floor of the Senate was the distinguished Senator from Pennsylvania, [Mr. CLARK]. On August 15, 1963, he introduced a Senate concurrent resolution, cosponsored by the Senator from Alaska [Mr. GRUENING], urging the President to step up population growth research at our National Institutes of Health and to create a Presidential Commission on Population. Last Year, a

decisive breakthrough was achieved when the Senator from Alaska, [Mr. GRUENING], introduced legislation which would set up the administrative machinery to deal with population problems. I am proud to be the first cosponsor of his bill, S. 1676.

Perhaps more important than the prepared legislation of the Senator from Alaska have been the pathbreaking hearings which he has conducted before his Foreign Aid Subcommittee of the Committee on Government Operations. These hearings—held continuously in 1965—have served magnificently the cause of public education and citizen enlightenment. They have brought to the attention of the Nation the pressing need for action. They have documented conclusively the fact that a vast majority of citizens at home and throughout the world desire to practice family planning and desire to be responsible parents—but that many lack the information and assistance which would allow them to do so safely and effectively in accordance with their religious convictions. To date, more than 70 eminent witnesses have testified before the subcommittee of the Senator from Alaska. They include four Nobel Prize-winning scientists, Dr. Albert Lleras Camargo, former President of Columbia, and many of our most distinguished public servants, including Chester Bowles, Marriner Eccles, Stewart Udall, Kenneth Keating, and James V. Bennett, former Director of the Bureau of Prisons, and others.

President Eisenhower, who today serves with President Truman as honorary cochairman of Planned Parenthood—World Population, sent the Senator from Alaska [Mr. GRUENING] a most significant letter, in which he reversed the stand which he had taken earlier:

Ten years ago, although aware of some of these growing dangers abroad, I did not then believe it to be the function of the Federal Government to interfere with the social structure of other nations by using, except through private institutions, American resources to assist them in a partial stabilization of their numbers. I expressed this view publicly but soon abandoned it.

President Eisenhower continued:

If we now ignore the plight of those unborn generations which, because of our unreadiness to take corrective action in controlling population growth, will be denied any expectations beyond abject poverty and suffering, then history will rightly condemn us.

Those of us who seek to discuss the population problem today owe an incalculable debt to the Senator from Alaska and the Senator from Pennsylvania for creating an atmosphere of knowledge and understanding. In this atmosphere we may profitably examine the population of explosion, the dangers which it poses to mankind, the steps which are being taken, and which need to be taken, to cope with it.

II

Many of startling facts about the growth of the world's population are well known. It took all of human history to the beginning of this century for the world's population to reach one and one half billion. In just 65 years—since the

turn of the century—the population has more than doubled. In the next 35 years, if present trends continue, the population will more than double again. It would reach over seven billion.

The present growth rate in world population is 2 percent a year. That may not sound like much; but the Population Council estimates that if the human race had begun with a single couple at the time of Jesus and had grown steadily at 2 percent a year since then, there would now be 20 million times as many people as there are now, or 100 people per square foot of the earth's surface.

This growth rate is not uniform throughout the world. Unfortunately, it is far greater in the less developed countries. The Population Council reports that the third of the world's population that lives in the developed countries—Europe, North America, the U.S.S.R., Australia, New Zealand, Japan—has a growth rate of 1.2 percent. The other two-thirds—the peoples of Africa, Latin America, and most of Asia—have a growth rate of 2.5 percent. This means that the population of these areas will double within the next 30 years or less. The Population Reference Bureau has recently made a detailed study of population growth rates throughout the world.

I ask unanimous consent to have this study printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. TYDINGS. Mr. President, the grim predictions of Thomas Malthus are already coming true in the less developed nations; men die of starvation because the ability to create life has outrun the ability to sustain it.

Let us turn our thoughts to our own Nation. We cannot effectively help those abroad who would meet the menace of overpopulation if we are not willing to face up to our own situation. We cannot have a double standard.

Because most of us are more concerned about consuming too many calories, rather than too few, we instinctively feel that the population problem is something which only famine-ridden countries need to worry about. We complacently think that "it can't happen here." Yet our population grows with startling rapidity. It increased from 76 million in 1900 to about 181 million in 1960. By 1970, there will be almost 210 million people in the United States and by the end of the century, there are almost certain to be more than 300 million, or four times as many as at the turn of the century. That would mean the population had tripled since 1920—all since the end of the era of mass migration to the United States.

Fortunately, it appears likely, at least for the immediate future, that the increases in our gross national product will continue to outrun our population increases. Although the pressures upon our scarce land and water resources will become more intense, I do not doubt that we shall be able to feed, clothe, house and educate our swelling citizenry at or above our present standards. But even if we can physically provide for a grow-

ing number of people, there are disturbing social, psychological and moral problems to consider.

I do not suggest that the Government of the United States should advocate family planning. This is a private matter on which Government should not take any position. But it would be an equally shameful perversion of duty if officials charged with the public welfare did not freely and frankly face social realities.

The realities are that 4 out of every 5 American couples have the education, the knowledge, and the financial means to make a meaningful and informed private decision on whether and how to limit their families. Four of five American couples have reasonable access to a doctor who can provide such technical advice and assistance or the medical assistance as they might desire.

But the remaining 20 percent of American families lack the effective freedom to make private decisions in this area. These are indigent families who desire to limit the number of children but who are unable to afford or obtain proper medical assistance. As a result these families all too often bring children into the world whom they cannot support and whom they did not want. A recent survey conducted in the South showed that 3 out of every 4 Negro women did not want any more children, but that over half did not know how to stop having them because they did not have access to good medical advice or assistance.

Seventeen percent of low-income white families interviewed in 1960 reported that, before the last conception occurred, either the wife or the husband or both had not really wanted another child at any time in the future. Among families in which the wife's education was grade school or less, 32 percent of white couples and 43 percent of nonwhite couples had unwanted children.

The experience with family planning services in my own city of Baltimore provides dramatic proof that there is a demand for such services. In February 1965, the Baltimore City Health Department, began making information and medical advice available to indigent women who so requested on a broad scale. In a single year, over 4,000 Baltimore mothers have requested family planning services. This represents an increase of 100 percent in the number of indigent women in Baltimore City who are receiving family planning assistance through public or nonprofit private organizations. It shows that private organizations—and Baltimore has one of the most active planned parenthood groups in the country—cannot meet the need alone.

For the poor family, an unwanted child increases the burden of poverty. For the child, it all too often means growing up in an atmosphere that is hostile or indifferent. When a child grows up in a household where he is not wanted, where his father is absent or unconcerned, where there is no one to give him the love and the discipline which any child requires, are not his chances to develop into a useful, well-adjusted citizen tragically diminished?

Recent studies by the New York City Youth Board have confirmed that the child who is reared in poverty and neglect, may well become a juvenile delinquent.

Neglected youth tend to take out their bitterness against society when they become adults. James V. Bennett, former Director of the U.S. Bureau of Prisons, told Senator GRUENING's subcommittee:

In all my experience of dealing with the disadvantaged and the underprivileged, no case is sadder or more baffling than that of the lonesome, unwanted child * * * I know many who came into the world unwelcomed and undesired, who became burdens on our culture and sought to even their grudge against society with a knife or a gun or retreated into the solace of drugs acquired by assault, burglary, or prostitution.

I believe that a couple should not lose the right to plan the size of their family merely because they are too poor to seek medical assistance or advice. The Government has a responsibility to provide family planning services to those who desire them and cannot otherwise afford them—provided that this is done under programs which make certain that no person is influenced or coerced to limit his family or to use any particular method of family planning.

Regrettably, the Federal Government, held back by lack of funds and lack of authorization from Congress, has done relatively little to help provide family planning services or to stimulate research in the field of fertility control. Recent statistics show that last year the Public Health Service made only \$50,000 in grants to be used for family planning assistance. The National Institutes of Health have a budget of only \$500,000 for research into problems of fertility control. To be sure, President Johnson has proposed a substantial increase in research funds for fiscal 1967, but at best these proposed increases, when appropriated, will only bring the Federal Government roughly on a par with the amount of funds the Ford Foundation now spends on research in this area.

Some preliminary steps were taken toward Federal participation in family planning with the passage of the Maternal and Child Health and Mental Retardation Amendments of 1963. Under this legislation, 31 maternity and infant care centers have been set up in the United States and Puerto Rico. All but three of these centers offer family planning services. The Children's Bureau estimates that about \$3 million is now being spent on family planning.

The Office of Economic Opportunity is now granting funds to community action agencies for the purpose of establishing family planning programs—provided that no contraceptive devices or drugs given to unmarried women or to married women not living with their husbands. So far, about \$1 million in grants have been given out through the war on poverty program.

None of this, however, is nearly enough to close the gap in family planning services needed. Last year, the total amount of money spent on family planning assistance from all sources, public and private, amounted to less than \$15 million. Most of this was spent

by a single private organization, the Planned Parenthood Affiliates. As a result, only about 500,000 indigent couples in the United States could be served.

Studies undertaken by planned parenthood affiliates indicate that there are at any given time in this country, approximately 5 million medically indigent women who potentially desire family planning assistance.

This figure was carefully derived by taking the number of persons in families with incomes below \$3,000 per year, dividing this number in half to obtain the approximate number of medically indigent women, and making necessary adjustments to exclude those who are naturally infertile or not of childbearing age and further to exclude those women in this group who, at any given time, are pregnant or seeking to become pregnant with one of their first three children. The assumption that each woman who has had three children is a potential candidate for family planning assistance, is based on studies showing that three children is the average ideal number desired by American parents of all social classes.

About one-half million indigent women now receive such aid from public or private sources. Many of the remaining 4½ million need and want such assistance. The National Academy of Sciences estimates that 45 percent of the women in poor families with more than three children did not want their last pregnancy. In view of this we are safe in assuming that at least several million indigent couples want family planning services.

Planned parenthood's average cost of providing family planning assistance is \$20 per patient per year. With a potential clientele of 5 million women today, experts in this field do not seem rash then in calling for a total public and private investment of \$100 million by 1970, of which three-quarters or \$75 million would have to be provided from Government funds and the rest provided by public or private organizations. My bill would provide these funds by authorizing \$15 million the first year and an additional \$15 million for each of 4 subsequent years. This would be enough with a matching contribution, to serve a million women the first year, 2 million the second, and so on, until the entire 5 million receive assistance by 1970.

Compare this, however, to the cost of maintaining the unfortunate, unwanted child who has become a burden to society. We spend billions to support those who cannot support themselves; many of these people were born to poor parents who did not want them and could not provide for them.

The legislation which I propose will work through existing machinery—local and State health departments and private, nonprofit organizations. To the maximum extent possible, each recipient will be encouraged to set eligibility requirements and program standards which reflects its own needs and do not offend the feelings of those it seeks to serve.

Obviously many different approaches to family planning are going to evolve; and that is all to the good. Sensitive

moral and philosophical questions should be resolved on the local level, and not in Washington.

Attempts by the Office of Economic Opportunity to impose Federal eligibility requirements for family planning programs demonstrate the difficulties in a centralized bureaucratic approach from Washington. Earlier this month the trustees of Washington's antipoverty program rejected a \$79,000 family planning grant because the OEO demanded that the money be spent only to aid married couples living together. My bill does not prohibit or require recipients to provide family planning assistance to unmarried women. I think that in these matters we have got to allow local communities to make up their own minds on the way they wish to operate.

My bill does not set up any super-bureaus to deal with family planning. Existing agencies and bureaus within HEW would administer the law. Grants would be made to private, nonprofit agencies, to State and local health departments, and to hospitals; they will do the job. Mr. George Lindsay, the chairman of Planned Parenthood-World Population has recently pointed out that since 97 percent of the Nation's women deliver their babies in hospitals, an increase in hospital family planning services is one of the most important single steps in setting up an effective program.

I realize that many sincere and high-minded Americans, predominantly but not exclusively of the Catholic faith, have argued that the Government has no right to intrude in a field which involves moral decisions. They say that the Government must remain strictly neutral, and neutrality for them means no Government action at all.

Now I certainly agree that the Government must not take a position for or against family planning. No one proposes, and my bill specifically forbids, the establishment of a corps of social workers to serve as advocates of family limitation or of any particular method of family planning. But I deny that neutrality implies inaction.

By not taking action the Government removes the power of private moral decision from the hands of poor couples. By failing to provide wanted assistance, the Government implicitly says that family planning is immoral and information concerning it should be kept from as many people as possible.

In effect it says to the indigent couple: "Because you are poor and cannot afford private medical assistance, you have no right to practice family planning, however much you may desire." This attitude sets up a vicious double standard—the rich are allowed to practice family planning because they do not need public assistance. They have the means to consult with a family physician. But the poor, the unfortunate, the needy—those who need the help of qualified public health personnel—are denied the right to make responsible family decisions.

I do not think the Government is being neutral when its inaction makes wealth the basis for determining man's rights, his responsibility as a parent, and his

ability to make a decision reflecting the future of his own family.

Leading members of the Catholic Church do not object on principle to voluntary family planning programs that respect freedom of conscience. Cardinal Cushing has said:

[It] is important to note that Catholics do not need the support of civil law to be faithful to their own religious convictions and they do not seek to impose by law their moral views on other members of society. (Boston Pilot, Mar. 6, 1965.)

I have already given the cold, impersonal figures which tell of the staggering population growth in Asia, Africa, and Latin America. But it is scarcely possible for us to calculate the human costs, to imagine the terrible burdens which this soaring population imposes on nations which are struggling to remove the shackles of centuries of disease, ignorance, and deprivation.

For these people, in many instances, the gift of life often becomes a curse, dooming a new-born child to an existence in which mere sustenance is hopelessly lacking, in which social betterment is a hollow dream. For them the specter of starvation haunts their crudely cultivated fields by day and their wretched village huts by night.

Gen. William Draper, the new head of the Population Crisis Committee, has bluntly warned that the peoples of Asia, Africa, and Latin America "are on a collision course with their food supply." He said:

The stark fact is, if the population continues to increase faster than food production, hundreds of millions will actually starve in the next decade. The 2 billions of people living in Asia, Africa, and Latin America are increasing by more than 2 percent a year and their food resources by only 1 percent a year. They are losing the race between food and people.

Experts in the Department of Agriculture have estimated that, merely to maintain present meager diets in Asia, yields per acre must increase by more than 50 percent between now and 1980. It would require 24 million tons of fertilizer to obtain such yields and, at present, there are only 28.6 million tons being produced in the entire world.

Recently I visited India, the country where the population crisis is the most severe, where hunger riots have broken out periodically in the past 5 years. I came away convinced that programs of family planning are the only alternative to unparalleled human suffering. U.S. imports of grain cannot continue to meet the burgeoning demands. Even last year, when India had a record crop, she was forced to import one-fifth of the U.S. total wheat output to meet her food needs.

Today we in the United States have barely enough surplus wheat in this country to satisfy our own needs for more than 6 months should a major catastrophe blight our crop.

I heartily endorse the President's recommendation that we increase domestic agricultural output and use the resulting surpluses in our food-for-peace program. Similar suggestions have been put forward most eloquently by the Senator from South Dakota [Mr. Mc-

GOVERN] and the junior Senator from Minnesota [Mr. MONDALE]. But we all know that America cannot hope to feed the almost 4 billion people who would swell the world's population by the end of the century if present trends continue. And even if we could, it would hardly be advisable to make large areas of the world totally dependent on the United States for the margin between minimal sustenance and starvation. This would sap their self-reliance and destroy their national dignity.

Some people have said optimistically that if the United States can send a man to the moon, we can surely teach Asian farmers to grow more grain. But the truth is that it is more difficult to break through barriers of illiteracy and entrenched tradition than it is to thrust out of the barriers of space. Having been to India, and having been deeply impressed by the dedication of their leaders, I would be the last person to downgrade the dedication of its Government and its people. Yet, one must conclude that India and much of the underdeveloped world will never be able to feed their people unless they find ways to control the population explosion. Fortunately, I believe India and other nations are beginning to realize this.

Many foreign governments have undertaken programs of family planning within the past few years. Korea, the Republic of China, and Tunisia are on the way to establishing effective national programs. India, Pakistan, and the United Arab Republic, and Turkey are also making efforts to set up programs which will reach all of their people. Until very recently, no government in Latin America, with the exception of Chile, had undertaken any programs in this field. But now Peru, Venezuela, Honduras, and Colombia have established population units as a part of their public health ministries.

These government family planning programs are a normal political response to the desire of millions of people in these countries to gain the knowledge which will allow them to plan the size of their families in accordance with their means and their personal aspirations. Dr. Irene B. Taeuber, of the Office of Population Research at Princeton University, told Senator GRUENING's subcommittee that:

Studies in country after country, among remote villagers and city dwellers, among peoples of diverse cultures and many faiths, among the illiterate and the schooled * * * indicate that families wish children, but only those from whom they can provide adequate living, school, and an economic future.

Recent studies in India show that 62 to 77 percent of Indian mothers have expressed a desire to limit the size of their families.

Against this background of growing concern and activity, the U.S. Government has taken its first really positive steps to help those countries which are seeking to control their population growth. In March of 1965, AID Administrator David Bell advised all AID missions that AID would entertain requests from foreign governments for direct assistance in setting up family planning programs.

Since that time, AID has offered technical advice, assistance, or local currency to six different countries. Missions have been sent to India, Pakistan, Turkey, and the United Arab Republic to advise the officials in those countries who are setting up family planning programs. Turkey has requested and appears likely to receive over \$3 million worth of jeeps for use in transporting workers and educational equipment to remote parts of the country. U.S.-owned local currencies have been released in Korea and Taiwan to help finance family planning projects which the Population Council, a private agency, established.

The Alliance for Progress has helped to finance a number of population studies and personnel training programs in Latin America. This agency recently made a grant of \$176,000 to the University of Notre Dame to initiate a 3-year project which will study the whole area of family sociology. The project will be done in cooperation with educational institutions in Latin America. They have also aided the University of Puerto Rico in conducting programs to train family planning personnel.

This is a useful beginning. But it is only a beginning. In the 11 months since AID announced its new policies, the world's population has grown by 60 million. If we are to make a significant impact on the population growth rates in this century, it is incumbent upon us to treat every year, every month, and every day as an irreplaceable opportunity for action. I am hopeful, therefore that AID will accelerate its programs and intensify its concern and that its steps will be less hesitant.

The first and most pressing need is to train more public health personnel to advise those countries which seek our help in setting up national family planning programs. At present, we have the greatest pool of available experts in this field—administrators, doctors, and demographers—but present demands have already exceeded the available supply. We need to institute Government programs to train more personnel in the field of family planning. The President's International Health Act, if creatively administered, can go far toward accomplishing this goal.

We also need to institute programs to help foreign nations send their own personnel for training to our schools of public health and demographic centers. We also need to help them to establish and expand programs for training in family planning at their own public health and medical schools.

If we are effectively to help those nations which seek to control their population explosion, we must also realize that this problem cannot be solved in a few years—by a brief frenzied infusion of American experts. To establish sound and humane family planning programs, nations must improve their entire range of public health programs. Under present conditions it is medically dangerous to administer modern birth control devices where there are not doctors or hospitals to treat women in case of complications.

Equally important, Dr. Carl E. Taylor, the distinguished director of the division of public health at the Johns Hopkins University, has offered impressive evidence to show that family planning is accepted most readily where health and medical services have been established longest. Surveys conducted in 20 different parts of India showed that parents wanted only 3 or 4 children but found it necessary to have 8 or 10 because they knew from experience that half of their children would die. Attempts during the 1950's to institute family planning programs in parts of India where medical facilities were undeveloped proved far less successful than in areas where medical facilities had been established.

A preliminary generalization, based on field trials in rural Japan, India, and Ceylon, is that areas with developed medical facilities are making the best progress in establishing successful family planning programs.

To meet the population crisis, then, we must help nations to make a new assault on disease and suffering. We must aid them in building up the entire structure of medical and health facilities, in providing rural health centers, in training doctors and nurses, in improving their medical schools and schools of public health.

When I was in India last summer, I asked the responsible minister how it was intended to have family planning implemented in the field. I was advised that in many instances malaria eradication clinics were being used. Those clinics had been established previously and had done magnificent work in the control of malaria in India.

Those who have pioneered in the field of family planning are unanimous in their belief that except for administrative consultants and teaching doctors, the overwhelming majority of family planning personnel must be natives of the countries involved. Foreign women will naturally accept advice and assistance far more readily from those who share their language and culture.

If we are to help in this long-term struggle against overpopulation, we must use every available source of revenues. It seems to me that the excess local currencies which pile up abroad are a logical source from which to draw. Under present law, 20 percent of the foreign currencies which our country accumulates through the sale of food under Public Law 480 and all of the foreign currency which we acquire through the repayment of "soft" loans under the Development Loan Fund are restricted to so-called U.S. uses funds. That is to say, they may be made available through the appropriations process to pay U.S. obligations, such as embassy expenses, maintenance of military bases, and the like. This is as it should be.

But in many countries the amount of money in our U.S. uses funds far exceeds the expenses which we incur, or are likely to incur. In India, for example, there is over \$500 million worth of rupees in our U.S. uses funds. This is far more than we can use; but in order to free these funds for other uses we must, under

existing law, go through the complete appropriation process. In short, we must treat existing foreign currency reserves as though they were new dollars.

Holdings of foreign currencies in U.S. uses accounts are also in excess of foreseeable U.S. requirements in Burma, Pakistan, Guinea, and the United Arab Republic. They are near excess in 11 other countries, including Brazil, Colombia, Indonesia, Syria, Turkey, and Tunisia.

The White House Conference on International Cooperation has estimated that America will need to spend \$100 million a year for the next 3 years in order to provide effective help to those nations which seek to set up national family planning programs. My bill would simply unfreeze 5 percent of these excess U.S. uses funds and allow them to be used by foreign governments and private nonprofit U.S. organizations—such as the Ford Foundation or the Rockefeller Foundation which have done such magnificent work in this field—to establish voluntary family planning programs in friendly foreign countries that request such assistance. Since these funds are already excess to any foreseeable U.S. use, the effective cost to the United States is virtually nil. It makes better financial sense to invest some of these funds in urgently needed family planning projects than to allow them to lie around and depreciate. But with more than \$1½ billion worth of foreign currencies already excess to our needs, just 5 percent or \$65 million in local currencies, would make a great impact upon population problems in these countries.

My proposed amendment to S. 2933, the food for freedom bill, follows the approach suggested by Representative PAUL TODD, Democrat, of Michigan, and the amendment introduced last Friday by the very able Senator from Texas [Mr. YARBOROUGH]. Although the language differs, the basic idea is identical: specifically to authorize the use of soft currencies which hereafter accumulate under our sales of surplus agricultural commodities to finance voluntary family planning programs in friendly nations that desire such assistance.

There can never be a truly peaceful world while men die of starvation and live in squalor. The people of the emerging nations know that these conditions need not be the inevitable lot of man. They look hopefully toward a future in which opportunity is greater. If these hopes are thwarted because the burgeoning population nullifies man's efforts to create a richer life then I say that no disarmament agreement, no U.N. peace force will keep our planet from being torn with strife and violence.

We simply must help those nations which commit themselves to combat the menace of overpopulation. To do less is inhumane—and contrary to the national interest of the United States.

The PRESIDING OFFICER. The bills and amendment will be received and appropriately referred; and, without objection, the bills and amendment will be printed in the RECORD, and the bills will

lie on the desk, as requested by the Senator from Maryland.

The bills, introduced by Mr. TYDINGS (for himself and other Senators), were received, read twice by their titles, appropriately referred, and ordered to be printed in the RECORD, as follows:

To the Committee on Foreign Relations:

"S. 2992

"A bill to authorize the use of foreign currencies to finance family planning programs in friendly foreign nations, and for other purposes

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 612 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. Sec. 2362), is amended by adding a new subsection (c) as follows:

"(c) In addition to funds otherwise available, and not withstanding Section 1415 of the Supplemental Appropriations Act of 1953, excess foreign currencies, as defined in subsection (b), may be made available to friendly foreign governments and to private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program, the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. The excess foreign currencies made available under this subsection shall not, in any one year, exceed 5 percent of the aggregate of all excess foreign currencies.

"As used in this subsection the term 'voluntary planning program' includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical assistance and supplies to individuals who desire such assistance."

To the Committee on Labor and Public Welfare:

"S. 2993

"A bill to provide Federal financial assistance to public agencies and to private, nonprofit organizations to enable them to carry on comprehensive family planning programs

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

"SECTION 1. The Secretary of Health, Education, and Welfare (hereinafter referred to as the 'Secretary') is authorized to make grants to State, local or other public agencies, and to private, nonprofit organizations for the purpose of assisting them in carrying on necessary programs in the field of voluntary family planning. Such programs may include demographic studies, medical and psychological research, the training of personnel, and the dissemination of family planning information, medical supervision and supplies to individuals who desire such information, assistance or supplies.

"SEC. 2. (a) Grants under this Act shall be made only under regulations promulgated by the Secretary. No grant shall be approved unless it contains and is supported by reasonable assurances that in carrying out any program assisted by any such grant, the applicant will establish and follow procedures designed to insure that—

"(1) no individual will be provided with any medical supervision or supplies which such individual States to be inconsistent with his or her moral, philosophical or religious beliefs; and

"(2) no individual will be provided any

medical supervision or supplies unless such individual has voluntarily filed a written request with the applicant asking for such medical supervision or supplies.

"(b) The use of family planning services provided by the applicant under such grant shall not be a prerequisite to the receipt of services from or participation in any other programs of financial or medical assistance.

"(c) The Secretary shall make grants to carry out programs for the dissemination of family planning information, medical supervision and supplies only to applicants who—

"(1) serve areas where there are substantial concentrations of low-income families; or

"(2) will otherwise utilize such grants primarily to serve low-income families.

"SEC. 3. The Secretary shall not deny a grant under this Act to any applicant which is otherwise eligible therefor on the grounds that—

"(a) Such applicant will provide family planning assistance which is limited in scope to one or more methods or aspects of family planning;

"(b) The area to be served by the programs to be carried on by such applicant is already served by other family planning programs;

"(c) The applicant, under standards it prescribes, provides assistance to unmarried individuals.

"SEC. 4. For the purposes of this Act the term 'nonprofit,' when applied to any agency or organization, means a private agency or organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private owner or shareholder thereof, or any other private person.

"SEC. 5. Nothing contained in this Act shall authorize the Secretary to establish any new bureau or agency through which to exercise his authority under this Act. The Secretary shall, to the extent possible, utilize existing bureaus and agencies within the Department of Health, Education, and Welfare and the personnel thereof to carry out his responsibilities under this Act.

"SEC. 6. (a) No grant under this Act shall exceed 75 percentum of the total of the expenses required to carry on the program with respect to which the grant is made.

"(b) for the purpose of carrying out the provisions of this Act, there are hereby authorized to be appropriated not more than \$15,000,000, for the fiscal year ending June 30, 1967; \$30,000,000, for the fiscal year ending June 30, 1968; \$45,000,000, for the fiscal year ending June 30, 1969; \$60,000,000, for the fiscal year ending June 30, 1970; and \$75,000,000, for the fiscal year ending June 30, 1971."

The amendment (No. 489) was referred to the Committee on Agriculture and Forestry, as follows:

AMENDMENT 489

Intended to be proposed by Mr. TYDINGS to S. 2933, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes:

On page 13, line 2, strike the colon following the word "currencies," insert in lieu thereof a semicolon and add the following new subsection:

"(1) To assist friendly foreign governments and private, nonprofit United States organizations to carry out voluntary family planning programs in countries which request such assistance. No such program shall be assisted unless the President has received assurances that in the administration of such program, the recipient will take reasonable precautions to insure that no person receives any family planning assistance or supplies unless he desires such services. As used in this subsection, the term 'volun-

tary family planning program' includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical supervision, and supplies to individuals who desire such assistance."

EXHIBIT 1

[From the New York Times, Feb. 17, 1966]
POLL FINDS CATHOLICS BACK BIRTH CURB AID
 (By John W. Finney)

WASHINGTON, February 16.—Most Americans, including Catholics, favor Federal aid to States, cities, and foreign governments for birth control programs, according to a recent poll.

The survey also shows that most Catholics in the United States believe that the Roman Catholic Church should modify its opposition to many forms of birth control.

They also believe that birth control information should be easily available to any married person who wants it, the poll found.

The survey into American attitudes on population policy was conducted last fall by the Gallup Organization, Inc., headed by George Gallup. It was taken for the Population Council, a nonprofit foundation that has been active in promoting population control programs at home and abroad.

The results of the survey, which is believed by population planners to be the most definitive yet conducted on the politically touchy subject of birth control, will be published soon.

The survey was based on a scientific sampling of 3,205 persons. By public opinion survey standards, this was a large cross section. The Government's monthly unemployment report, for example, is based on a sampling of 3,500 persons.

The number of Catholics polled in the Gallup survey was not given, but in a probability sample such as is used in public opinion surveys, steps are taken to be sure of an adequate cross section of all groups.

The poll may have a considerable political impact; the administration is running into its first political difficulties in its quiet but deliberate move of the last year to extend Federal assistance to birth control programs at home and abroad.

Under a policy laid down by President Johnson a year ago, the Agency for International Development has begun extending assistance to foreign governments for direct support of birth control programs.

This policy has recently been challenged by Representative CLEMENT J. ZABLOCKI, of Wisconsin, who represents a district with a large Catholic vote in Milwaukee County.

In letters to AID, Mr. ZABLOCKI has asked whether the Agency, in its new policy, was not violating congressional intent. He argued that Congress meant to limit Government assistance to demographic and sociological studies rather than authorize outright support of birth control programs.

In view of Mr. ZABLOCKI's influential position as ranking Democrat on the House Foreign Affairs Committee, his letters have caused considerable concern among aid officials, who were already hesitant about pushing too fast into the politically sensitive area of birth control.

SUPPORT INDICATED

But the main finding to emerge from the poll was that the voters would strongly support any move by the administration to assist State or local governments or foreign countries in birth control programs.

In response to the question "Do you feel that the U.S. Government should give aid to States and cities for birth control programs if they request it?" 63 percent responded "yes," 28 percent "no" and 9 percent "don't know."

To the question "Do you think our Government should help other countries with their birth control programs if they ask us?" 58 percent said "yes," 34 percent "no" and 8 percent "don't know."

Of the 58 percent supporting foreign assistance, 62 percent—or a minority of the total sample—favored going beyond administration policy by furnishing birth control supplies. The present policy is limited to technical and financial assistance for family planning programs.

The church now opposes all chemical or mechanical methods of contraception but does condone the rhythm method in which intercourse is limited to the nonfertile periods of a woman's monthly cycle.

Among the Catholics polled, 56 percent favored a change in the church's policy, compared with 53 percent among non-Catholics, and 33 percent were opposed, compared with 22 percent among non-Catholics. The Catholic support for a change in policy was particularly strong among the younger generation; among those Catholics 60 or older, only 39 percent favored a shift in the church's position.

The poll showed that Catholics as well as non-Catholics were overwhelmingly in support of providing birth control information to married couples.

In response to the question "Do you believe that information about birth control, ought to be easily available to any married person who wants it?", 86 percent of the non-Catholics and 81 percent of the Catholics replied "yes."

But a difference developed on the question whether such information should be easily available to any single adult person who wants it. A slight majority of non-Catholics—52 percent—favored such a policy, but it was supported by only 43 percent of the Catholics.

By coincidence, the survey was conducted in two periods immediately before and after Pope Paul VI's visit to the United States last October. In his speech before the United Nations, the Pope appeared to reaffirm the church's position on birth control.

AMERICAN ATTITUDES ON POPULATION POLICY

In fall 1965 the Population Council sponsored a survey of American attitudes on population policy. The survey was conducted by the Gallup Organization, Inc., and consisted of two interview waves with identical questions. The respondents were selected as a modified probability sample, with 1,571 cases in the first wave (in the field September 15-22) and 1,634 cases in the second wave (October 6-14). Unless otherwise indicated below, the two waves are combined in this report, and the results are based on a times-at-home weighting designed to improve sample representation.*

* The times-at-home method for adjusting survey data for persons not at home when the interviewer calls is based on the fact that in any sample using a single call the people reached can be grouped in terms of the extent to which they are usually at home. Some persons tend to be at home most of the time, some part of the time, and some infrequently. If groupings based on how frequently they can be found at home are made, then within each group or stratum we have a sample of persons who are homogeneous in this respect. Also we know that the people infrequently at home are under-represented and those at home most of the time are over-represented. This can be corrected if we have some measure of how often they are to be found at home. We can weight by the reciprocal of the fraction of time they are home. The measure adopted for classifying people in these terms is how many days they have been at home in a given number of days previous to the day the interview takes place, and at the same time of day. In the case of this survey the question was asked

The questionnaire, made up completely of checklist questions, was initially formulated by John F. Kantner, then on the staff of the Population Council and now chairman of the Department of Sociology at the University of Western Ontario. The following report, prepared by Bernard Berelson of the Council, presents all the questions used in the survey and thus shows the kinds of information that can be secured in this way. The same questions may be asked in a similar survey 1 or 2 years hence in order to develop trend data on these matters.

THE TOTAL SAMPLE

"Can you tell me about how many people there are in the United States?"

	Percent
Under 50 million.....	8
50-99 million.....	6
100-149 million.....	8
150-174 million.....	10
175-199 million.....	22
200-224 million.....	9
225-749 million.....	8
750 million and over.....	8
Can't say.....	21

At the time of the interview, the correct figure was about 193 million, so only about one in five respondents named the right category. If the range is broadened to, say 25 million on either side of the right figure, the proportion correct is only about one-third of the total sample. Furthermore, of those providing a figure, just over half responded only after the probe: "Can you make a rough guess?" In other words, only one in the three gave a number in response to the initial question. Of them, about half gave the right answer, as against only one in seven of those guessing.

"If our population continues its present rate of growth, how many years will it be before it is twice as large as it is now?"

	Percent
10 years or less.....	15
11 to 25 years.....	27
26 to 44 years.....	16
45 to 60 years.....	15
61 to 75 years.....	3
76 to 100 years.....	4
Over 100 years.....	3
Can't say.....	17

In this case, the correct answer at the time was just over 50 years, the category for which only a few people were able to give. Here too, slightly over half the respondents were guessing, this time after two probes. Of those not guessing, only 13 percent gave the right answer. In short, people simply do not know the answer to this question and when they guess, they make the growth far faster than in fact it is.

"Here are some countries that have different rates of population growth. After each one, tell me whether you think it is growing faster, slower, or about the same as the United States?"

[In percent]

	Faster	Slower	About same	Don't know
Brazil.....	30	23	18	29
England.....	9	41	29	21
India.....	66	8	7	19
Japan.....	57	10	15	18
U.S.S.R.....	30	16	30	24

Here again, nearly half of those giving an answer were guessing, after a probe, and nearly one-fourth were not even willing to guess. In general, people are right on India

concerning 3 previous days. This combined with the day of interview provides information on 4 days. Weighting on the basis of this information is theoretically equivalent to four calls with regard to having a sample equivalently weighted by times-at-home groupings.

and England, wrong on Japan, and doubtful on the others, but only a few know this comparative picture.

"What about the rate at which the U.S. population is growing? Do you feel this is a serious problem or not?"

"Do you consider the rate of growth of world population as a serious problem or not?"

[In percent]

	United States	World
Yes.....	54	62
No.....	39	28
Don't know.....	7	10

So the "population problem" is appreciated by a majority of Americans, but about a third of the people have yet to be persuaded. More people believe that population is a serious problem abroad—but not a great deal more. Note here and following that the "don't know" percentage on attitudinal questions is far below the "don't know" figure for the preceding informational queries. As with other such matters on the American scene, general conviction outruns specific information.

(If yes) "Which do you think is the more serious problem—population growth or — in the United States?"

[In percent]

	Population growth	The other	Both same	Don't know
Crime.....	20	67	11	2
Racial discrimination.....	28	56	11	5
Poverty.....	32	42	21	5

Read: 20 percent think population growth is more serious than crime, 67 percent think crime is more serious than population growth, 11 percent think they are equally serious, and 2 percent don't know. So population growth is well behind crime and race problems, and nearly even with poverty (with which it is probably seen at intertwined).

(If yes) "Which do you think is the more serious problem—the growth of world population or —?"

[In percent]

	World population growth	The other	Both same	Don't know
International communism.....	19	71	6	4
Threat of nuclear war.....	29	62	7	2
Aid to backward nations.....	45	33	10	12

Read: 19 percent think that world population growth is more serious than international communism, 71 percent think international communism is more serious than population growth, 6 percent think they are equally serious, and 4 percent don't know. Here again, the world's population problem is seen as far behind communism and war, but somewhat ahead of social and economic aid. Even so, note that nearly one in three puts the population problem ahead of the threat of nuclear war.

"Do you believe that information about birth control ought to be easily available to any married person who wants it?"

"To any single adult person who wants it?"

[In percent]

	Yes	No	Don't know
Married.....	54	10	6
Single.....	50	43	7

There are three main points: (1) overwhelming support for providing birth control information to married people, (2) nearly an even split on providing it to single persons, and (3) very few don't-knows.

"Do you feel that the U.S. Government should give aid to States and cities for birth control programs if they request it?"

"Do you think our Government should help other countries with their birth control programs if they ask us?" (If yes) "Would this include furnishing birth control supplies?"

[In percent]

	Yes	No	Don't know
Aid to States and cities.....	63	28	9
Aid to other countries.....	58	34	8
(If yes) supplies.....	62	31	7

Note that (1) a firm majority favors the provision of such aid—nearly two-to-one on both questions combined; (2) there is not much difference between aid at home and abroad, but the edge goes to domestic help; and (3) of those approving foreign aid, a good majority also approve the furnishing of birth control supplies—though that is a minority of the total sample. (Present AID policy allows the provision of technical assistance on family planning but not supplies.)

"The Roman Catholic Church does not approve many methods of birth control. Do you believe that the church should change its position on this matter?"

Percent

Yes.....	54
No.....	24
Don't know.....	22

A clear majority is favorable—over two-to-one of those giving their position. The high "don't know" for an attitudinal question is accounted for mainly by non-Catholics (Catholics 11 percent don't know, non-Catholics 25 percent) probably attributable to lack of information as well as the outsider's reluctance to judge another's policy, and consequently his deference thereto.

SOCIAL DIFFERENTIALS

The social differentials that matter are few—mainly sex, education, and religion.

On the informational questions, the educated do much better, and men do a little better. For example, here are the percentages who are correct about the size of the U.S. population:

Percent

Grade school.....	13
High school.....	21
More than high school.....	36
Women.....	13
Men.....	32

The educated also do considerably better on the country comparisons, but not the men.

On the attitudinal side, here are the major differences:

By sex: Among those who consider population to be a serious problem (roughly equal between men and women), men are somewhat more likely to stress population in comparison with the other problems. The only other difference by sex comes on the

provision of contraceptive information to single persons: 57 percent yes from men, 42 percent yes from women.

Education matters on most questions;

[In percent]

	Yes to U.S. problem serious	Yes to world problem serious	Give information to married
Grade school.....	51	54	75
High school.....	54	62	88
More than high school.....	58	76	92

[In percent]

	Give information to single	Federal aid to States and cities	Federal aid to other countries	Roman Catholic Church should change
Grade school.....	39	58	45	40
High school.....	51	63	59	56
More than high school.....	63	66	74	68

Note that the slightest differences appear on the two questions in which the uneducated (i.e., the poor) have a personal stake—the U.S. problem and Federal aid to the States and cities.

And here are the major attitudinal differences by religion:

[In percent]

	Yes to U.S. problem serious	Yes to world problem serious	Give information to married
Catholics.....	44	60	81
Non-Catholics.....	57	64	86

[In percent]

	Give information to single	Federal aid to States and cities	Federal aid to other countries
Catholics.....	43	59	55
Non-Catholics.....	52	65	59

On every question, the Catholics are less persuaded—but for the most part only slightly so. Incidentally, this is not simply a reflection of the Catholics' lower education: on every educational level, the Catholics show such differences relative to the non-Catholics.

Finally, here is the response to the question about Catholic policy:

[In percent]

	Catholics	Non-Catholics
Church should change.....	56	53
Church should not change.....	33	22
Don't know.....	11	25

The Catholics themselves strongly favor a change, and they are far less undecided. Actually, Catholic opinion on this matter is quite homogeneous except for the elderly. Among Catholics from their 20's through the 50's, the percentage favoring a change varies only between 58 and 62 percent, but of those age 60 and over, only 39 percent are for a shift in the Catholic position.

By a chance in timing, the two waves of interviews were held around the Pope's appearance at the United Nations on October

4, on which occasion he observed that "your task is to insure that there is enough bread on the tables of mankind, and not to encourage artificial birth control, which would be irrational, in order to diminish the number of guests at the banquet of life." Did that statement have an important impact on the attitudes of American Catholics? The evidence is not conclusive, partly because of sample size, but there is perhaps a suggestion that the Pope did influence some Catholic opinion, at any rate directly after the event. More Catholics, and non-Catholics too, appeared to believe that the population problems was serious in the second wave but fewer favored the indicated policies—only by 5 percentage points or less in most cases. However, on two central questions—whether the church should change its position and whether the Federal Government should help other countries with birth control programs—

Catholic attitudes seemed to move somewhat more than non-Catholic from before to after the Pope's statement:

[In percent]

	Catholics		Non-Catholics	
	Before	After	Before	After
Church should change.....	58	55	55	52
Church should not change.....	29	36	20	23
Don't know.....	13	9	25	25
Government should aid other countries.....	60	51	62	56
Government should not aid other countries.....	31	41	31	35
Don't know.....	9	8	7	9
Total number of cases.....	407	374	1,127	1,238

Both Catholics and non-Catholics were less favorable after than before but the Catholics' position moved somewhat further—though on balance it is still on the favorable side. These differences generally fall within normal errors for samples of this size so no firm answer can be given, but the data do suggest that the Pope's statement had some effect on these questions.

It must, of course, be borne in mind that this measurement was taken immediately after the event and does not indicate what lasting impact the occasion may have made upon American opinion with regard to population policy.

EXHIBIT II

Population information for 131 countries—World population data sheet

Continent and country	Population estimates mid-1965 (millions)	Annual rate of increase from 1958-63 (percent)	Number of years to double population ¹	Birth rate per 1,000 population	Death rate per 1,000 population	Infant mortality rate (deaths under 1 year per 1,000 live births)	Per capita gross national product, 1963 ² (in U.S. dollars)
World.....	3,308	2.0	35	36	16		
Africa.....		2.3	31	46	23		135
Northern and eastern Africa.....		2.5	28				
Algeria.....	12.6	2.2	32	45-49			185
Burundi.....	2.9	4.3	17				40
Ethiopia.....	22.6						48
Kenya.....	9.4	2.9	24	48-55			89
Libya.....	1.6	3.7	19				359
Madagascar.....	6.4	3.0	24	42-50	17-21		
Malawi.....	4.0	3.9	18				35
Mauritius ⁴	.7	3.1	23	38.1	8.6	56.7	
Morocco.....	13.3	2.9	24	43-50			173
Mozambique ⁴	7.0	1.7	41				
Rhodesia.....	4.3	3.3	21	46-52			219
Rwanda.....	3.1	2.6	27				40
Somalia.....	2.4						45
Sudan.....	13.5	2.8	25	50-56			100
Tanzania.....	10.6	1.9	37				70
Tunisia.....	4.7	2.1	33	44-47			185
Uganda.....	7.6	2.5	28	42-48			74
United Arab Republic (Egypt).....	29.6	2.5	28	41-44	17-29		139
Zambia.....	3.7	2.8	25	49-54			153
Western, middle, and southern Africa.....		2.4	29				
Angola ⁴	5.2	2.0	35				
Cameroon.....	5.2	1.9	37	37-44	24-30		92
Central African Republic.....	1.4	2.3	31	40-48	26-32		90
Chad.....	3.4			45-52	25-31		55
Congo (Brazzaville).....	.8	1.5	47	43-51			150
Congo (Léopoldville) ⁴	15.6	2.2	32	41-46			80
Dahomey.....	2.4	2.2	32	47-55	20-26		70
Gabon.....	.5	1.8	39	32-40			200
Gambia ⁶	.3	2.5	28				
Ghana.....	7.9	3.5	20	48-56			226
Guinea.....	3.5	3.0	24	53-57	33-35	215-225	60
Ivory Coast.....	3.8	3.5	20	49-56			196
Liberia.....	1.1	1.4	50				170
Mali.....	4.6	3.5	20	55-63	26-32		65
Mauritania.....	.9						135
Niger.....	3.4	3.2	22	49-57	24-30		75
Nigeria.....	57.2	1.4	50	46-53			93
Senegal.....	3.5	2.3	31	40-47	23-29		200
Sierra Leone.....	2.2						100
South Africa.....	17.9	2.4	29				492
Togo.....	1.6	2.4	29	50-59	26-32		75
Upper Volta.....	4.8	2.1	33	46-52	27-32	167-182	45
Asia.....		1.8	39	38	20		
Southwest Asia.....		2.4	29	42	18		222
Cyprus.....	0.6	1.1	63	24-27		28-31	620
Iraq.....	7.8	2.8	25	47-51			228
Israel.....	2.6	3.5	20	25.7	6.3	28.2	1,111
Jordan.....	2.0	2.9	24	44-47			199
Kuwait.....	0.5	10.7	7	38-43			3,300
Lebanon.....	2.3	3.0	24				383
Saudi Arabia.....	6.8						175
Syria.....	6.6						148
Turkey.....	31.6	2.9	24	43-48		160-170	233
Yemen.....	5.0						90

Footnotes at end of table.

EXHIBIT II—Continued

Population information for 131 countries—World population data sheet—Continued

Continent and country	Population estimates mid-1965 (millions)	Annual rate of increase from 1958-63 (percent)	Number of years to double population ¹	Birth rate per 1,000 population	Death rate per 1,000 population	Infant mortality rate (deaths under 1 year per 1,000 live births)	Per capita gross national product, 1963 ² (in U.S. dollars)
Asia—Continued							
Middle south Asia		³ 2.1	³ 33	³ 42	³ 21		³ 85
Afghanistan	15.6			45-53			80
Bhutan	0.8						
Ceylon	11.2	2.5	28	35-41	8.7	53-64	142
India	482.5	2.3	31	40-43	21-23	139-146	86
Iran	23.4	2.4	29	42-48	23-27		216
Nepal	10.1	1.6	44	45-53			59
Pakistan	115.0	2.8	25	48-53			81
Southeast Asia		³ 2.4	³ 29	³ 42	³ 18		³ 113
Burma	24.7	2.1	33	43-50			72
Cambodia	6.4			47-53			127
Indonesia	104.6	2.3	31	43-48	19-23	120-155	80
Laos	2.0	2.4	29				87
Malaysia ⁷	9.4	3.2	22	39-44	8.9	56-65	⁸ 295
Philippines	32.3	3.2	22	44-50			142
Singapore ⁷	1.9	3.2	22	33.2	5.8	29.3	⁸ 295
Thailand	30.6	3.0	24	42-48	19-21		106
Vietnam, North	18.5	3.4	21				
Vietnam, South	16.2	3.4	21	41-48			114
East Asia		³ 1.4	³ 50	³ 33	³ 19		
China (mainland)	710.0						117
China (Taiwan)	12.4	3.5	20	34.5	5.7	26.4	169
Hong Kong ⁴	3.8	4.7	15	29.4	4.9	26.4	367
Japan	97.8	0.9	78	17.7	6.9	20.4	626
Korea, North	12.0						
Korea, South	28.4	2.8	25	40-45	12-16		114
Mongolia	1.1	3.2	22				
America		³ 2.2	³ 32	³ 32	³ 12		
Northern America		³ 1.6	³ 44	³ 22	³ 9		³ 2,990
Canada	19.6	2.0	35	23.5	7.6	2.47	2,100
United States	194.6	1.6	44	21.2	9.4	24.2	3,083
Middle America		³ 2.8	³ 25				³ 331
Costa Rica	1.4	4.5	16	47-50	8.8	86.4	385
Cuba	7.6	1.8	39	31-36	9-13	77-90	305
Dominican Republic	3.6	3.6	20	48-54	15-20	80-100	269
El Salvador	2.9	3.2	22	46.8	10.4	65.5	275
Guatemala	4.4	3.2	22	47.7	17.2	92.8	284
Haiti	4.7	2.3	31				80
Honduras	2.2	3.2	22	45-50	15-20	47-60	216
Jamaica	1.8	1.8	39	39.9	7.8	39.4	429
Mexico	40.9	3.2	22	45.4	10.3	66.3	402
Nicaragua	1.6	2.9	24	43-52	12-17	75-85	282
Panama	1.2	3.2	22	46.4	9-12	55-65	448
Puerto Rico ⁴	2.6	1.9	37	30.2	7.1	51.3	952
Trinidad and Tobago	1.0	3.2	22	34.5	6.2	39.6	630
South America		³ 2.7	³ 26				³ 310
Argentina	22.4	1.6	44	21.7	8.1	60-65	614
Bolivia	3.7	1.4	50	41-45	20-25	135-165	154
Brazil	81.3	3.1	23	43-47	11-16		196
British Guiana ⁴	.6	2.8	25	42.6	7.9	55.0	260
Chile	8.7	2.3	31	33.7	12.0	111.0	483
Colombia	15.8	2.2	32	42-46	14-17	100-110	292
Ecuador	5.1	3.1	23	45-50	15-20	94-107	199
Paraguay	2.0	2.4	29	45-50	12-16	110-120	193
Peru	11.7	2.8	25	42-48	13-18	95-105	262
Uruguay	2.7	1.2	58	21-25	7-9	75-85	478
Venezuela	8.7	3.4	21	45-50	10-15	60-75	728
Europe		³ 1.9	³ 78	³ 19	³ 10		
Northern and Western Europe		³ 1.1	³ 63	³ 18	³ 11		³ 1,575
Austria	7.3	.6	117	18.6	12.3	29.2	1,069
Belgium	9.4	.5	140	17.2	12.1	27.2	1,496
Denmark	4.8	.7	100	17.6	9.9	18.7	1,675
Finland	4.6	.8	88	17.6	9.3	16.9	1,278
France	48.8	1.3	54	18.1	10.7	23.4	1,658
Germany, West ⁹	56.8	1.3	54	18.5	10.8	26.9	1,635
Iceland	.2	1.9	37	25.1	6.9	17.7	1,719
Ireland	2.8	—1.1		22.5	11.4	26.8	797
Luxembourg	.3	1.0	70	16.0	11.8	29.8	1,615
Netherlands	12.3	1.4	50	20.7	7.7	14.8	1,205
Norway	3.7	.8	88	17.9	10.0	16.7	1,537
Sweden	7.7	.5	140	16.0	10.0	14.2	2,046
Switzerland	6.0	2.1	33	19.2	9.4	20.5	2,002
United Kingdom	54.4	.7	100	18.8	11.3	20.6	1,564
Eastern Europe		³ 0.7	³ 100	³ 18	³ 10		³ 883
Bulgaria	8.2	.9	78	16.1	7.9	32.9	594
Czechoslovakia	14.2	.7	100	17.1	9.6	21.2	1,276
Germany, East	16.0	—2.2		17.2	13.5	29.5	363
Hungary	10.1	.4	175	13.1	10.0	39.8	843
Poland	31.6	1.3	54	18.1	7.6	47.7	775
Romania	19.1	.8	88	15.2	8.1	48.6	638

Footnotes at end of table.

EXHIBIT II—Continued

Population information for 131 countries—World population data sheet—Continued

Continent and country	Population estimates mid-1965 (millions)	Annual rate of increase from 1957-63 (percent)	Number of years to double population ¹	Birth rate per 1,000 population	Death rate per 1,000 population	Infant mortality rate (deaths under 1 year per 1,000 live births)	Per capita gross national product, 1963 ² (in U.S. dollars)
Eastern Europe—continued							
Southern Europe.....		° 0.8	° 88	° 21	° 9		
Albania.....	1.9	3.2	22	37.8	8.7	81.5	340
Greece.....	8.6	.7	100	18-20	8-10	35-40	517
Italy.....	52.6	.6	117	20.0	9.6	35.5	894
Malta.....	.3	.4	175	19.8	8.5	34.3	
Portugal.....	9.2	.7	100	23.7	10.2	73.1	321
Spain.....	31.6	.8	88	22.2	8.7	37.9	482
Yugoslavia.....	19.5	1.1	63	20.8	9.4	76.0	
Oceania.....		° 2.1	° 33	° 27	° 11		° 1,423
Australia.....	11.4	2.1	33	20.6	9.0	19.1	1,733
New Zealand.....	2.7	2.2	32	14.1	8.8	19.1	1,747
U.S.S.R.....	234.0	1.7	41	19.6	6.9	29.0	1,202

WORLD AND CONTINENTAL POPULATION ESTIMATES (MILLIONS)

	World	Africa	Asia	Northern America	Latin America	Europe	Oceania	U.S.S.R.
Mid-1965.....	3,308	311	1,842	215	248	443	17	234
2,000 projections ¹⁰	7,410	860	4,401	388	756	571	33	402

¹ Assuming continued growth at present rate.² Compiled from Agency for International Development data, using current market prices in 1963 dollars for 1963 population and gross national product figures for non-Communist nations; figures for Communist nations are unofficial estimates.³ Figures for a region of world. The 1964 P.R.B. data sheet gave a mid-1964 world total of 3,283,000,000 projected from the mid-1963 U.N. figure. Final U.N. adjusted estimate for mid-1964 was 3,215,000,000, which at a 2-percent rate yields a 64,000,000 increase.⁴ Nonsovereign country.⁵ Prior to Aug. 1, 1964, known as Republic of the Congo.⁶ Declared independent Feb. 18, 1965.⁷ Singapore, since Sept. 16, 1963, a Constituent State of Malaysia, was declared independent on Aug. 9, 1965.⁸ Figures for Singapore and Malaysia combined.⁹ Excludes West Berlin, population 2,200,000 (1965), except in per capita gross national product which includes West Berlin.¹⁰ Continued-trends projections, U.N. estimates, 1964.

NOTE.—Data are compiled from United Nations and other reliable sources. Leaders indicates lack of reliable information.

Source: Information Service, Population Reference Bureau, December 1965.

EXHIBIT 8

STATEMENT OF DR. ALBERT SZENT-GYORGYI, PHYSICIAN, 1937 NOBEL PRIZE WINNER IN MEDICINE, BEFORE SENATE GOVERNMENT OPERATIONS SUBCOMMITTEE ON FOREIGN AID EXPENDITURES—ON S. 1676, JANUARY 19, 1966

Science has interfered with the order of nature by introducing death control. Women can now give birth to children, bring them up without fear of death, and our own cities are depopulated no more by mysterious epidemics. This means a dangerous disturbance of an age-old balance. If the present population growth continues undisturbed, then, according to Sir Howard Florey, president of the Royal Society and discoverer of penicillin, there will be one square yard available on the earth's surface for every human being in 600 years. If the acceleration of increase goes on, this stage will be reached much sooner, and men will have to kill and eat one another.

This situation could be corrected by interfering once more with nature's order in a way which would compensate for our earlier interference. Now that we have introduced death control, we have to introduce birth control, too.

The problems of birth control are complex, demand study from a social, scientific and technical point of view. They demand action on a scale which far exceeds the ability of the individual, and ask for urgent State action. I have, here, letters from several Nobel Prize winners, who all arrive at a similar conclusion and also point out the narrow relation of birth control to our social problems, poverty, ignorance, crime and delinquency. If human life is sacred and it is a sin to kill, extinguish a life, then it is an even greater sin to call to existence a human life without the ability or the desire to provide for it, leaving procreation to blind instincts, a burden on the rest of society. According to our Constitution, a woman has the right to do with her body what she

wants, and in our democratic society she has the right to learn everything about her body and its working that she wants to know.

A Great Society cannot exist in a miserable world. As a privileged country we have the duty to come to the help of the less privileged ones. This is not only our moral obligation but our simplest self-interest. An increase in food production could have a favorable effect on social conditions only if it does not go parallel with an increase in the number of mouths which have to be fed.

There is ample evidence that birth control is possible without harmful effects to health and so the only obstacle in its way is ignorance, superstition and religious bigotry.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. GRUENING. Mr. President, I congratulate the Senator from Maryland on his magnificent presentation of what is one of the most pressing problems of our time. No other Senator has done more than he to bring this subject to the attention of the American people, and, far beyond the American people, to the entire world.

We have achieved in the last 2 years a great breakthrough in bringing the importance and urgency of the population problem to the attention of mankind. The junior Senator from Maryland has made a great contribution, not merely in sponsoring and supporting other legislation which has been introduced previously, but also in introducing these two bills and one amendment which I am most happy to cosponsor.

The great change that has taken place in the last few months, and perhaps

within the last year, is that the urgency of this population problem is now apparent. It is a problem that has been swept under the rug in Congress prior to this time. The problem could not be freely discussed. All types of inhibitions prevented free public discussion of the matter. Now that situation has been changed.

The fundamental facts which have been brought out cannot be repeated too often. It took from the beginning of time, from Adam and Eve, to 1850 to bring the world's population to 1 billion people. Yet, a mere 75 years later that population has doubled, and it is now in the process of being doubled again in half that time. Discoveries in medicine, surgery, therapeutics, sanitation have brought that about. Unless we move rapidly and vigorously and purposefully, all the dire possibilities that the Senator so well foretells—strife, chaos, and starvation—will be inevitable.

It is pertinent that President Johnson has spoken publicly not fewer than 18 times since his election to the Presidency in favor of some action in this field.

These repeated statements and very vigorous injunctions by the President can be considered as mandates to the heads of his departments and agencies to do something about this problem.

Last year, in June, we received support from former President Eisenhower who, when President, thought this was a field in which government could not intrude. However, he pointed out in a letter to the Government Operations Subcommittee on Foreign Aid Expenditures of which I am chairman, that has changed his mind and feels that the matter is so

pressing that the Government must intervene.

The two bills and one amendment which the junior Senator from Maryland is introducing will be extremely helpful.

I think it is essential to make use of the vast amount of counterpart funds which are lying idle in so many countries. We would not be meeting the problem of starvation solely by increasing the food supply because the food supply today is inadequate.

We must offer positive assistance to those countries wherein the number of consumers of food surpass food supplies thereby causing widespread shortages and famines. Millions will die unless something is done about this deplorable situation. Unless that happens we will realize a diminution in our national resources and a shortage of all of the necessities of life. This situation will be aggravated unless we meet the problem head on.

I congratulate the junior Senator from Maryland, who has made a great contribution to the most important problem of our time.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Maryland has the floor. He has not yielded the floor. Does the Senator yield to the Senator from Texas?

Mr. TYDINGS. Mr. President, I shall be happy to yield shortly.

When the distinguished Senator from Alaska [Mr. GRUENING] introduced legislation last year which provided for the establishment of an Assistant Secretary in the Department of Health, Education, and Welfare, to be responsible for the coordination of effort in the field of family planning, and also in the Department of State, to be responsible for efforts in the foreign field, he performed a great public service, not merely because he introduced the legislation, but also because he provided a forum for educators, economists, sociologists, demographers, and enlightened citizens to come in and point out the tremendous problems facing the world and our Nation. Each day, as distinguished witnesses testified before the Senator's subcommittee, a little more light was shed on this momentous problem.

I have here one statement which was made before his subcommittee as late as January 19 of this year. It is a statement of Dr. Albert Szent-Gyorgyi, a physician and the 1937 Nobel prize winner in medicine. I ask unanimous consent to have his entire statement printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the statement will be printed in the Record at the conclusion of the Senator's remarks.

(See exhibit 3.)

Mr. TYDINGS. I should like to read at this point the first paragraph of the doctor's statement. It brings into focus the element of time, how important this problem is, and how necessary is action today.

He said:

Science has interfered with the order of nature by introducing death control. Women can now give birth to children, bring them up without fear of death, and our own cities are depopulated no more by mysterious epidemics. This means a dangerous disturbance of an age-old balance. If the present population growth continues undisturbed, then, according to Sir Howard Florey president of the Royal Society and discoverer of penicillin, there will be 1 square yard available on the earth's surface for every human being in 600 years. If the acceleration of increase goes on, this stage will be reached much sooner, and men will have to kill.

I do not wish to imply that time has run out, but I do feel that the efforts of men like Senator GRUENING and Senator CLARK to try to focus public attention and to provide leadership is tremendously important. Senator GRUENING has been an inspiration to me since my arrival in the Senate last year. I was honored to be the first cosponsor of his vital, path-breaking legislation in this field, and I am very grateful to him for his remarks.

Now I am happy to yield to the distinguished Senator from Texas.

Mr. YARBOROUGH. Mr. President, I join in the congratulations and commendations to the distinguished Senator from Maryland for the measures which he has introduced. I am honored to be one of those who has cosponsored them, as I previously have cosponsored the measures that have been offered by the distinguished Senator from Alaska [Mr. GRUENING] in this Congress and the previous Congress.

By their leadership, they are doing much to focus public attention upon this problem, and not only to focus public attention upon it, but to bring it out into the light of day, where we can seek and obtain the support necessary to write into law, as intelligent people realize it is necessary to write into law, such legislation for the benefit of the human race.

Mr. President, last Easter season, in April 1965, it was my privilege to be a member of the delegation from this Congress to the Inter-Parliamentary Union at Dublin, Ireland, at a meeting of representatives from 64 nations. My section was the economic situation, and it was my job to present our views. We took, as the United States views, the necessity for control of population to avert world war, famine, and disaster.

Practically everything said at that conference was objected to, and we had anticipated strong objections to our resolution. But to our surprise, there was unanimous agreement that this was a vital problem; and all the nations there represented voted for the resolution presented by the U.S. delegation, that the time had come for national and international effort in the field of birth control.

I, last week, had the privilege of offering amendments to the bill of the distinguished senior Senator from Louisiana [Mr. ELLENDER] dealing with our surplus agricultural commodities being shipped overseas. My amendments, which have been cosponsored by a number of Senators, were ordered to be left at the desk until March 1, and are still at the desk for further cosponsors, provide for fur-

nishing, with the food supplied, information as to birth control, and allocating funds for this worthy purpose.

As one who has worked under the leadership of the distinguished Senator from Alaska [Mr. GRUENING], following his leadership in the great hearings he has held, which have done more than any other one thing to focus attention of the people of America and of the European world, certainly, upon the urgency of this problem, I commend the distinguished junior Senator from Maryland for his very fine statement and his leadership in presenting these bills.

Mr. GRUENING. Will the Senator from Maryland yield so that I may ask unanimous consent to be shown as a cosponsor on the bill to which the distinguished Senator from Texas has referred, and which is now lying on the desk?

Mr. TYDINGS. I am happy to yield to the Senator from Alaska for that purpose.

The PRESIDING OFFICER. Without objection, the Senator from Alaska will be shown as a cosponsor on the next printing of the bill.

The Senator from Maryland.

Mr. TYDINGS. I am happy to yield to the Senator from Michigan.

Mr. HART. Mr. President, I had not planned to be present on the floor when the Senator from Maryland made his address. In fact, I had not known he anticipated making it today. But I have listened to it, and would feel somewhat a coward if I omitted commenting on it.

I was and am privileged to be a cosponsor of the Gruening bill to which the Senator from Maryland has made reference. I make no pretense of being a theologian, but I am a Roman Catholic, and seek to practice what my faith indicates to me is my own moral obligation. I wish I had had an opportunity to prepare remarks for this occasion, because I think there is great confusion across the country, not alone among my coreligionists, but among all of us, as to the difference between private morality and public policy. Perhaps if I survive the onslaught of incoming mail that I anticipate as a consequence of these remarks, the day will come when I will have an opportunity thoughtfully to prepare my impression of the distinction which should be drawn as between private morality and public policy.

I rise, Mr. President, to commend the Senator from Maryland upon this further discussion of what is and shall remain a matter of overriding public concern. I do not know what the year will be, whether it will be 3000 A.D. or 200 years, more or less, but conceivably the time will come when land space is used up. Does not the Government have some responsibility to anticipate that possibility, and develop a variety of programs which would be available, to be availed of depending upon one's moral judgment of what is acceptable and what is not?

I am not citing just a question of possible food shortage; this is a question of the atmosphere and environment in

which human beings will live, and whether they can live in dignity or otherwise. It involves education, recreational resources, and other things. I think the state clearly has a responsibility to respond to that sort of problem, certainly at least to identify it and to explain it.

I think that broad research and then widespread disclosure of the information that is developed with respect to family planning methods is an appropriate and reasonable response. I should make clear again, Mr. President, that one's use of the information and the techniques should depend on his own moral judgment as to their appropriateness for him. But this is a pluralistic society, as we are so frequently reminding each other, and it works both ways. It means that I do not require my neighbor to go to my church, and I am uncomfortable in getting into a position where I require my neighbor to solve social problems only my way.

There is a little bit of this involved here. As a practical suggestion, it would seem to me desirable that there be active participation by Roman Catholics in the development of these programs because then our proper concerns can be made clear at every stage and they will be better understood.

Mr. President, much critical mail that I have received from sincere Catholics following my cosponsorship of the Gruening bill was on the theme, often repeated, that what was there proposed is something which is morally wrong and that we have an affirmative obligation to oppose moral evil. This results, in part, from which is not generally understood, whether it be the Gruening bill or the Tydings bill, that the effort, primarily, is to research and develop as broad an understanding as man's mind permits of the possibilities for responsible family planning. Everyone recognizes that there is a moral obligation of responsible parenthood. To say that the State has no business in this area I believe indicates some lack of appreciation of what is proposed.

I have heard no protest with respect to a Latin American nation which is busy with public moneys explaining the rhythm method. If that is all right, then what is wrong with what is proposed here? That again oversimplifies the issue, but it is not an irrelevant observation. It bears on the question of whether the State has any right at all in the area. Public money, thought, and position are involved in a good many areas where a great many people have moral reservations with respect to certain things which are discussed, described, and foretold. Certain of the family planning proposals that might develop—indeed some which are currently available—I believe I should not adopt. It does not necessarily follow that therefore the Government is wrong in responding with this research and information.

But here is an example of public money used in handling activity thought to be morally wrong. Many Senators remember their experiences as selectees or soldiers in military service. One of the first series of lectures we received was

with respect to military hygiene or personal hygiene, as I recall it. It was in three chapters. First, were the techniques; second, the horrible examples; and, third the chaplain. I am clear in my mind that adultery and fornication are morally wrong in the judgment of a great many people, but this Government's action as I have outlined with respect to the subject has been accepted. Private morality and public policy clearly are balanced in this instance. I believe that the use of Federal funds to support those lectures is quite appropriate. Here again, whether it is the selectee with respect to the subject I have mentioned, or the married couple in the matter of family planning, they should decide with respect to what shall be done in light of their own moral conscience. In the area of family planning, I would not wish to impose my moral judgment on others, although I would expect to have my own moral reservations and rules respected and be permitted freely to follow them. That is what the Senator from Alaska, the Senator from Maryland, and the Senator from Pennsylvania have always counseled, that we realize there must be no coercion, and that we must be clear as to the varied forms which coercion can take.

For example, a welfare recipient is especially subject to coercion. The circumstances and the setting are charged with this danger. Coercion can come also through ignorance; that is, one on welfare who may be medically ignorant is possibly also ignorant in a great many other areas requiring safeguards. To insure that there shall be no coercion in situations like that is particularly important. In the area of action by foreign governments, especially in the less developed countries, this problem will be real and acute, and must be recognized. I believe that all Senators who are giving leadership in this field recognize that.

Again, I believe that what we are talking about is a public, social response. It is a social value problem. We should not get that mixed up with the problem of private morality. There are certain things that Government cannot do, not just because it would be morally wrong but because they relate to social values, to individual human dignity.

For example, one would not propose a law to shoot down in cold blood the extra people in the world—whoever would define who would be extra—and not just because it would be morally wrong. It offends against human dignity, just as would abortion, which destroys nascent life.

Again, I wish very much one, that I had not been in the Chamber when the speech was given, and, two, had I known that it was going to be given, I would have had an opportunity more thoughtfully to prepare these responses. But, I rise to tell the Senator from Maryland, as I told the Senator from Alaska, that I believe this is the kind of discussion that will enable all of us more fully to respond to what becomes is and shall remain a vastly important public question.

Mr. GRUENING. Mr. President, will the Senator from Maryland yield, that I may make a comment to the Senator from Michigan?

Mr. TYDINGS. I am glad to yield.

Mr. GRUENING. I should like to say to my friend, the Senator from Michigan, that if he had had all the time in the world to prepare his speech on this problem concerning which he says he did not have an opportunity to think about beforehand, he could not have spoken more eloquently or with greater enlightenment. He has greatly clarified the situation for those who have listened to what we who have sponsored these bills have tried to say. His thoughtful and courageous comments make for an exercise in freedom of thought and freedom of choice. There never should be any element of compulsion involved in this issue. We know that there is great demand and great need for this information. All that the bill which I have introduced would do, and in which its 12 cosponsors, including the Senator from Michigan and the Senator from Maryland, have joined, would be to make the information available to those who wish it. The bill seeks at the same time, to meet the vastly urgent and pressing problem without the solution of which mankind will face dire consequences in the very near future.

The support of the Senator from Michigan—because of his enlightened stand, and because of his religious beliefs, which enable him to state that he carries on the moral principles of his church in his own way and in his own family, but does not preclude the desire to achieve freedom for all others whether they share his particular beliefs or not—is one of the most vital, one of the most useful, and one of the most inspiring contributions to this dialog.

I wish to congratulate the Senator from Michigan on his contribution. He deserves great credit for his enlightenment and his courage.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield now to the Senator from Pennsylvania.

Mr. CLARK. I should like to join my friend from Alaska—and I know my friend from Maryland will participate too—in commending the Senator from Michigan not only for what he has just said, but for his cosponsorship of the bill of the Senator from Alaska [Mr. GRUENING]. I agree it was a wise and fine comment that he made. I agree he could not have done better if he had thought it over for a couple of months. But I think we all should appreciate the courage it took him to say what he did publicly and to put himself in the position in which he has placed himself. It is not an easy thing to do.

The Senator from Michigan could have remained silent. Nobody would have rebuked him. But I think it is a wonderful thing to have a man of the stature of the Senator from Michigan, being a devout believer in the religion to which he attaches himself, to make the comments he did this morning.

I would like to suggest to my friend the Senator from Michigan that he should be of good cheer, for he does not stand alone in his religious community. I recall the great courage of Dr. John Rock, the well-known Catholic gynecologist, professor emeritus of Harvard

University; but, more than that, we should note what members of the hierarchy themselves have said. I have occasion to remember what Richard Cardinal Cushing, head of the Catholic Church in New England, said in connection with the repeal of the Massachusetts law which prevented the sale of contraceptives. He said Catholics do not seek to impose their moral views on others. It was magnificent of him to say it.

I also well recall the review in the New York Times of Dr. Rock's book. I say this as a Unitarian, but I say this is the view of the more enlightened members of the Catholic Church, one of the greatest laymen, in my opinion, of whom is the Senator from Michigan.

If I may, I should like to engage in a colloquy with the Senator from Maryland about a couple of matters of spoke about.

First, I am delighted he has made his speech. I think the Senator from Alaska will agree with me that we came to the conclusion, within a few months of the Senator from Maryland's becoming a Member of this body, that he was articulate, aggressive, and diligent. I am delighted he is publicizing a matter which has been for so long brushed under the rug on the floor of the Senate.

I can speak only for myself, but I think the Senator from Alaska will agree with me, when I say that what the Senator from Maryland has so succinctly said and with courage has been enormously enlightening.

I wonder if the Senator agrees with me that the cause which the four of us who are alone on the Senate floor at the present time—with the exception of the distinguished Presiding Officer, the Senator from Georgia [Mr. TALMADGE]—have been discussing has had the wraps taken off this matter; that we have been making extraordinary progress in the 3 or 4 years since the present subject was first discussed publicly on the floor of the Senate. I think we can all agree that is so.

The Senator from Alaska has held hearings which have received a great deal of publicity. That really knocked the top off the bottle. Now the Senator from Maryland has made what I think are really fine proposals here.

I would hope that both the Senator from Maryland and the Senator from Alaska will give some careful, thoughtful consideration as to whether they do not want to go before the Committee on Foreign Relations, when it considers the foreign aid bill in an open session later this year with what I know will be carefully thought out arguments and testimony as to why the bill of the Senator from Maryland should receive the careful consideration of the members of the committee, both in the authorization and in the appropriations, in the help that it needs.

History shows that we will have more trouble with the Appropriations Committee than with the Foreign Relations Committee.

Then I make another suggestion: that in the Committee on Labor and Public Welfare we have not only a Subcommittee

on Health, the chairman of which is the Senator from Alabama [Mr. HILL], but a Subcommittee on Employment and Manpower, which I have the honor to head.

It occurs to me that the domestic aspects of the family planning problem have very real and direct implications on the whole manpower and employment problems of our own country. I would be only too happy to make that committee available, if I can, to the Senators from Alaska and Maryland, and have them have an opportunity to testify further with respect to the manpower implications of the proposed legislation.

I wonder how my friend from Maryland would respond to that suggestion.

Mr. TYDINGS. Let me say first to the distinguished Senator that news that he, as chairman of a subcommittee of the Committee on Labor and Public Welfare, would be willing to hold hearings is tremendously good news. It is better than I had hoped for, to be quite frank.

Mr. CLARK. If I may interrupt the Senator for a moment, I am not sure whether the bill will be referred to it.

Mr. TYDINGS. I think it would be referred to the committee. If the bill is referred in the normal routine of business, it should be referred to the committee of the distinguished Senator from Alabama [Mr. HILL]. The second measure, referring to foreign assistance funds, unquestionably would go to the Foreign Relations Committee. My third measure, amendments to S. 2933, would go to the committee of the Senator from Louisiana [Mr. ELLENDER], the Committee on Agriculture and Forestry. He has already indicated he is going to hold hearings on the bill. I think it would be helpful if we could have hearings on the bill before the Foreign Relations Committee and the Committee on Labor and Public Welfare, but, in any event, any hearings would be tremendously helpful for the purposes of this legislation.

Mr. CLARK. I am happy to have that response from my friend.

I wonder if he would look with favor on the following suggestion. The Senator made reference in his speech to the recommendation of a very distinguished panel on population, the chairman of which is a former Deputy Assistant Secretary of State, Richard Gardner. I wonder if the Senator would be willing to join me in getting unanimous consent that the recommendations of this panel, which included a recommendation for an expenditure of \$100 million a year for 3 years on the population problem, may be included at the end of the Senator's speech.

Mr. TYDINGS. I think that would be entirely appropriate.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

(See exhibit 4.)

Mr. CLARK. Mr. President, one of the matters which has not had much discussion on the floor of the Senate and which is a very ticklish one, indeed—but knowing my friend from Maryland, I do not think he will run away from it—is the vexing problem as to whether contraceptive information should be fur-

nished to women who either are not married or who are not living with their husbands. Over in the OEO—

Mr. TYDINGS. If the Senator will yield at that point for one moment, I would like at this time to comment on that point and on some of the remarks of the distinguished Senator from Michigan. They are both dealt with in the legislation I have introduced.

Taking first the point raised by the distinguished Senator from Pennsylvania, I specifically wrote into my proposed legislation that the Secretary of Health, Education, and Welfare could not refuse a grant to a local applicant or local agency because the applicant would provide family planning assistance which is limited in scope such as might be the case at Mercy Hospital in Baltimore, or any other Catholic hospital. Nor could an applicant be denied a grant under my bill because that particular applicant might provide information on medical assistance to married or unmarried women.

It would preclude the situation which occurred in OEO, where an administrative decision was made in Washington that a grant would not be permitted to UPO, a local antipoverty organization, because OEO did not agree with the way they planned to operate their family planning program.

In response to the points made by the Senator from Michigan, I would like to read specifically the protections against coercion or depriving an individual of his religious or philosophical right to exercise free choice. Section 2(a) of my bill provides:

SEC. 2. (a) Grants under this Act shall be made only under regulations promulgated by the Secretary. No grant shall be approved unless it contains and is supported by reasonable assurances that in carrying out any program assisted by any such grant, the applicant—

That refers to the local applying agency, whether a local public agency, a private nonprofit organization, or a Catholic hospital—

will establish and follow procedures designed to insure that—

(1) no individual will be provided with any medical supervision or supplies which such individual states to be inconsistent with his or her moral, philosophical or religious beliefs; and

(2) no individual will be provided any medical supervision or supplies unless such individual has voluntarily filed a written request with the applicant asking for such medical supervision or supplies.

Further, as to the question which the Senator from Michigan posed, whereby an indigent family might be coerced into seeking family planning information by use of welfare checks or other means, section 8(b) provides:

(b) The use of family planning services provided by the applicant under such grant shall not be a prerequisite to the receipt of services from or participation in any other programs of financial or medical assistance.

In other words, we tried to write into the proposed legislation all of the protections to safeguard the freedoms of choice which we all feel are so vital and important in this area.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TYDINGS. I am happy to yield.

Mr. CLARK. I am, of course, in complete agreement with the Senator on the point he has made, but I am very much concerned about the attitude of OEO in this regard.

I have had dealings and some conversations with Mr. Sargent Shriver's office who takes the adamant position that he will not authorize a grant to any applicant such as Planned Parenthood unless they can assure him that contraceptives will not be made available unless it is proven that it goes only to individuals living in wedlock.

I think there is a real question here. I do not think this is black and white.

In Philadelphia, where I happen to know something about the poverty program, the local community action people are most anxious to have one or more of the civic institutions, which are ready to make available this information, given a grant by the OEO. But they have been told categorically that unless it is clear that the actual medical services are confined to those living in wedlock they are not going to get the grant. They are fudging around with their budget and in private areas, trying to fix things up so that without using government funds, they can make devices available on a voluntary basis to those individuals whom the people running the poverty program are absolutely convinced are the ones who need it most.

I know from my experience as the Mayor of Philadelphia that we are not going to solve the problem of overcrowding of slums—not that I think this particular factor is going to solve it, but it will make a contribution—and there is not going to be a real impact on what can be done by family planning in poverty-stricken areas or can be done to rehabilitate the unfortunate people, who are having a child every year and do not know how not to do it, unless OEO revises those standards.

I wish to use this opportunity on the floor of the Senate to plead with Mr. Shriver to change his point of view so that we can make a real impact where it is most needed in the big urban ghettos of the country.

How does my friend from Maryland react to that suggestion?

Mr. TYDINGS. As I explained to the Senator from Pennsylvania, I specifically wrote into legislation which I propose in connection with these specific grants for family planning, that no one in Washington could withhold grants to local agencies purely for the reason that the local agency gave assistance to unwed mothers as well as to married mothers.

So far as the situation with the OEO is concerned, although I personally would have acted differently had I been in Mr. Shriver's position, nevertheless it is a little different situation. The sole purpose and the reason for my legislation is to move in the field of family planning, to provide these services particularly to the medically indigent, the poor, who cannot afford them. Many of these persons are unwed mothers. Mr. Shriver has a responsibility and an ob-

ligation to administer one of the most controversial programs this country has seen since New Deal days. He is under fire from all directions, all areas, and in all aspects of this program.

His support in Congress has not always been as solid as it might have been. Therefore, I can appreciate that he might tread hesitatingly in some areas which might be controversial. I do not intend to use this forum to criticize him for those decisions, although I would have made them differently.

I wrote into this bill safeguards so that the local agency applying would determine the delicate question of eligibility for family planning assistance.

Mr. CLARK. I understand the point of view of the Senator from Maryland and to some extent I am sympathetic with him.

It occurs to me that the Senator from Alaska and I should give thought to whether or not we should sponsor amendments to the poverty program legislation to give it the same authority, freedom, and flexibility which the Senator from Maryland would like to see as a result of the legislation he is presently sponsoring for HEW.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Alaska.

Mr. GRUENING. I would like to ask the Senator from Pennsylvania whether in his discussion with the Office of Economic Opportunity he has been able to find the reason why Sargent Shriver opposes it.

Mr. CLARK. I believe I can answer that question.

Mr. GRUENING. It seems to me that there is a moral decision involved in giving contraceptive information to unwed mothers. It could be a moral question with respect to the unwed mothers—who are what is known as "living in sin" and, of course, one would want them to sin no more.

Mr. CLARK. I think that that depends upon the definition of "to sin."

I think that Mr. Shriver's position was illustrated by the Senator from Maryland when he indicated the political problems in connection with the administration of the poverty program. I think that the difficulty with Mr. Shriver is that he finds the potato too hot to handle.

Mr. President, will the Senator from Maryland yield for one further comment?

Mr. TYDINGS. I am happy to yield.

Mr. CLARK. As the Senator knows, AID has taken huge strides in its point of view toward family planning in the use of its funds overseas. I feel certain that they were heartened by various comments made by the President, who again spoke out, in my judgment, with great courage and foresight.

But while AID is at present giving technical assistance and is engaging in demographic studies and offering advice, it still holds back from either furnishing devices or providing funds to assist in the manufacture of devices overseas. I am not too sure that those restrictions are particularly meaningful. It seems to me

a little like saying, "Mother, may I go out to swim?" "Yes, my darling daughter. Hang your clothes on the hickory limb, but do not go near the water."

I wonder whether the Senator from Maryland has any views on this point, or indeed whether his proposed legislation would authorize the AID administration either to furnish devices or to furnish funds for the manufacture of devices overseas.

Mr. TYDINGS. My bill is designed to provide a little more gumption to the administration of the AID program—to insert a little more iron in the backbone of the administration of the program—by indicating that we in the Senate want the AID administration to move ahead. With respect to the specific point raised by the Senator from Pennsylvania, in both my amendment to the food-for-freedom bill and my amendment to the Foreign Assistance Act, I provide:

The term "voluntary family planning program" includes, but is not limited to, demographic studies, medical and psychological research, personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, medical supervision, and supplies to individuals who desire such assistance.

That language is specifically written into the law to cover just the areas about which the Senator from Pennsylvania has spoken.

Mr. CLARK. I congratulate the Senator from Maryland upon the drafting of a bill which might move this program forward. In saying this, I do not wish, even by implication, to criticize the AID Administration, or Mr. David Bell, its Administrator. I consider the research that they started a few years ago to be forthright and courageous.

Again, I congratulate the Senator from Maryland upon the splendid talk he has made and the fine bills he has introduced. I associate myself with his point of view and thank him for permitting me to be a cosponsor.

Mr. TYDINGS. I thank the Senator from Pennsylvania.

I yield the floor.

EXHIBIT 4

RECOMMENDATIONS

In the light of all these considerations, the Committee on Population makes the following recommendations:

1. That the U.S. Government encourage schools and universities here and abroad to study population in all its relevant aspects—particularly at the graduate level in relation to such fields as medicine, public health, public administration, theology, economics and other behavioral sciences.

2. That the U.S. Government greatly expand its support, both at home and abroad, of research related to the population problem—particularly research on the interrelation between population growth and economic development, on new or improved techniques of family planning, on the means of communicating these techniques, and on the administration and management of family planning programs.

3. That the U.S. Government set an international example by cooperating with State and local governments and private organizations to make family planning services and information readily available to those

in the United States who wish to have them, with the understanding that there be no coercion and that in tax-supported facilities there be full freedom of choice of methods to be used in regulating pregnancy.

4. That the U.S. Government greatly expand its program of training U.S. and foreign personnel who can themselves train doctors, auxiliary personnel, communications specialists, administrators, and others needed in the implementation of family planning programs in the United States and around the world.

5. That the U.S. Government be prepared to make available upon request up to \$100 million a year over the next 3 years to help other countries implement programs of family planning and strengthen national health and social services necessary for the support of family planning programs.

6. That U.S. assistance to other countries in all of these areas be related to the maximum possible extent to the work of multilateral agencies, particularly the relevant agencies of the United Nations, including the World Health Organization, the United Nations Children's Fund, and the United Nations development program.

7. That private organizations be encouraged to expand their work in all of these areas, particularly in those fields where Government assistance is not readily available and that public and private sources be encouraged to give more generous support to such organizations.

8. That a White House Conference on Population be held within the next 2 years to consider domestic and international population trends and the appropriate measures to deal with them.

9. That the Secretary of Health, Education, and Welfare appoint a committee to prepare this Conference through careful advance planning and research and to advise the U.S. Government on steps that may be taken before the Conference to deal with domestic and international population problems.

10. That the Department of State, the Agency for International Development, and the Department of Health, Education, and Welfare undertake improvements in organization, staff, and budgets necessary to discharge their increased responsibilities pursuant to the above recommendations.

Mr. HART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INOUE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

SUPPLEMENTARY MILITARY AND PROCUREMENT AUTHORIZATION, FISCAL 1966

The Senate resumed the consideration of the bill (S. 2791) to authorize appropriations during the fiscal year 1966 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles and research, development, test, and evaluation for the Armed Forces, and for other purposes.

THE MILITARY CONSTRUCTION AUTHORIZATION BILL WOULD GIVE ADVANCE CONGRESSIONAL APPROVAL TO THE PRESIDENT TO WAGE A WIDER, OPEN-ENDED UNDECLARED WAR ANYWHERE IN SOUTHEAST ASIA

Mr. GRUENING. Mr. President, S. 2791, the supplemental procurement and construction authorization bill now be-

fore the Senate, will plunge the United States into an unlimited war in Asia.

It is a blank check for unlimited escalation.

It will place absolute power without limit or restraint in the hands of the President and the Secretary of Defense.

If enacted, Congress will have abdicated all authority over the war-making powers vested in it by the Constitution.

S. 2791 will establish the final point of no return by which the people of the United States have been led—indeed, misled—into the bloodiest, and most needless holocaust in our history.

The New York Times in its lengthy dispatch from Saigon places the prospective U.S. casualties at 400 to 500 dead a month and 15,000 wounded.

We may expect that these figures are understatements, based on merely the present enemy resistance. They do not take into account the concomitant enemy escalation, leading inevitably, as the Mansfield report warned, into an open end war—that is with no end in sight.

While we are sending our finest young men to be slaughtered, we learn that in 1965, not less than 96,000 men deserted from the South Vietnamese Army. Our boys are to take the place of and to give their lives for a people who do not want to fight for their own cause.

S. 2791 is represented as a simple authorization bill to supply the needs of our men at the front.

But it goes far, far, beyond that.

It is a policymaking bill which commits the United States to do anything anywhere, to support all forces of other nations—our alleged allies—indefinitely.

It commits the United States on a scale unprecedented in our history.

It will keep the people of the United States in ignorance of where they are being led. Their only participation will be to send their sons to their death and to pay the staggering costs.

Only those who have carefully read the House and Senate hearings on this bill will understand how far along the road to world war III this bill will push the United States.

I hope that before voting on S.2791 we shall all have read carefully the excellent analysis of the bill's far-reaching implications made on the floor on Friday, February 25, 1966, by the able and distinguished senior Senator from Oregon [Mr. MORSE.]

I shall go into further details at a later time in this debate.

Mr. LONG of Louisiana. Mr. President, today's Washington Post contains the results of a poll by the Harris group. This poll deals with the handling of the war in Vietnam.

It appears from the poll at first blush that there is less approval of the President's policy with regard to the war than there previously was. This result is occasioned because there are four different positions that people take. It is impossible for the President to take all four of these positions. There are varying degrees of thought on this subject.

It is interesting to note how the people

think about this. Based on the movement of American sentiment, more are in favor of a stronger line than there were when Congress convened in January. I notice that, of those who were not sure what our position should be, there is now an increase from 7 percent to 8 percent.

The percentage of so-called doves, those who disagree and want to pull out, is unchanged. It was 9 percent in January and is 9 percent in February.

When one looks at the percentage of those who agree but who say, "Do more to negotiate," that percentage has declined according to the poll from 39 percent to 34 percent. There has been a very decided loss among those who agree, but favor taking a soft line, and say they would do more than the President is doing in an effort to negotiate. These people recognize the fact that the President has been making every effort to negotiate. It is not the fault of this Nation that there has been no negotiation. It is the fault of the Communist powers.

The next category consists of those who agree but who favor an increase in the military effort. The percentage is the same, 33 percent in February as against 33 percent in January.

The big increase occurs in those who disagree with the President's policy of carrying the war more to the north and say: "If you are going to send your men there, fight. If you are going to fight, fight to win." That is where the increase occurs. The increase is from 12 percent to 16 percent.

If one looks at the overall poll, he will note that those who want to pursue the soft line are declining in number and that those who want to pursue a harder line, in opposition to the Communists, are increasing in number.

I predict that, as the American people have always united behind their men on the field of battle when the Nation is in danger, we will see an increase in this trend as time goes by, notwithstanding what anyone states on the television or what anyone does to confuse the people of this country.

I believe that the people in the South are more inclined that way than are people in other sections of the country. They believe that in time of peril or danger we must unite behind our Nation and our fighting men on the field of battle. Our people are not soft on communism. They have no desire to live under communism. The trend in favor of victory over communism is growing stronger.

Mr. GRUENING. Mr. President, will the Senator yield for a comment?

Mr. LONG of Louisiana. I will not yield for a comment, but I shall yield for a question.

Mr. GRUENING. Mr. President, does the Senator not know that there are those who disagree with his statement that our country is in danger? That is the vital issue.

In the opinion of many of us, including the Senator from Alaska, our country is not in danger. Our country has not been menaced. On the contrary, we are

barging into a foreign war in Asia where our security is not jeopardized.

I believe, indeed I know, that, if we were in danger, the people would rally as we did in World War I and World War II. We would, of course, do so again. However, many of us feel that our security is in no wise impaired and that our country is not in danger.

Mr. LONG of Louisiana. Mr. President, the Senator is entitled to his view. The Senator is one of the 2—of the approximately 500 people who voted on the joint resolution—who voted against the resolution. That resolution provided that we should support whatever measures the President found necessary to resist aggression.

It is well to point out that a far larger number of people believe that we are not pursuing a strong enough course than believe we are doing too much.

Mr. HARRIS. Mr. President, I, of course, intend to vote for the military authorization now before the Senate, because there is really no alternative.

President Johnson is wisely holding to a middle course in the conduct of the war in Vietnam—

The Houston Chronicle states in a recent editorial, and it adds:

The administration policy remains a two-pronged policy of limited war. It is designed to punish the Communist enemy while bolstering economic and social reforms in South Vietnam. It is designed to exert enough military pressure but not too much, to hit the enemy troops and installations and to convince them that they can't win by force. The level of military action, it is hoped, will not have to be greatly stepped up. Moreover, the policy recognizes that, when the desired negotiated peace finally comes to Vietnam, it will be the people, by free election, who must decide who they want to govern.

The Chronicle concludes that this policy "seems to be the wisest and most practical course that has yet been offered."

Our flag is committed in Vietnam; our young men are fighting there. For me, therefore, there is no alternative but to support our flag and our young men and to uphold the hand of the man upon whose shoulders this onerous burden rests, the President of the United States.

Because others will want to read this article from beginning to end, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Houston (Tex.) Chronicle,
Feb. 17, 1966]

NEITHER HAWK NOR DOVE

Despite the continuing criticism from two opposite directions, President Johnson is wisely holding to a middle course in the conduct of the war in Vietnam. The hardliners—the hawks—think he isn't pushing hard and fast enough in pursuit of victory. The softliners—the doves—think he is bent on escalation and possibly eventual war with Red China. As the clamor from opposing sides rises, the President's policy looks increasingly calm, restrained, and reasonable.

The recent fire from the softliners has come mainly from the televised hearings of Senator J. W. FULBRIGHT's Senate Foreign Relations Committee. George F. Kennan,

diplomat and historian, came out strong for a policy of restraint. He, like Lt. Gen. James M. Gavin, supports the "enclave" theory of digging in and waiting for a political solution to emerge—of preventing any deliberate expansion of the war. Kennan believes that southeast Asia isn't the theater from which the United States can best fight a war against Red China.

On the other hand, former Senator Barry Goldwater has little sympathy with Mr. Johnson's recent peace offensive. He calls it "groveling" and says he doesn't think "it's our job to get the Communists to the peace table by begging. * * * We'll get the Hanoi government to the conference table when we convince them that we have the will to attack and that we are attacking them."

President Johnson, significantly, points out that he agrees with those who are against escalation, but he sees some increase in the fighting as virtually inevitable. "No one wants to escalate the war and no one wants to lose any more men than is necessary," he explains. "No one wants to surrender and get out. * * * At least no one admits they do."

Thus, the administration policy remains a two-pronged policy of limited war. It is designed to punish the Communist enemy while bolstering economic and social reforms in South Vietnam. It is designed to exert enough military pressure but not too much, to hit the enemy troops and installations and to convince them that they can't win by force. The level of military action, it is hoped, will not have to be greatly stepped up. Moreover, the policy recognizes that, when the desired negotiated peace finally comes to Vietnam, it will be the people, by free election, who must decide who they want to govern.

While this Johnson policy of war, but limited war, is not perfect and while it is open to valid criticism from both the impatient hawks and the fearful doves, still it seems to be the wisest and most practical course that has yet been offered.

Mr. INOUE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SYMINGTON in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INOUE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, on Saturday I called the Senate into session. I sent wires to 100 Senators that if they had speeches to make, they ought to come and make those speeches.

This is a very vital matter, providing necessary arms, food and weapons to our men who are in Vietnam, fighting for this country.

This is an urgent matter and should be passed immediately. It has been dragging on for almost two and a half weeks now, going on into 3 weeks since the majority leader announced that this matter would be the next pending business and that it would be laid before the Senate. Senators have had almost 3 weeks now to prepare speeches on this measure. I would be glad to yield right now to any Senator who says he is ready to make a speech. I took the responsibility of assuring those who are delaying this matter that I would not ask for a vote, and, in fact, would see to it that no vote would come until 4 o'clock, because they are

now in a meeting discussing strategy. It seems to me they should meet today and some in here and make their speeches.

We are still waiting for them. I do not believe they have made more than a 3-minute statement today. If Senators want to filibuster they should come in here and filibuster, but they should not expect us to wait forever for them to make speeches which they are not prepared to make.

Mr. RUSSELL of Georgia. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. INOUE in the chair). Does the Senator from Louisiana yield to the Senator from Georgia?

Mr. LONG of Louisiana. I am happy to yield to the Senator from Georgia.

Mr. RUSSELL of Georgia. The yeas and nays on this question were ordered on Saturday. I therefore ask, what it there to prevent our calling for a quorum and proceeding to vote?

Mr. LONG of Louisiana. I would be glad to, but on this particular occasion I have avoided, as the Senator knows, making any definite commitments. The fact is, a meeting is being held now by those who are delaying the bill, to decide on how to proceed, and therefore I would not like to permit the Senate to vote between now and 4 o'clock. Therefore, if there is no Senator who wishes to make a speech, I suppose we will have to recess from now until 4 o'clock.

Mr. RUSSELL of Georgia. I regret that the Senator from Louisiana finds himself in this position, but I can understand how the acting majority leader can easily be placed in such a position, in order to protect Members of the Senate. It does seem to me, however, that this is a sorry spectacle and should be brought to a conclusion.

I do not believe that what is going on will cause the American people to swell with pride about the Senate. I do not even believe it adds any credit to the stature of representative government around the world, that in the middle of a war we still debate whether we should be in the war. This has been going on for 18 or 19 days now. I hope that in the future the Senator from Louisiana will tell those who are carrying on this filibuster that they must protect their own interests on the floor of the Senate.

Mr. LONG of Louisiana. I have avoided making any definite commitments on many occasions. I did make such a commitment to help those who have been delaying this matter to be in the Chamber. As the Senator knows, frankly, on Saturday, if some of those who are in favor of this resolution, particularly on the Republican side of the aisle, had not seen fit to delay the matter for 15 minutes, we would have gone ahead and agreed to vote on the matter because those delaying the matter were not here and did not wish the Senate to vote. We left word that nothing would happen, so that they could come back from somewhere else, if they wished to delay it. In justice to their country, they should go ahead and vote on a matter so vital as providing help to our

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued March 2, 1966
For actions of March 1, 1966
89th-2nd; No. 36

CONTENTS

Air pollution.....28	Foreign aid.....13,21	Recreation.....15
CCC.....5,37	Foreign currencies.....3	Research.....14
Child nutrition.....1	Foreign trade.....19	Retirement.....42
Coffee.....24	Health.....1,20,28	School lunch.....6
Committee assignments....9	Highways.....40	School milk.....1,6,18
Conservation.....17,32	Housing.....41	Small business.....4
Cotton.....14	Information.....8	Soil conservation...17,32
Credit.....30	Labeling.....30	Sugar.....23
Economic policy.....25	Lands.....15	Tariff.....43
Education.....1,18,20,26	Libraries.....1,27	Taxation.....2,36
Employment.....44	Milk.....1,6,18,35	Tobacco.....8
Farm labor.....7,41	Monopolies.....31	Transportation.....46
Federal aid.....45	Personnel.....42,44	United Nations.....10
Fish products.....5,16	Population control.....11	Veterans' benefits.....38
Food.....1,5,16,33,37	Property.....36	Water.....22,29,34,39
Foreign affairs.....10	Public Law 480.....21	Weather.....12

HIGHLIGHTS: Both Houses received President's message on child nutrition, health, and education. House Rules Committee cleared cotton research and promotion bill. Rep. Langen expressed concern over alleged increases in foreign sugar imports. Sen. Mondale introduced and discussed food reserve bill. Rep. Dole introduced and discussed bill to provide permanent special milk program. Sen. Kennedy, Mass., urged use of fish protein concentrate in Food for Freedom program.

SENATE

1. CHILD NUTRITION; HEALTH; EDUCATION. Both Houses received the President's message on child nutrition, health, and education in which he: Stated he was submitting the Child Nutrition Act of 1966 to redirect our efforts to provide food to those who need it most, and which will: extend the school lunch program to more needy children and give greater flexibility in providing low cost or no cost meals; assist schools serving low-income districts to acquire kitchen and lunchroom facilities; provide pilot school breakfast programs for those children who start the day hungry; direct the special milk program to those schools

without food service, to schools serving children from low-income families, and to needy schoolchildren at whatever school they attend; start demonstration summer programs to provide food service for needy children at child-care centers and playgrounds; and help State educational agencies strengthen their staffs to improve child nutrition programs. Stated he was requesting \$50 million for programs designed to provide adequate nutrition for disadvantaged children, which is in addition to the \$329 million in cash and commodities already included in the budget for school nutrition programs. Stated he was directing this Department, HEW, and OEP to examine means by which the benefits of sound nutrition can be extended to every child who needs our help. Stated he has directed HEW to initiate a special food service program at multipurpose centers for elderly Americans. Stated he was recommending a program of grants to enable States and communities to plan the better use of manpower, facilities, and financial resources for comprehensive health services. Recommended a four-year extension of the Elementary and Secondary Education Act with the earmarking of additional funds for children of migrant workers. Recommended a five-year extension of the Library Services and Construction Act. (H. Doc. 395) To S. Labor and Public Welfare and H. Education and Labor Committees. pp. 4145-9, 4239-43

2. TAXATION. The Finance Committee voted to report (but did not actually report) with amendments H. R. 12752, the proposed Tax Adjustment Act (p. D141). The Committee was granted permission until midnight, Mar. 3, to report the bill (p. 4235).
3. FOREIGN CURRENCIES. The Banking and Currency Committee voted to report (but did not actually report) S. 801, to permit the use of reserved foreign currencies in lieu of dollars for current expenditures. p. D141
4. SMALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 2729, to increase the ceiling on the Small Business Administration revolving fund. p. D141
5. FOOD FOR FREEDOM. Sen. Kennedy, Mass., urged that fish protein concentrate be included among the commodities to be purchased by CCC for use in the proposed Food for Freedom program. pp. 4157-9
Sen. McGovern inserted and commended an editorial supporting the proposed Food for Freedom program. p. 4157
Cosponsors were added to an amendment by Sen. Bartlett intended to be proposed to S. 2933, the Food for Freedom bill, which would permit the use of CCC funds to purchase domestic fishery products for the program. p. 4155
6. SCHOOL MILK; SCHOOL LUNCH. Sens. Proxmire and Nelson inserted items critical of budget cuts in the school milk and school lunch programs. pp. 4174, 4179-80
7. FARM LABOR. Sen. Williams, N. J., inserted and commended an editorial favoring minimum wages for farm workers. p. 4169
8. TOBACCO; INFORMATION. Sen. Bass defended the use of a motion picture, which he stated was partially sponsored by this Department, to promote the sale of U.S. tobacco abroad. p. 4168
9. COMMITTEE ASSIGNMENTS. Sen. Anderson was appointed a member of the Joint Committee on Reduction of Nonessential Federal Expenditures to fill the vacancy created by retirement of Sen. Byrd. p. 4226

Mr. President, I offer my resolution as a constructive alternative to the Johnson administration's proposal. That proposal, while abolishing the electoral college and thereby preventing presidential electors from flouting the popular will as expressed in the November elections, would freeze into our Constitution the winner-take-all system whereby a State's entire electoral vote would go to the ticket carrying that State. A bad consequence of the winner-take-all system is that the parties concentrate their campaigns on those States having the largest number of electoral votes to the exclusion of the other States. A ticket that can carry the major industrial States can win a majority of the electoral votes.

My proposal would give the people a more meaningful voice in selecting their national leaders by requiring presidential tickets to go after every congressional district or special district in order to be sure of winning a majority of the electoral votes.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 141) proposing an amendment to the Constitution of the United States providing for the election of the President and Vice President, introduced by Mr. SCOTT, was received, read twice by its title, and referred to the Committee on the Judiciary.

TAX ADJUSTMENT ACT OF 1966— AMENDMENTS

AMENDMENT NO. 490

Mr. PROUTY (for himself and Mr. JORDAN of Idaho) submitted amendments, intended to be proposed by them, jointly, to the bill (H.R. 12752) to provide for graduated withholding of income tax from wages, to require declarations of estimated tax with respect to self-employment income, to accelerate current payments of estimated income tax by corporations, to postpone certain excise tax rate reductions, and for other purposes, which were ordered to lie on the table and to be printed.

ADDITIONAL COSPONSOR OF BILL

Mr. McGEE. Mr. President, I ask unanimous consent that at the next printing of a bill I have introduced to promote the safety of railway employees, S. 2180, the name of the junior Senator from Nevada [Mr. CANNON] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 21, 1966, the names of Mr. DIRKSEN, Mr. HICKENLOOPER, Mr. MORTON, Mr. SIMPSON, and Mr. TOWER were added as additional cosponsors of the bill (S. 2956) to amend the National Labor Relations Act so as to make it an

unfair labor practice for a labor organization to discriminate on account of race, color, religion, or national origin, introduced by Mr. DOMINICK on February 21, 1966.

ADDITIONAL COSPONSORS OF AMENDMENT

Under authority of the order of the Senate of February 18, 1966, the names of Mr. GRUENING, Mr. HART, Mr. INOUE, Mr. JACKSON, Mr. KENNEDY of Massachusetts, Mr. KUCHEL, Mr. McGEE, Mr. METCALF, Mr. MOSS, Mr. MUSKIE, and Mr. SALTONSTALL were added as additional cosponsors of amendment No. 485, intended to be proposed by Mr. BARTLETT, to the bill (S. 2933) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, submitted by Mr. BARTLETT (for himself and Mr. MAGNUSON) on February 18, 1966.

PUBLIC HEARINGS ON S. 1676, A BILL TO COORDINATE AND DIS- SEMINATE BIRTH CONTROL IN- FORMATION UPON REQUEST, SCHEDULED WEDNESDAY, MARCH 2, AND THURSDAY, MARCH 3, AT 10 A.M., ROOM 4200, NEW SENATE OFFICE BUILDING

Mr. GRUENING. Mr. President, this week on Wednesday and Thursday the Government Operations Subcommittee on Foreign Aid Expenditures, of which I am chairman, will hold hearings in which it is hoped that the growing population dialog will be further expanded.

These public hearings will start at 10 a.m. This week the hearings will be held in room 4200 of the New Senate Office Building.

On Wednesday contributions will be made by the following witnesses:

Dr. Donald M. Barrett, professor of sociology, University of Notre Dame, Notre Dame, Ind.; director of the Notre Dame Institute for Latin American Population Research, and a member of the Papal Commission on Population and Birth Control.

Prof. Albert P. Blaustein, professor of law and law librarian, Rutgers University, Camden, N.J.

Dr. Andre J. deBethune, author and professor of chemistry, Boston College, Chestnut Hill, Mass.

Dr. Joseph D. Beasley, obstetrician and gynecologist, Department of Child Health and Pediatrics, Tulane University School of Medicine, New Orleans, La.

The subcommittee had hoped to hear from Dr. Joseph P. Martin of Cleveland, Ohio, but Dr. Martin is suffering from the flu. He will make his contribution at a later hearing.

On Thursday contributions to these extended hearings on S. 1676, my bill to coordinate and disseminate birth control information upon request will be made by a man who is highly qualified to discuss food and housing needs—Secretary of Agriculture Orville L. Freeman.

NOTICE OF WEATHER MODIFICA- TION HEARINGS

Mr. JACKSON. Mr. President, for the information of the Senate and other interested persons, I want to announce that hearings have been scheduled by the Committee on Interior and Insular Affairs on S. 2875, the bill to authorize and direct the Secretary of the Interior to conduct a comprehensive program of scientific and engineering research, experiments, tests, and operations for increasing the yield of water from atmospheric sources. The hearings will start at 10 a.m., Monday, March 21, 1966, in room 3110, New Senate Office Building, and continue until all of those wishing to be heard have had an opportunity to testify.

S. 2875 was introduced by our distinguished colleague, Senator ANDERSON, for himself and 20 other Senators, on February 4, 1966. The purpose of the bill is to implement recommendations recently released by the National Science Foundation and the National Academy of Sciences.

Because of the widespread interest in weather modification and its possible effect on our water supply and resources, it is my intention to invite testimony from qualified scientific and engineering individuals to give the committee the benefit of their knowledge and experience. I trust that a complete record of both past activities and the possibilities for the future can be completely explored. It is time to move forward in this field with boldness and perseverance, and S. 2875 is a step in this direction. We must continue to do all in our power to meet this Nation's water needs.

NOTICE OF HEARING ON NOMINA- TION OF RUSSELL E. SMITH TO BE U.S. DISTRICT JUDGE, DISTRICT OF MONTANA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, March 10, 1966, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of Russell E. Smith, of Montana, to be U.S. district judge, district of Montana, vice William D. Murray, retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Arkansas [Mr. McCLELLAN], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

NOTICE OF HEARING ON NOMINA- TION OF FREDERICK J. R. HEEBE TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF LOUISI- ANA

Mr. EASTLAND. Mr. President, on behalf of the committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday,

March 10, 1966, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of Frederick J. R. Heebie, of Louisiana, to be U.S. district judge, eastern district of Louisiana, vice Frank B. Ellis, retired.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Arkansas [Mr. McCLELLAN], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. FULBRIGHT:

Certificate of merit issued by the American Red Cross to Howard E. Haugerud; article published in the Washington, D.C., Daily News of February 4, 1966, entitled "Dramatic Minutes on a Bridge"; article published in the State Department Newsletter of February 1966, entitled "Red Cross Cites Haugerud for Saving Policeman's Life"; and letters from the Vice President, Representative THOMAS E. MORGAN, Senator FULBRIGHT, Senator MONDALE, Senator McCLELLAN, Representative FRASER, and Senator MCCARTHY, all in commendation of Mr. Haugerud.

Transcript of radio broadcast made by Edward P. Morgan on February 21, 1966, relating to hearings recently held by the Committee on Foreign Relations concerning the war in Vietnam.

By Mr. HARTKE:

Editorials entitled "Misplacing the Blame," "Let's Declare Just What We Mean in Vietnam," and "Coincidence Underlines a Point," published in the Post-Tribune, Gary, Ind., on February 3, 6, and 9, 1966, respectively.

THE MAN WHO LEADS AMERICA'S GREATEST DEBATE

Mr. HARTKE. Mr. President, the Toronto Daily Star, one of Canada's greatest papers, recently presented to its readers a discerning portrait of the chairman of the Senate Foreign Relations Committee, under the heading "The Man Who Leads America's Greatest Debate." Says the article, by Staff Writer Robert Nielsen under a Washington dateline:

Questioning national dogma and offending conventional wisdom is a risky habit, especially at times of stress. . . . His prestige as one of that rare species, the philosopher-statesman, is grounded in a 23-year record of reasoned and often prophetic discourses as Representative and Senator.

As the article points out, Senator FULBRIGHT has been a prophet or a promoter of all the major constructive and moderating influences in world affairs, including foreign aid, coexistence, and restraining of nuclear arms rivalry.

Mr. President, I ask unanimous consent that this article, which is such a deserved tribute to our distinguished colleague, may be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE MAN WHO LEADS AMERICA'S GREATEST DEBATE—FULBRIGHT GOES ON THINKING, AND SAYING THE UNTHINKABLE

(By Robert Nielsen)

WASHINGTON.—The Vietnam ulcer has begun to perforate and inflame the American body politic.

It is a time when conventional politicians talk of "honor" or "victory" or at least "firmness." But Senator JAMES WILLIAM FULBRIGHT goes on doing what comes naturally to him—thinking unthinkable thoughts and uttering them when he believes they should be aired.

He is doing it this week as his Senate Foreign Relations Committee opens what amounts to a full-dress public inquiry into U.S. policy in Vietnam.

A few days ago FULBRIGHT mused aloud, in his soft Ozark drawl, on whether the United States had been wrong to commit itself in South Vietnam, and on whether a great nation could admit such a mistake and draw back.

Then he bored in on Secretary of State Dean Rusk with embarrassing questions about the origins of the war.

Questioning national dogma and offending conventional wisdom is a risky habit, especially at times of stress, and FULBRIGHT's latest heresies have clearly earned him the displeasure of President Johnson, who shows an increasing preference for yes men.

Johnson snubbed FULBRIGHT at a meeting with 20 congressional leaders before announcing the resumption of U.S. bombing of North Vietnam.

OVEREDUCATED

The Senator had just begun an exposition of American policy in Asia since World War II when the President pointedly turned to Rusk and started a conversation.

FULBRIGHT has known worse rebuffs than that.

President Truman once called him "an overeducated Oxford s.o.b." (FULBRIGHT was a Rhodes scholar) for suggesting that the President should resign when the opposition party captures Congress in the midterm elections—as the Republicans did in 1946.

The late Senator Joe McCarthy tried to nickname him "Senator Halfbright." It never took, except among some rightwing patriots who are regurgitating their old scurrilities into FULBRIGHT's mailbag these days.

But those who have disagreed with FULBRIGHT have usually found, in the end, that it is unsafe to ignore his deeply considered opinions.

As chairman of the Foreign Relations Committee, which carries the main burden of the Senate's constitutional duty to give advice and consent to administration foreign policy, his words automatically carry weight.

His prestige as one of that rare species, the philosopher-statesman, is grounded in a 23-year record of reasoned and often prophetic discourses as Representative and Senator.

Although he is exceptionally mild mannered, and almost unfailingly temperate in language, FULBRIGHT has ample inner toughness for the role of Great Dissenter in foreign policy matters.

LAPSE

When the Bay of Pigs invasion by Cuban exiles was being considered in 1961, FULBRIGHT did not fear to pit his detached scholarly judgment against the optimism of the Central Intelligence Agency, the Pentagon, and the State Department.

He wrote President Kennedy a long memo condemning the project on both political and moral grounds. After the fiasco, the Presi-

dent said to him within the hearing of others: "You are the only one here who has a right to say 'I told you so.'"

McCarthy's fear-and-smear tactics caused one of FULBRIGHT's few lapses from moderate speech. He observed that democracy has "no apparatus to deal with the boor, the liar, the lout."

At a time when President Eisenhower was trying to pussyfoot around the rampant McCarthy, and when Congress was afraid of him, FULBRIGHT was the lone Senator to vote to cut off funds for McCarthy's investigations.

By the end of the same year (1954) his minority of one had become a majority of the Senate voting censure of McCarthy and breaking the latter's political power.

Arkansas lost an educator, and the United States gained a statesman, as a result of FULBRIGHT's having got fired, for parochial political reasons, from the presidency of the University of Arkansas.

He made his mark in his first year (1943) as a freshman Representative, successfully moving a resolution favoring U.S. membership in a world organization with powers adequate to keep the peace. This was a forerunner to the establishment of the United Nations, and a decisive breakaway from American isolationism.

Yet when the U.N. Charter was being euphorically hailed in 1945, FULBRIGHT rose in the Senate to voice critical reservations.

The U.N. was being sold on the ground that it would not infringe national sovereignty, he noted. But unless it developed to the point where it limited the autonomy of nations in their dealings with others, it would prove ineffective.

The rule of law, backed by U.N. power to settle disputes, could not operate if the member nations retained absolute sovereignty.

PROPHET

Since then FULBRIGHT has been a prophet or a promoter of nearly every major constructive or moderating tendency in world affairs: Foreign economic aid, European union, the coexistence of capitalism and communism, "polycentrism" in the Communist world; restraint of the nuclear arms race.

Even without that record, his fame would endure from one simple idea he had in 1945: Conversion of surplus U.S. military supplies, left overseas after the war, into exchange scholarships.

At last count, more than 25,000 Americans had gone overseas on Fulbright scholarships, and 47,000 men and women had come to study in the United States.

FULBRIGHT, now 60, was more noted as an athlete and good mixer than as a scholar at Oxford University.

FULBRIGHT derives his authority from his habit of standing back coolly from the chaotic flux of current events, trying to detect the significant movements and then fitting them into their historical contexts.

His mind is richly stocked with political history, and he resorts frequently to the wisdom of the ancient philosophers, and of the 18th and 19th century thinkers.

In a sense he is still an educator. From his Senate forum he periodically lectures the American people about their qualities, both good and bad, especially as they relate to the difficulties of conducting an intelligent foreign policy.

"We have clung too long to our youth as a nation, during which our foreign policy consisted in a series of exhilarating and successful adventures. . . . But we live now in a far more difficult and more dangerous world, a world in which we must come of age. Neither God nor nature has preordained the triumph of our free society.

WORLD WAR ON HUNGER

STAFF SUMMARY OF TESTIMONY PRESENTED BY PUBLIC WITNESSES AT HEARINGS ON WORLD FOOD AND POPULATION PROBLEMS

FEBRUARY 14-18, 1966

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS
SECOND SESSION



MARCH 23, 1966

Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*
W. R. POAGE, Texas, *Vice Chairman*

E. C. GATHINGS, Arkansas	PAUL B. DAGUE, Pennsylvania
JOHN L. McMILLAN, South Carolina	PAGE BELCHER, Oklahoma
THOMAS G. ABERNETHY, Mississippi	CHARLES M. TEAGUE, California
WATKINS M. ABBITT, Virginia	ALBERT H. QUIE, Minnesota
PAUL C. JONES, Missouri	MRS. CATHERINE MAY, Washington
HARLAN HAGEN, California	RALPH HARVEY, Indiana
FRANK A. STUBBLEFIELD, Kentucky	PAUL FINDLEY, Illinois
GRAHAM PURCELL, Texas	ROBERT DOLE, Kansas
JAMES H. MORRISON, Louisiana	LAURENCE J. BURTON, Utah
ALEC G. OLSON, Minnesota	PRENTISS WALKER, Mississippi
SPARK M. MATSUNAGA, Hawaii	GEORGE V. HANSEN, Idaho
MASTON O'NEAL, Georgia	
THOMAS S. FOLEY, Washington	
JOSEPH Y. RESNICK, New York	
LYNN E. STALBAUM, Wisconsin	
ELIGIO DE LA GARZA, Texas	
JOSEPH P. VIGORITO, Pennsylvania	
JOHN C. MACKIE, Michigan	
ROLLAND REDLIN, North Dakota	
BERT BANDSTRA, Iowa	
STANLEY L. GREIGG, Iowa	
CLAIR A. CALLAN, Nebraska	

RESIDENT COMMISSIONER
SANTIAGO POLANCO-ABREU, Puerto Rico

MRS. CHRISTINE S. GALLAGHER, *Clerk*
HYDE H. MURRAY, *Assistant Clerk*
JOHN J. HEIMBURGER, *General Counsel*
FRANCIS M. LEMAY, *Staff Consultant*

CONTENTS

Summary of statement of:	Page
Ewell, Dr. Raymond, vice president for research, State University of New York at Buffalo-----	15
Harrar, Dr. J. G., president, Rockefeller Foundation-----	9
Haggerty, John James, vice president and research director, Agri Research, Inc-----	7
Hill, Dr. F. F., consultant on international programs, Ford Foundation-----	10
Millikan, Dr. Max F., director, Center for International Studies, Massachusetts Institute of Technology-----	6
Paarlberg, Don, professor of agricultural economics, Purdue University-----	11
Revelle, Dr. Roger, director, Center for Population Studies, Harvard University-----	4
Schultz, Dr. Theodore W., chairman, Economics Department, University of Chicago-----	17
Sebrell, Dr. W. H., Jr., director, Institute of Nutrition Sciences, School of Public Health and Administrative Medicine, Columbia University-----	13
Taeuber, Dr. Irene B., senior research demographer, Office of Population Research, Princeton University-----	3

GENERAL STATEMENT

During the first week of hearings on the world war on hunger, 10 outstanding and eminently qualified public witnesses testified before the Committee on the World Food and Population Problem.

In response to the widespread interest in and importance of this testimony, Chairman Harold D. Cooley directed the committee staff to prepare a brief digest of each of these expert witnesses' statements for use by members of the committee, other Members of Congress, the press, and the public. The complete statements together with the questions of committee members and the answers of the witnesses have now been published by the committee as a printed hearing (serial W, pt. 1, 89th Cong.) and are available upon request.

The chairman sent copies of the staff summaries to each of these witnesses for their comments or correction. Several responded with suggested revisions, all of which have been incorporated in this committee print.

STAFF SUMMARY OF TESTIMONY PRESENTED BY PUBLIC WITNESSES IN REGARD TO WORLD FOOD AND POPULATION PROBLEMS, FEBRUARY 14-18, 1966

WITNESSES (IN ORDER OF THEIR APPEARANCE)

1. *Dr. Irene B. Taeuber*, senior research demographer, Office of Population Research, Princeton University; former president, Population Association of America; former vice president, International Population Union; fellow, American Statistical Association; Vice President, United Nations World Population Conference, 1965; demographic consultant, Pacific Science Board, National Research Council; member and rapporteur, United Nations Ad Hoc Committee To Advise the Secretary General on an Expanded Program of Work in Population Fields; author, "The Population of Japan"; major research interest, the populations of the Pacific from Alaska to Indonesia, including the United States, Japan, China, and the Philippines. Monday, February 14, 1966.

World population growth

In 1850 there were 750 million people in the world; in 1900 there were 1.5 billion; in 1960 there were 3.0 billion. In 2000, if present trends continue, there will be 7.5 billion.

The increase of the world's population is so awesome as to seem unreal.

Projections—World and major areas

Area	Annual percent increase	Years to double
World.....	2.1	33
More developed areas.....	1.3	54
Europe.....	.8	88
Northern America.....	1.6	44
Oceania.....	1.7	41
Less developed areas.....	2.5	28
Mainland middle America.....	3.8	18
Tropical South America.....	3.7	19
Southeast Asia.....	3.0	23
Middle south Asia.....	2.6	27
West Africa.....	3.3	21
Polynesia, Micronesia.....	4.0	17

Continuation of present trends in India will mean a population increase from 432.7 million in 1960 to 1,233.5 million by the year 2000 (in other words, nearly triple). If India's birth rate is cut in half, her population by the year 2000 is expected to more than double to 908 million.

No developed nation has a birth rate above 30.

Eight hypotheses developed

1. Population growth as it is now occurring will not continue indefinitely.
2. Modernization is conducive to later marriage, smaller families, and greater opportunity for children.
3. Advancements of biomedical science have made the extension of family planning feasible.
4. The control of fertility is not a panacea.
5. Retrogression in health and nutrition would slow the development processes that are associated with declining birth rates.
6. There are no immediate demographic solutions to problems of hunger and malnutrition. (Example: Everyone who will be age 35 in the year 2000 is already born.)
7. Unless family planning is accorded a priority, the situation is likely to be worse.
8. Economic, social, and health advances are inseparable aspects of the development process.

History of United States and developed countries

Example, United States: In early history 1 million Indians lived marginally—today 194 million Americans eat well. U.S. population growth rate high (35 percent per decade) in early development.

Time and priorities

1. Meet the present crisis.
2. Meet the problems of increasing population in education, employment, and development which are the results of the maturing of those already born.
3. Solve longrun problems of welfare and development by speeding the decline of birth rates to low levels.

Problems in less developed countries are discussed at length.

Four recommendations

1. Correct the imbalance in science and technology—research in physiology of reproduction, biomedical sciences, communication, motivation, and administration.
2. Include population factors in development plans and strategies.
3. Focus on longrun economics and social problems.
4. Accord a priority to population programs appropriate to their importance in the modernization process.

Summary

The critical question in the future of population is the future of fertility in the less developed areas—both governmental activities and economic and social advance.

2. Dr. Roger Revelle, professor of population policy and director, Center for Population Studies, Harvard University; former professor of oceanography and director, Scripps Institute of Oceanography, University of California; former head, Geophysics Branch, Office of Naval Research; former Chairman, Committee on Natural and Social Sciences; President, First International Oceanographic Congress, 1959; President, International Oceanographic Congress; Chairman National Science Foundation Committee on Mathematical, Physical, and

Engineering Sciences; major areas of scientific interest, physical oceanography and geology and human population problems. Monday, February 14, 1966.

Three propositions

1. A livable world cannot long exist where two-thirds don't get enough to eat and one-third are overfed—that is the present world.
2. The future of mankind is now being ground out in India. If no solution, all the world will live like India does now.
3. The foreign aid program cannot end; it will be continued for the next two generations and it must be expanded. (One-half of 1 percent of our GNP should be expanded to 5 to 10 percent.) There are no panaceas. A broad effort is needed.

Attack the food crisis on four fronts

1. Human fertility (slow—can't change picture now).
2. Increase agricultural production in underdeveloped nations.
3. Food aid—for at least 15 years.
4. Increase quality of diets—particularly proteins.

U.S. tendency in thought is for quick, easy solutions

1. Birth control.
2. Food from U.S. production capacity.

But the key is helping them produce their own food. This is the most important. Will take 15 years.

The world needs a 50-percent increase in grain in the next 15 years to hold the status quo.

The world needs an \$80 billion capital investment—about one-third of this by foreign aid.

Agricultural inputs needed—all needed at the same time

- | | |
|----------------------------------|-----------------------|
| 1. Water | 7. Capital investment |
| 2. Seeds | 8. Credit |
| 3. Fertilizer | 9. Storage facilities |
| 4. Soil practices | 10. Roads |
| 5. Insecticides and pest control | 11. Education |
| 6. Management | 12. Communication |

Increment of high quality protein—possible solutions

1. Genetic changes in grains to increase proportion of amino acids.
2. Dietary supplements made from cereals, legumes, and oilseeds.
3. Improvement in oilseed processing.
4. Development of low-cost protein extract from fish.
5. Use of petroleum or sugar for protein-producing microorganisms.
6. Manufacture of amino acids to be used as supplements to flour and other foods.

Food aid

1. Should be geared to needs of recipients.
2. Should be international in scope and with joint efforts with other nations.
3. Should be used to build up domestic agriculture.
4. Should be used to build up storage capacity.
5. Need to export people and technology.

Human fertility control

"Some persons apparently believe that we should neglect public health in favor of birth control. I would contend that this is exactly opposite to the true situation. Although there are great differences between the problems of death control and birth control, a direct relationship exists between birth rates and death rates, particularly rates of infant and child mortality. In many countries, grownup children who will support their aged parents are the chief form of social security. If a man and his wife do not have at least one adult male child, they have little to look forward to when they can no longer work to support themselves. Under conditions of high child mortality, the average married couple needs to produce many children to be sufficiently certain that at least one boy will survive to become a man. Only in this way can they insure their own future security. Whenever infant and child mortality can be brought down to a low enough level, the probability in an individual family that a male child will survive becomes very much greater, and the pressure for large numbers of children correspondingly lessens. This is one of the principal reasons the profession of public health needs to be deeply involved in problems of family planning and population control."

3. *Dr. Max F. Millikan*, director, Center for International Studies, Massachusetts Institute of Technology; Assistant Executive Secretary, President's Commission on Foreign Aid, 1947; president, World Peace Foundation, 1956; member, President's Task Force on Foreign Aid, 1961; author, "The Emerging Nations, Their Growth in U.S. Policy." Tuesday, February 15, 1966.

Why are agricultural requirements expanding?

1. Population growth. Until 1600, the rate of world growth per century was about the same as it is now each year, namely 2 to 4 percent.

2. Nutritional standards need improvement. There is considerable malnutrition and undernutrition in the two-thirds of the world which is underdeveloped.

Can the rapidly growing food requirements of the underdeveloped world be supplied by imports from the developed countries?

1. Surpluses can be helpful in the very short run, but these surpluses in the developed countries will very soon be totally inadequate to meet the requirement.

2. The bulk of the underdeveloped world must meet its own growing food requirements themselves.

Sociopolitical case for expanding agricultural production in the underdeveloped world

1. Most of the people are farmers or live in rural areas.
2. Rapid industrialization not in prospect in next couple of decades.
3. Lack of marketings for industrial goods.
4. Use of limited foreign exchange for food not good for economic development.

Discussion of recent USDA-ERS report on the performance of 26 major developing nations in agriculture, 1948 to 1963

In 12 nations increase in crop input averaged over 4 percent per year.

In 21 nations crop output increased by somewhat more than the population.

In 10 nations there were increases of more than 1.5 percent per year in output per capita.

In 11 nations per capita growth rates were between zero and 1.5 percent per year.

Generally poor results were found in India, Brazil, Nigeria, Egypt, and Thailand.

Generally good results in Israel, Mexico, Sudan, Tanzania, and Taiwan.

What are prospects for increasing yields on existing land?

Prospects are good, but the question remains why yields haven't gone up in underdeveloped nations.

MIT interview and conference with agricultural experts (summer of 1964).

General finding.—"We could make a reasonably good prediction as to both the diagnosis and prescription if in advance we knew the discipline in which the expert was trained." Examples: Agronomists stressed seeds; fertilizer enthusiasts suggest fertilizer; water management experts seek irrigation; economists look for economic solution, etc., etc.

Specific finding.—Each expert was right, yet all must be working together at the same time in order to increase yields. Comparable to a "systems problem" in engineering. No single factor can be isolated and identified as the most important. Each case and each country has its own peculiar circumstances. Key shortage in most underdeveloped countries is neither capital or foreign exchange, but a shortage of managerial talent. Suggest proper approach is to increase yields dramatically in only relatively small areas—not spread the effort too thin.

Summary

The fact that the problem is complex does not mean that it is insoluble. Most important aspect is that all concerned be imbued with a spirit of experimentation, innovation, and the adaptation of techniques geared to special needs of individual communities.

4. *John James Haggerty*, vice president and research director, Agri Research, Inc.; former Director, Office of Foreign Agricultural Relations, USDA; former Agricultural attaché, Bonn, Germany; former Secretary, U.S. Section, Mexican-United States Agricultural Commission; adviser, U.S. delegation Inter-American Economic Conference, 1948; Director, Food and Agricultural Division, U.S. mission to NATO and OEEC, 1956-57; major scientific interest, agricultural geography. Tuesday, February 15, 1966.

The challenge that faces us is to duplicate in terms of food production within the next 35 years everything that mankind has learned

and achieved since the beginning of time. The key word in this challenge is "time." We are engaged in a race against time.

Some basic questions: Do we have enough soil in the world to grow food for 6 to 7 billion people? Where is it? And what is it going to take to bring it into production?

1. There are now some 3.5 billion acres of cropland in the world. This includes all tree crops, regular fallow, and rotational pasture—about 1 acre per person today.

2. USDA and FAO estimate potentially arable land in the world (including present cropland) to be 6.6 billion acres.

3. It would be a massive task to reclaim substantial new lands. The cost would be fantastic—nearly a half a trillion dollars (\$450 billion). Example: Aswan Dam in Egypt. It will increase agricultural land by 30 percent, at a cost of \$1 billion, but population by 1980 will be up 35 percent. Thus Egypt will be running an exhaustive race just to stay in substantially the same place.

4. A brief agricultural look at the globe:

(a) Successful agriculture is concentrated in the northern Temperate Zone. (Most of the Southern Hemisphere is water.) Likewise, most of our agricultural research and practical farming experience is in the Temperate Zones, while the vast bulk of underdeveloped land is in the Tropics.

(b) About 70 percent of the Earth's surface is water.

(c) The remaining 30 percent of the earth is land (some 33 billion acres)—

(1) one-twentieth is under polar ice or tundra;

(2) one-fifth is mountain chains (Rockies, Andes, Alps, Atlas, Carpathians, Caucasus, and Himalayan);

(3) great land masses are in subpolar regions of Canada, Alaska, and Russia (possible for 10 percent or 320 million acres to be potential agricultural areas);

(4) one-fourth is desert (usually in 20° to 40° latitudes) which includes the dead heart of Australia, the Kalahari and Sahara in Africa, the Atacama and Patagonian Deserts in South America, the Sonora in North America, the Arabian, the Thar of India, and the Turkestan and Gobi Deserts of Asia;

(5) it is possible for perhaps 20 percent (or 800 million acres) of savannah lands (between deserts and tropical rain forests) to be developed—these include the Llanos and Campos Cerrados of South America, the Sudan and Veldt in Africa, northern Australia, and the "monsoon savannahs" of Java, East India, Vietnam, etc.; and

(6) almost empty of people, the world's great remaining land resource is the tropical rain forest belt (Amazon Basin, Central America, Congo region, Indonesia, and Malaysia)—this area accounts for 2.8 billion acres, with a potential 35 percent of it arable. However, for these areas which represent three-quarters of the earth's potential new cropland, more research is needed before we even know how to farm them or to develop them for farming.

5. Conclusion: In view of the practical problems, the conclusion is inescapable that increased food production must be obtained for the most part by enhancing the productivity of soil already under cultivation.

A campaign to maximize world food production must be undertaken without delay if a common human disaster is not to overtake us all—if it is not, indeed, already too late, at least for some countries and some peoples.

An essential precondition for food aid would seem to be that each country adopt policies to assure economic growth in the shortest possible time. In addition to food, America has an enormous contribution to make in “know-how—show-how” to increase production.

5. *Dr. J. G. Harrar*, president, the Rockefeller Foundation, and has been an officer of that organization since 1942. He is a biologist, holds the Ph. D. degree in plant pathology from the University of Minnesota, and taught at several colleges and universities before joining the staff of the foundation. He was the leader of the foundation's first agricultural program in Mexico and the prime mover in extending the program to other countries of the world. Subsequently, he became director for agriculture, vice president, and president of the foundation. He is the author of two books and numerous articles on the subject of feeding the world's growing population. Wednesday, February 16, 1966.

The rapidly widening imbalance between world population increase and food production is a worsening situation that can become catastrophic for mankind.

These remarks concentrate on the difficulties involved in producing vastly greater quantities of food and then distributing it to ever-growing numbers of people.

1. It is unrealistic to believe that there will be a solution through technological breakthrough. (Examples: Microorganisms, petrochemicals, farming from the seas, etc.)

2. World food output must go up 5 percent per year to keep up with population and begin to correct the present deficit.

3. The donation of food by developed nations, while humanitarian, is not enough and ultimately, without self-help, would result in a common economic denominator for all. The only workable plan requires the mobilization of knowledge, methods, materials, and technology, in a consortium of effort to bring about improvements in all aspects of agricultural technology in underdeveloped nations.

4. The obstacles to increased food production are many and complex. To remove them is not a simple matter. The first requirement is that the hungry nations have an increasing understanding of their own problems and that they undertake positive action toward their solution.

5. Recommendations:

(a) Emphasize and reinforce agricultural research, education, and extension.

(b) Provide supervised credit.

(c) Develop transportation and marketing facilities.

(d) Make available vastly increased quantities of inorganic fertilizers and pesticides.

(e) Consider other factors of agricultural planning.

(f) Emphasize self-help. There are not enough funds anywhere for indefinite assistance through donation.

Summary

In the last analysis, success in correcting this undesirable and ominous situation depends on the degree to which outside help from the advantaged nations and self-help combine to bring agriculture everywhere into a state of increasing production, with emphasis on both the quality and the quantity of the product. If, simultaneously, significant progress is made toward stabilization of populations, then the future will be brighter.

6. *Dr. F. F. Hill*, consultant on international programs, the Ford Foundation; vice president, the Ford Foundation (1955-65); provost, Cornell University (1952-55); professor of agricultural economics, head, Department of Agricultural Economics, Cornell University (1940-52); former Deputy Governor and Governor, Farm Credit Administration; former president, American Farm Economics Association; former director, Center for Advanced Studies in the Behavioral Sciences, Palo Alto; chairman, International Rice Research Institute, Los Banos, Philippines. Wednesday, February 16, 1966.

This statement starts from the premise that future increases in population are going to be such that the United States, even with the help of other food-surplus countries, cannot possibly close the gap between the prospective food needs of the developing countries and the amount of food they are currently producing.

Importance of increased output per acre

It is critically important to increase output per acre of food crops in the developing countries. Nearly half the world's population live in developing countries such as India and Pakistan, in which almost all of the land suitable for cultivation is already in use. These countries must look to increased yields per acre and to multiple cropping (where possible) for most of the additions to their food supplies.

Three basic requirements for increased yields

1. Constantly improving methods of technology.
2. Ready access in all farming areas to improved seeds, fertilizers, pesticides, and other production inputs.
3. Profitable prices for farm products to stimulate production.

Discussion

1. *Improve technology.*—Governments of developing countries and technical assistance agencies, with a few notable exceptions, have been slow to recognize that high-level adaptive research, systematically carried on in the developing countries themselves, is essential if these countries are to achieve substantial, sustained, and reasonably rapid increases in food production. It should be emphasized that the job to be done is one of developing and testing for local suitability, combinations of improved practices that together are capable of producing substantially increased yields. It is varieties with high-yield potential and appropriate applications of fertilizer and good plant protection and improved soil and water management, etc., that pay off.

“Many of us in the technical assistance business have relied much too heavily upon the notion that it is both possible and relatively easy to

transfer American agricultural technology and know-how to developing countries as a means of quickly solving their food production problems. Transfers of improved production technology from one country to another, directly or with adaptive modifications, are both possible and important. But such transfers are not easy, and they take time."

Research is very important. Progress in developing improved production technology in less developed countries is being made, but it is not being made fast enough. What is needed is a mobilization of domestic and foreign resources, including that scarcest of items, first class research personnel; provision for adequate research facilities; and provision for adequate operating budgets and sufficient budgetary flexibility to enable research staffs to get on with their assignments.

2. *Agricultural inputs: Fertilizers, seeds, and pesticides, etc.*—Developing countries have been slow to use fertilizers. The same is true of pesticides and other agricultural inputs. This must change.

3. *Profitable farm prices.*—"Lastly, governments in many less developed countries have been slow to recognize the importance of incentives to increased production. Farmers are sometimes said to be unprogressive, bound by custom or tradition, or unable to recognize their own best interests when they fail to adopt the production practices recommended to them. A large percentage of the farmers in many developing countries cannot read and write. But I have yet to meet one who cannot figure where his personal interests are concerned."

Summary

The emphasis placed in this statement on the need for (1) substantially improved production technology; (2) for adequate supplies and ready availability of improved seeds, fertilizers, pesticides equipment, and other production inputs; and (3) for price incentives for increased production is not intended to suggest that these are the only steps necessary to enable developing countries to achieve yields comparable to those of developed countries. It represents essential first steps without which other measures are likely to prove ineffective. These steps have not been sufficiently emphasized in the past in most of the assistance programs to help developing countries increase food production.

7. *Don Paarlberg*, Hillenbrand professor of agricultural economics, Purdue University, 1961—; coordinator, food for peace program, 1960–61; special assistant to the President of the United States, 1958–61; Assistant Secretary of Agriculture for Marketing and Foreign Agriculture, 1957–58; assistant to the Secretary of Agriculture, 1953–57; Ph. D., Cornell University, 1946; consultant, Ford Foundation, Agency for International Development, Campbell Soup Co.; chairman, U.S. Council, International Association of Agricultural Economists. Author: "American Farm Policy," Wiley & Sons, 1964. Thursday, February 17, 1966.

This statement first reviews briefly the factual situation in regard to world food supplies and world population and then concentrates on the interpretation of these facts.

The world food problem is no new thing, though it takes on new forms and responds to new influences. Throughout history, unbeknown to most American people, a considerable share of the earth's inhabitants have lived on the borderline of want. Thomas R. Malthus wrote, 168 years ago, that the population tends to outrun the food supply. This is a very old and a very great problem, properly arousing our compassion.

Clearly, the food situation is now very difficult in India and in a number of other countries. Our help there is constructive and welcome. The world picture, however, is far better than one might think from reading the headlines. Consider these facts:

1. During the past 20 years, agriculture around the world has generally kept ahead of the population explosion, so that the average person in the less developed countries, though still poorly nourished, now eats better than his father did.

2. There has been no major famine in the world during these post-war years. There is no known previous time period of equal length of which this could truthfully be said.

3. Prices of agricultural products have been declining in world markets, having fallen about 9 percent since November of 1963. This is hardly an indication of a serious general deterioration in world food surplus.

4. Per capita real incomes have risen in almost all of the countries of the world.

To treat the present and prospective situation as a "crisis" is both too alarming and too reassuring. It is too alarming because, measured objectively, the situation is better than it has been. It is too reassuring because to consider it a crisis infers that some sudden act could solve the problem. The problem calls not for short-run dramatics but for compassion and prudence, wisely blended and of long-run nature.

The relationship between people and their food supply is highly complex and poorly understood. Several myths have arisen. These are as follows:

1. *The myth that the needy countries want all the free food they can get.*—One would think that a country with hunger and malnutrition would gladly take all the free food that would be made available. To the amazement of many people, this is not so.

2. *The myths about American food supplies.*—American capacity to supply food under our special export programs is surrounded by two conflicting myths: one, that if we wished to do so we could feed the world; the other, that we find ourselves helpless because our surpluses are gone. Neither of these is correct.

3. *The myth that technical assistance to foreign agriculture will hurt American farm exports.*—There is a deep-seated belief that if we help the less developed countries with their agricultural production, we will reduce exports of American farm products. There are no doubt individual cases in which this is true. But the great weight of experience is to the contrary. Consider these facts:

- (a) From the beginning of U.S. agricultural assistance under point 4 in 1948 to 1965, commercial agricultural exports for dollars increased from \$2 billion to \$4.6 billion.

(b) Our best commercial export markets for agricultural products are those countries whose agriculture is the most advanced—Canada, Western Europe, and Japan.

(c) A number of countries to which we have given both technical assistance in agriculture and food for peace have “graduated” from the food-for-peace group and are now taking American farm products for dollars. Among them are Japan, Italy, and Greece.

Three recommendations

1. Public Law 480 should be altered to authorize the procurement, in the market as well as from Government stocks, of the agricultural products and production goods needed in the food-for-peace program. The entire program should be changed, as Congress has already changed it for dairy products, from a surplus disposal operation to an effort intended to meet the needs of our foreign economic policy.

2. The technical assistance part of our overseas agricultural programs should be greatly expanded, so as to help these people help themselves.

3. When we supply short-term food assistance and long-term technical assistance, we also require of the receiving nations that they commit an increased amount of their own resources to improving their agriculture. While much effort of this kind is already being expended, the magnitude of this effort should be greatly increased, and we should use our position as suppliers of food and technical assistance to help bring it about.

Summary

Of all the things the Committee on Agriculture might do, no other action would better meet the prospective world food situation than to use wisely, in the mutual interest of ourselves and our friends abroad, the agricultural capability we possess. In part this consists of food presently in government stocks. In part it consists of food which might be procured in the market or food which might be grown. It also consists of fertilizer, insecticides, and other production items which might be purchased and made available. Above all, it consists of American knowledge, American institutions, and American technicians—our most useful agricultural resources.

8. *Dr. W. H. Sebrell, Jr.*, R. R. Williams professor of public health nutrition and director of the Institute of Nutrition Sciences of the School of Public Health and Administrative Medicine of Columbia University; M.D. degree from the University of Virginia School of Medicine and honorary D. Sc. degrees from Rutgers and Alfred Universities; commissioned officer in the Public Health Service, including 5 years as Assistant Surgeon General and Director of the National Institutes of Health; member of the executive committee of the Food and the Nutrition Board of the National Academy of Sciences-National Research Council and chairman of the Williams Waterman Fund for the combat of dietary diseases; nutrition consultant to the United Nations Children's Fund and technical adviser to the World Health Organization; past president of the the American Society for Clinical Nutrition and the American Institute of Nutrition. Thursday February 17, 1966.

Magnitude of the problem

The problem which your committee is considering is much more serious than most people realize. It constitutes a major crisis which is already upon us and which is going to continue for many years to come. Actual famine is already here in some parts of the world, as indicated by the current food crisis in south India, and we are faced with the prospect that famine almost certainly is going to appear in other parts of the world, even in our own hemisphere within the next 10 to 20 years. We are engaged in a race between the increase in the world's population and the increase in food production. As of today, we are losing the race. The famine in south India, which is attributed largely to the drought, is one which would have occurred anyhow in the next few years. The drought merely brought it on a little earlier by causing an unexpected decrease in the amount of rice available at the fixed government price. The rapidity with which the population is increasing will create a similar shortage in the next few years in other areas without the assistance of a drought.

World population growth

Although it took all of human history up to about the year 1850 to produce a world population of 1 billion people, it took only 75 years to produce the second billion, 35 years to produce the third billion and at the present rate of growth, it will take only 15 years to produce the fourth and then only 10 years to produce the fifth billion. Furthermore, the population of Latin America is growing even faster than the world rate and is actually the most rapidly growing major area in the world. Its population is increasing about $1\frac{1}{2}$ times faster than the rest of the world.

Malnutrition grows because of—

1. Population increases.
2. Movement of large numbers of people to cities.
3. Transportation problems in getting food to cities.

The tragic result of lower per capita food supply in the future will not be mass famine or obvious starvation but instead a rise in the death rate, especially in children.

Some basic facts about human nutrition

1. The human body must have a supply of energy (measured in calories). The source for this energy is carbohydrates and fats.

2. Proteins (made up of eight amino acids) are essential for growth of human tissue. If any of the eight amino acids is missing, the body does not function properly. The lack of protein does not produce hunger pains nor the drive to secure food that occurs in starvation, but its lack can cause a weak, undernourished and underdeveloped population.

3. Vitamins and minerals are also necessary. Iron-deficiency anemia, for example, is a worldwide problem.

Therefore, it is not enough to look at the world's food deficit only in terms of calories available per capita. There are many problems in combating malnutrition and lack of protein.

1. Local food habits. The present situation in south India is an example. Protein calorie malnutrition is widespread and serious in the State of Kerala. It is resulting in the death of large numbers of children there. Yet Kerala has a long seacoast and there is a large

seafood industry. This seafood is a rich source of good protein and if fed to these children, would cure or prevent the malnutrition. However, the shrimp and lobster tails are frozen for export. Many are shipped to New York. This income is used to purchase rice. Since rice is now in short supply, the fisherman needs more money to buy rice at black-market prices in order to meet his energy requirements and is, therefore, under more pressure than ever not to feed the seafood to his family.

2. Lack of trained personnel capable of recognizing the problem and who can appreciate the difficulties and the scope of the solution.

3. Problems of ignorance and low market prices of farm commodities in underdeveloped nations.

4. Inadequate governmental and public health nutrition programs which have often neglected the food industry in their planning.

Summary

We cannot possibly meet the urgent world food deficit by increased production in the United States alone. The demand for food in developing countries is steadily increasing at a rate which indicates now that we cannot possibly meet the demand 20 years hence. It is courting disaster to increase the dependence of the developing countries on food imports from the United States instead of building up their own agriculture to meet their food requirements.

Long-range programs for permanent improvement must be considered in relation to the development of entire communities. They must consider the motivations, the wishes and the economic limitation of the population concerned. Nutrition must be part of a program involving the total welfare and development of the community.

The United States leads the world in the ability to produce food, in advanced food technology, and in our knowledge of nutrition and its relation to health. We have an obligation and an opportunity to show the rest of the world how this knowledge and ability can be used to raise the health and economic status of other countries so that the productivity and dignity of their people can be maintained. Failure to meet the challenge will exact an intolerable price in human suffering and degradation.

9. *Dr. Raymond Ewell*, vice president for research at the State University of New York at Buffalo (1957—); B.S. in 1928 from the University of Toledo; M.S. in 1930 from Purdue; M.A. in 1935 from George Washington University; Ph. D. in 1937 from Princeton; during World War II served as technical aid in the National Defense Research Committee and as operations analyst in the U.S. Air Force; chemical economist for Shell Chemical Corp. (1945–48), moving to Stanford Research Institute where he became manager of the chemical economics section and founder and first editor of the *Chemical Economics Handbook*; served as consultant with the Indian and Philippine Governments; authored more than 70 articles on various aspects of both chemistry and economics. Friday, February 18, 1966.

Scope of the problem

The world food problem is of such massive proportions and of such complexity that it is difficult to grasp it until one has observed it and studied it over a period of years. Moreover, it is almost impossible

to understand this problem unless one has spent at least some time in Asia, where poverty and undernutrition reach their greatest depths.

By 1980, some 15 years from now, world population probably will have increased by 1.2 billion people, from 3.4 to 4.6 billion. By the year 2030, world population will reach 14 billion if present trends continue. Most of the increase will be in Asia, Africa, and South America.

The disparity between food and population will probably become more acute during the next 15 years. By 1980, India's population probably will have grown from 500 to 700 million—an increase of 200 million. If these trends continue, mass starvation will inevitably result on a scale never before experienced.

Impact upon U.S. foreign policy

1. During the past 20 years there have been two major forces that have shaped American foreign policy, namely communism and the nuclear arms race. Practically all of our foreign policies and actions have been determined by these two major forces. But the food/population problem is now rising as a third major force—and it may be the most powerful of these major forces.

2. Mass starvation in Asia, Africa, and Latin America will probably develop into a force majeure or major force in the next few years. A force majeure is a force of such magnitude that it forces a government or an individual to make decisions and take actions that they do not want to take. In other words, it reduces the number of rational alternatives open to a government.

3. The political and economic consequences of widespread famine in Asia, Africa, and Latin America are certain to be massive and far reaching. It seems unlikely that stable governments can be maintained in countries where a large part of the population is starving.

This is the biggest, most fundamental and most nearly insoluble problem that has ever confronted the human race. The problem is massive and therefore programs to solve it will have to be massive if they are to have any chance of succeeding.

What is the answer? What is the solution? There are obviously two approaches:

1. Reduce the population growth rate, which means reducing the birth rate; and
2. Increase agricultural production.

Birth control alone can't do the job. And improved agriculture alone can't do the job. Both approaches will have to be used—and used on a massive scale. In the short term of the next 10 to 15 years, birth control cannot have a really major impact. Therefore, improved agriculture will have to be the principal solution to the food/population problem during the next 10 to 15 years. Birth rates will probably drop significantly during this period, but not enough to have a major effect on the need for food and other agricultural products. However, after 1980 or 1985, birth control will have to become the major factor since improvement of agriculture cannot keep up with the growth of population beyond that time, no matter how optimistic one is about improving agriculture.

Five specific suggestions

1. *Step up shipments of food under the food for peace program.*—The immediate crisis in India will have to be met this way. Probably other

food crises will have to be met this way during the next decade. But the United States can't expect to make up the food deficits of Asia, Africa and Latin America indefinitely.

2. *Send fertilizer and other agricultural inputs to food-deficit countries.*

3. *Help food-deficit countries to produce their own agricultural inputs.*—This means helping food-deficit countries to build factories to produce fertilizers, pesticides and farm equipment, as well as to develop and produce improved seed varieties themselves.

4. *Supply technical manpower.*—All these efforts toward agricultural improvement would take a lot of technical manpower besides money and materials. The countries of Asia, Africa, and Latin America could use effectively 5,000 to 10,000 agricultural specialists. This compares with less than 1,000 such specialists at present in all the developing countries from all the advanced countries.

5. *Step up research on agriculture in the food-deficit countries.*—This means more research on agriculture in the Tropics. It has been estimated that of all the money ever spent on agricultural research, 95 percent has been spent on Temperate Zone agriculture and less than 5 percent on tropical agriculture.

10. *Dr. Theodore W. Schultz*, Charles S. Hutchinson distinguished, service professor of economics and chairman, Economics Department, University of Chicago; graduate, School of Agriculture, Brookings, S. Dak., 1924; professor of economics and head of the Department of Economics and Sociology, Iowa State College, 1930-43; former economic adviser or consultant, Committee for Economic Development, U.S. Departments of Agriculture, State, Commerce, and Defense, Federal Reserve Board, International Bank for Reconstruction and Development, Resources for the Future, the Twentieth Century Fund, and the National Farm Institute; chairman, American Famine Mission to India, 1946; fellow, American Academy of Arts and Sciences, American Farm Economic Association; former president, American Economic Association. Author of numerous books on agricultural economics including "Food for the World" (1945), "Agriculture in an Unstable Economy" (1945), "The Economic Organization of Agriculture" (1953). Friday, February 18, 1966.

This statement concentrates on particular policy choices in the area where food is yoked to population and agriculture:

1. In the realm of population, the winds of public understanding supported by new birth control knowledge have taken a favorable turn.

2. In agriculture, also, there is now underway in many of the less developed countries a marked change for the better to improve the technical and economic possibilities for agriculture production.

Necessary distinctions

To see the policy issues clearly, it will be necessary to untangle the following factors:

1. We must *distinguish* between the losses in agricultural production that have been caused by bad monsoons in India (also reaching into Pakistan) and what would otherwise be normal agricultural production in India.

2. We must also *distinguish* between food aid as an additional resource contributing to their economic growth and the tendency that it has of weakening the economic incentives for agricultural production in the countries receiving such aid.

3. In our efforts to help these less developed countries modernize their agriculture, a *sharp distinction* must be drawn between aid in the form of food and aid to provide fertilizer, farm machinery, and equipment including funds for agricultural research, extension, and schooling.

4. In the area of population we must *distinguish* between the awesome 20 to 30 year population projections, which seem to make it appear that any and all efforts will be futile, and the favorable possibilities of reducing appreciably the very high birth rates during the next 10 years, in view of the willingness of many governments in these countries to act, the revealed preference of many parents in these countries to reduce the rate of births to adjust to the marked decline in death rates, and the new, much better, and cheaper birth control techniques now available.

5. We must *distinguish* between old types of agricultural surpluses that were in large part a consequence of past farm price policies, and the newly revealed comparative advantages that our agriculture has in production.

On population

1. Consider, first, the changes that have occurred in our public attitudes and social behavior. There has been dramatic progress during the past decade which enlarges greatly the opportunities in what can be accomplished during the next decade.

2. Abroad, too, in many of the less developed countries there has been progress on this score. But it is obviously much more difficult for them.

Proposal: I propose that at least a small part of the real resources that are henceforth made available to the less developed countries in the form of food aid be earmarked by them for public and private programs in family planning complemented with modern birth control techniques.

On agriculture in less developed countries

In this area, Congress should not again make the public policy mistakes of the past:

1. One mistake has been to invoke restrictions to keep underdeveloped countries from increasing their production of so-called competitive crops, thus weakening efforts to modernize their agriculture.

2. Other mistakes of the past, some of which are now being rectified are:

(a) The postwar dogma so widespread among the less developed countries that modern economic growth is dependent wholly upon industrialization. With a few notable exceptions, agriculture has been neglected and often exploited as a consequence. There is now underway a strong tendency to correct the economic neglect of agriculture.

(b) Until recently, U.S. missions in these less developed countries, with few exceptions, also were bitten by the industrialization bug which made them either indifferent or antagonistic to agri-

cultural development. But this particular policy bias has been corrected.

(c) There can no longer be any room for doubt that the large deficiencies in food in parts of Asia cannot be permanently satisfied except by large increases in agricultural production in these countries along with a marked reduction in population growth. Vast quantities of "free" food from abroad can at best only serve particular transitory objectives.

(d) Although we have developed an outstandingly productive agriculture in the United States, we have not done well as builders of agriculture abroad. We have long been hampered by the "extension bias" and as a consequence agricultural research has been postponed, put off, and grossly neglected. When research has been undertaken, altogether too little attention has been given to the development of viable agricultural research centers.

On agriculture in the United States

The basic question is: Should our Government mobilize U.S. agriculture during the next 5 years to provide large additional quantities of food to alleviate hunger in the world?

From a humanitarian point of view the answer would appear to be in the affirmative. Also, the self-interest view of some agricultural groups would support a strong affirmative answer. Ample funds could be made available to do so. Why then the quandary?

The answer depends on how long a view we take. (The situation in India is cited as an example.)

Summary

Agricultural policy should be reshaped to guide U.S. agriculture toward its economic strength and away from products in which it is competitively weak. There is no doubt that U.S. agriculture has a real comparative advantage in producing soybeans, in responding to the rapidly increasing domestic and world demands for the type of high quality proteins provided by soybeans. The world demand for feed grains is also increasing rapidly, and in this area, too, we have a considerable comparative advantage. But with respect to food grains—wheat and rice—looking beyond the present food emergency, exemplified by circumstances in India, the increases in world demand are likely to be at a relatively low rate. Thus in taking a 5-year view, we should in general guide U.S. agriculture toward relatively more production of protein foods both in crops and in animal products.

89TH CONGRESS
2D SESSION

H. R. 14929

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food for Freedom Act
4 of 1966".

5 SEC. 2. The Agricultural Trade Development and As-
6 sistance Act of 1954, as amended, is amended—

7 (A) By amending section 2 to read as follows:

8 "SEC. 2. The Congress hereby declares it to be the
9 policy of the United States to expand international trade;
10 to develop and expand export markets for United States

1 agricultural commodities; to use the abundant agricultural
2 productivity of the United States to combat hunger and mal-
3 nutrition and to encourage economic development in the
4 developing countries, with particular emphasis on assistance
5 to those countries that are determined to improve their own
6 agricultural production; and to promote in other ways the
7 foreign policy of the United States.”

8 (B) By amending title I to read as follows:

9 “TITLE I

10 “SEC. 101. In order to carry out the policies and accom-
11 plish the objectives set forth in section 2 of this Act, the
12 President is authorized to negotiate and carry out agree-
13 ments with friendly countries to provide for the sale of
14 agricultural commodities for dollars on credit terms or for
15 foreign currencies.

16 “SEC. 102. For the purpose of carrying out agreements
17 concluded under this Act the Commodity Credit Corporation
18 is authorized to finance the sale and exportation of agricul-
19 tural commodities whether from private stocks or from stocks
20 of the Commodity Credit Corporation.

21 “SEC. 103. In exercising the authorities conferred upon
22 him by this title, the President shall—

23 “(a) take into account efforts of friendly countries
24 to help themselves toward a greater degree of self-
25 reliance, especially in providing enough food to meet

1 the needs of their people, their activities related to
2 the problems of population growth, and the resources
3 required to attain such objectives;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars at
6 a rate whereby the transition can be completed by
7 December 31, 1971: *Provided*, That provision may be
8 included in any agreement for payment in foreign cur-
9 rencies to the extent that the President determines that
10 such currencies are needed for the purpose of subsections
11 (a), (b), (c), (e), and (h) of section 104;

12 “(c) take reasonable precautions to safeguard usual
13 marketings of the United States and to assure that sales
14 under this title will not unduly disrupt world prices of
15 agricultural commodities or normal patterns of commer-
16 cial trade with friendly countries;

17 “(d) makes sales agreements only with those coun-
18 tries which he determines to be friendly to the United
19 States: *Provided*, That the President shall periodically
20 review the status of those countries which are eligible
21 under this subsection and report the results of such re-
22 view to the Congress. As used in this Act, ‘friendly
23 country’ shall not include (1) any country or area
24 dominated or controlled by a foreign government or
25 organization controlling a world Communist movement,

1 or (2) for the purpose only of sales of agricultural
2 commodities for foreign currencies under title I of this
3 Act, any country or area dominated by a Communist
4 government, or (3) for the purpose only of sales of
5 agricultural commodities under title I of this Act any
6 nation which sells or furnishes or permits ships or aircraft
7 under its registry to transport to or from Cuba or
8 North Vietnam (excluding United States installations in
9 Cuba) any equipment, materials, or commodities, so long
10 as they are governed by a Communist regime. Notwith-
11 standing any other Act, the President may enter into
12 agreements for the sale of agricultural commodities for
13 dollars on credit terms under title I of this Act with coun-
14 tries which fall within the definition of 'friendly country'
15 for the purpose of such sales and no sales under this Act
16 shall be made with any country if the President finds
17 such country is (a) an aggressor, in a military sense,
18 against any country having diplomatic relations with the
19 United States, or (b) using funds, of any sort, from the
20 United States for purposes inimical to the foreign policies
21 of the United States;

22 " (e) take appropriate steps to assure that private
23 trade channels are used to the maximum extent practi-
24 cable both with respect to sales from privately owned
25 stocks and with respect to sales from stocks owned by

1 the Commodity Credit Corporation and that small busi-
2 ness has adequate and fair opportunity to participate in
3 sales made under the authority of this Act;

4 “(f) give special consideration to the development
5 and expansion of foreign markets for United States agri-
6 cultural commodities, with appropriate emphasis on
7 more adequate storage, handling, and food distribution
8 facilities as well as long-term development of new and
9 expanding markets by encouraging economic growth;

10 “(g) obtain commitments from purchasing coun-
11 tries that will prevent resale or transshipment to other
12 countries, or use for other than domestic purposes, of
13 agricultural commodities purchased under this title, with-
14 out specific approval of the President;

15 “(h) obtain rates of exchange applicable to the sale
16 of commodities under such agreements which are not less
17 favorable than the highest of exchange rates legally ob-
18 tainable in the respective countries by any nation which
19 would not discriminate against commodities sold under
20 this Act;

21 “(i) promote progress toward assurance of an ade-
22 quate food supply by encouraging countries with which
23 agreements are made to give higher emphasis to the pro-
24 duction of food crops than to the production of such
25 nonfood crops as are in world surplus;

1 “(j) exercise the authority contained in title I of
2 this Act to assist friendly countries to be independent of
3 domination or control by any world Communist move-
4 ment. Nothing in this Act shall be construed as author-
5 izing transactions under title I with any government or
6 organization controlling a world Communist movement
7 or with any country with which the United States does
8 not have diplomatic relations;

9 “(k) whenever practicable require upon delivery
10 that not less than 5 per centum of the purchase price
11 of any agricultural commodities sold under title I of this
12 Act be payable in dollars or in the types or kinds of
13 currencies which can be converted into dollars;

14 “(l) obtain commitments from friendly purchasing
15 countries that will insure, insofar as practicable, that
16 food commodities sold for foreign currencies under title
17 I or this Act shall be marked or identified at point of
18 distribution or sale as being provided on a concessional
19 basis to the recipient government through the generosity
20 of the people of the United States of America.

21 “SEC. 104. Notwithstanding any other provision of law,
22 the President may use or enter into agreements with foreign
23 countries or international organizations to use the foreign
24 currencies, including principal and interest from loan repay-
25 ments, which accrue in connection with sales for foreign

1 currencies under this title for one or more of the following
2 purposes:

3 “(a) For payment of United States obligations (in-
4 cluding obligations entered into pursuant to other legis-
5 lation) ;

6 “(b) For carrying out programs of United States
7 Government agencies to—

8 (1) help develop new markets for United States
9 agricultural commodities on a mutually benefiting
10 basis. From sale proceeds and loan repayments un-
11 der this title not less than the equivalent of 5 per
12 centum of the total sales made each year under this
13 title shall be set aside in the amounts and kinds of
14 foreign currencies specified by the Secretary of
15 Agriculture and made available in advance for use
16 as provided by this paragraph over such period of
17 years as the Secretary of Agriculture determines
18 will most effectively carry out the purpose of this
19 subsection. Provision shall be made in sale and
20 loan agreements for the convertibility of such amount
21 of the proceeds thereof (not less than 2 per centum)
22 as the Secretary of Agriculture determines to be
23 needed to carry out the purpose of this paragraph
24 in those countries which are or offer reasonable
25 potential of becoming dollar markets for United

States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

“(2) finance international educational and cul-

1 tural exchange activities under the programs au-
2 thorized by the Mutual Educational and Cultural
3 Exchange Act of 1961 (22 U.S.C. 2451 et seq.) ;

4 “(3) collect, collate, translate, abstract, and
5 disseminate scientific and technological information
6 and conduct research and support scientific activities
7 overseas including programs and projects of scien-
8 tific cooperation between the United States and
9 other countries such as coordinated research against
10 diseases common to all of mankind or unique to indi-
11 vidual regions of the globe, and promote and sup-
12 port programs of medical and scientific research,
13 cultural and educational development, family plan-
14 ning, health, nutrition, and sanitation ;

15 “(4) acquire by purchase, lease, rental, or
16 otherwise, sites and buildings and grounds abroad,
17 for United States Government use including offices,
18 residence quarters, community and other facilities,
19 and construct, repair, alter, and furnish such build-
20 ings and facilities ;

21 “(5) finance under the direction of the Librar-
22 ian of Congress, in consultation with the National
23 Science Foundation and other interested agencies.

24 (A) programs outside the United States for the

1 analysis and evaluation of foreign books, periodicals,
2 and other materials to determine whether they
3 would provide information of technical or scientific
4 significance in the United States and whether such
5 books, periodicals, and other materials are of cul-
6 tural or educational significance; (B) the registry,
7 indexing, binding, reproduction, cataloging, ab-
8 stracting, translating, and dissemination of books,
9 periodicals, and related materials determined to
10 have such significance; and (C) the acquisition of
11 such books, periodicals, and other materials and the
12 deposit thereof in libraries and research centers in
13 the United States specializing in the areas to which
14 they relate;

15 “(c) To procure equipment, materials, facilities,
16 and services for the common defense including internal
17 security;

18 “(d) For assistance to meet emergency or extraor-
19 dinary relief requirements;

20 “(e) For use to the maximum extent under the
21 procedures established by such agency as the President
22 shall designate for loans to United States business firms
23 (including cooperatives) and branches, subsidiaries, or
24 affiliates of such firms for business development and trade
25 expansion in such countries, including loans for private

1 home construction, and for loans to domestic or foreign
2 firms (including cooperatives) for the establishment of
3 facilities for aiding in the utilization, distribution, or
4 otherwise increasing the consumption of, and markets
5 for, United States agricultural products: *Provided, how-*
6 *ever,* That no such loans shall be made for the manufac-
7 ture of any products intended to be exported to the
8 United States in competition with products produced in
9 the United States and due consideration shall be given
10 to the continued expansion of markets for United States
11 agricultural commodities or the products thereof. For-
12 eign currencies may be accepted in repayment of such
13 loans;

14 “(f) To promote multilateral trade and agricul-
15 tural and other economic development, under proce-
16 dures established by the President, by loans or by use
17 in any other manner which the President may determine
18 to be in the national interest of the United States,
19 particularly to assist programs of recipient countries
20 designed to promote, increase, or improve food produc-
21 tion, processing, distribution, or marketing in food-
22 deficit countries friendly to the United States, for which
23 purpose the President may utilize to the extent prac-
24 ticable the services of nonprofit voluntary agencies
25 registered with and approved by the Advisory Com-

mittee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

“(g) For the purchase of goods or services for other friendly countries;

“(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

“(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

“(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation: *Provided*, That section 1415 of the Supplemental Appropriation

1 Act, 1953, shall apply to currencies used for the pur-
2 poses specified in subsections (a) and (b).

3 “SEC. 105. Foreign currencies received pursuant to this
4 Act shall be deposited in a special account to the credit of
5 the United States and shall be used only pursuant to section
6 104, and any department or agency of the Government using
7 any of such currencies for a purpose for which funds have
8 been appropriated shall reimburse the Commodity Credit
9 Corporation in an amount equivalent to the dollar value of
10 the currencies used. The President shall utilize foreign
11 currencies received pursuant to this Act in such manner as
12 will, to the maximum extent possible, reduce any deficit in
13 the balance of payments of the United States.

14 “SEC. 106. Payment by any friendly country for com-
15 modities purchased for dollars on credit shall be upon terms
16 as favorable to the United States as the economy of such
17 country will permit: *Provided*, That payment shall be made
18 in reasonable annual amounts over periods not to exceed
19 twenty years from the date of the last delivery of commod-
20 ities in each calendar year under the agreement, except that
21 the date for beginning such annual payment may be deferred
22 for a period not later than two years after such date of last
23 delivery. Interest shall be in dollars and at such rate as the

1 Secretary may determine but not less than the minimum rate
2 required by section 201 of the Foreign Assistance Act of
3 1961 for loans made under that section; interest shall be
4 computed from the date of last delivery.

5 “SEC. 107. (a) It is also the policy of the Congress to
6 stimulate and maximize the sale of United States agricul-
7 tural commodities for dollars through the private trade and
8 to further the use of private enterprise to the maximum,
9 thereby strengthening the development and expansion of
10 foreign commercial markets for United States agricultural
11 commodities. In furtherance of this policy, the Secretary of
12 Agriculture is authorized, notwithstanding any other pro-
13 vision of law, to enter into agreements with foreign and
14 United States private trade for financing the sale of agricul-
15 tural commodities for export over such periods of time and
16 on such credit terms as the Secretary determines will accom-
17 plish the objectives of this section. Any agreement entered
18 into under this section shall provide for the development and
19 execution of projects which will result in the establishment
20 of facilities designed to improve the storage or marketing
21 of agricultural commodities, or which will otherwise stimu-
22 late and expand private economic enterprise in any friendly
23 country. Any agreement entered into under this section
24 shall also provide for the furnishing of such security as the
25 Secretary determines necessary to provide reasonable and

1 adequate assurance of payment of the purchase price in
2 dollars with interest at a rate which will as nearly as prac-
3 ticable to equivalent to the average cost of funds to the
4 United States Treasury, as determined by the Secretary of
5 the Treasury, on outstanding marketable obligations of the
6 United States having maturities comparable to maturities
7 of credits extended under this section. In no event shall
8 the rate of interest be less than the minimum rate, or the
9 term of credit longer than the maximum term, authorized in
10 section 106. In carrying out this Act, the authority pro-
11 vided in this section for making dollar sales shall be used
12 to the maximum extent practicable.

13 “(b) In carrying out the provisions of this section,
14 the Secretary shall take reasonable precautions to avoid
15 displacing any sales of United States agricultural commod-
16 ities which the Secretary finds and determines would other-
17 wise be made for cash dollars.

18 “(c) The Secretary shall obtain commitments from
19 purchasers that will prevent resale or transshipment to other
20 countries, or use for other than domestic purposes, of agri-
21 cultural commodities purchased under this section.

22 “(d) In carrying out this Act, the provisions of sections
23 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108,
24 402, 403, 407, 408, and 409 shall be applicable to sales
25 under this section. Sections 102 and 403 shall also be ap-

1 plicable to sales made under the Commodity Credit Corpora-
2 tion export credit sales program.

3 “SEC. 108. The Commodity Credit Corporation may
4 bear the cost of ocean transportation incurred pursuant to
5 agreements entered into hereunder only to the extent that
6 such charges are higher (than would otherwise be the case)
7 by reason of a requirement that the commodities be trans-
8 ported in United States-flag vessels. The balance of such
9 charges for transportation in United States vessels shall be
10 required to be paid in dollars by the nations or organizations
11 with whom the international agreement is entered into, and
12 dollar credit terms may be extended therefor on the same
13 terms as those provided in section 106 for dollar credit sales.

14 “SEC. 109. Before entering into agreements with de-
15 veloping countries for the sale of United States agricultural
16 commodities on whatever terms, the President shall consider
17 the extent to which the recipient country is undertaking
18 wherever practicable self-help measures to increase per capita
19 production and improve the means for storage and distribu-
20 tion of agricultural commodities, including:

21 “(1) devoting land resources to the production of
22 needed food rather than to the production of nonfood
23 crops—especially nonfood crops in world surplus;

24 “(2) development of the agricultural chemical,

1 farm machinery and equipment, transportation and other
2 necessary industries through private enterprise;

3 “(3) training and instructing farmers in agricul-
4 tural methods and techniques;

5 “(4) constructing adequate storage facilities;

6 “(5) improving marketing and distribution systems;

7 “(6) creating a favorable environment for private
8 enterprise and investment, both domestic and foreign,
9 and utilizing available technical know-how;

10 “(7) establishing and maintaining Government
11 policies to insure adequate incentives to producers; and

12 “(8) allocating for these purposes sufficient national
13 budgetary and foreign exchange resources (including
14 those supplied by bilateral, multilateral and consortium
15 aid programs) and local currency resources (resulting
16 from loans or grants to recipient governments of the pro-
17 ceeds of local currency sales) : *Provided*, That notwith-
18 standing any other provisions of this Act, in agreements
19 with nations not engaged in armed conflict against Com-
20 munist forces or against nations with which the United
21 States has no diplomatic relations, not less than 20 per
22 centum of the foreign currencies set aside for purposes
23 other than those in sections 104 (a), (b), (c), and

1 (j) shall be allocated for the self-help measures set
2 forth in this section.

3 “SEC. 110. Agreements shall not be entered into under
4 this title during any calendar year which will call for an ap-
5 propriation to reimburse the Commodity Credit Corporation
6 in any amount in excess of \$2,500,000,000, plus any amount
7 by which agreements entered into in prior years have called
8 or will call for appropriations to reimburse the Commodity
9 Credit Corporation in amounts less than authorized for such
10 prior years.”

11 (C) By amending title II to read as follows:

12 “TITLE II

13 “SEC. 201. The President is authorized to determine
14 requirements and furnish agricultural commodities, on behalf
15 of the people of the United States of America, to meet
16 famine or other urgent or extraordinary relief requirements;
17 to combat malnutrition, especially in children; to promote
18 economic and community development in friendly develop-
19 ing areas; and to provide assistance for needy persons and
20 for nonprofit school lunch and preschool feeding programs
21 outside the United States. The Commodity Credit Corpora-
22 tion shall make available to the President such agricultural
23 commodities determined to be available under section 401
24 as he may request.

25 “SEC. 202. The President may furnish commodities for

1 the purposes set forth in section 201 through such friendly
2 governments and such agencies, private or public, includ-
3 ing intergovernmental organizations such as the world food
4 program and other multilateral organizations in such manner
5 and upon such terms and conditions as he deems appropriate.
6 The President shall, to the extent practicable, utilize non-
7 profit voluntary agencies registered with, and approved by,
8 the Advisory Committee on Voluntary Foreign Aid. Inso-
9 far as practicable, all commodities furnished hereunder shall
10 be clearly identified by appropriate marking on each package
11 or container in the language of the locality where they are
12 distributed as being furnished by the people of the United
13 States of America. The assistance to needy persons shall
14 insofar as practicable be directed toward community and
15 other self-help activities designed to alleviate the causes
16 of the need for such assistance. Except in the case of emer-
17 gency, the President shall take reasonable precaution to
18 assure that commodities furnished hereunder will not dis-
19 place or interfere with sales which might otherwise be made.

20 “SEC. 203. The Commodity Credit Corporation may,
21 in addition to the cost of acquisition, pay with respect to
22 commodities made available under this title costs for pack-
23 aging, enrichment, preservation, and fortification; processing,
24 transportation, handling, and other incidental costs up to the
25 time of their delivery free on board vessels in United States

1 ports; ocean freight charges from United States ports to desig-
2 nated ports of entry abroad, or, in the case of landlocked coun-
3 tries, transportation from United States ports to designated
4 points of entry abroad; and charges for general average con-
5 tributions arising out of the ocean transport of commodities
6 transferred pursuant thereto.

7 “SEC. 204. Programs of assistance shall not be under-
8 taken under this title during any calendar year which call
9 for an appropriation of more than \$800,000,000 to reim-
10 burse the Commodity Credit Corporation for all costs in-
11 curred in connection with such programs (including the
12 Corporation’s investment in commodities made available)
13 plus any amount by which programs of assistance undertaken
14 in the preceding calendar year have called or will call for
15 appropriations to reimburse the Commodity Credit Corpora-
16 tion less than were authorized for such purpose during such
17 preceding year. In addition to other funds available for
18 such purposes under any other Act, funds made available
19 under this title may be used in an amount not exceeding
20 \$7,500,000 annually to purchase foreign currencies accruing
21 under title I of this Act in order to meet costs (except the
22 personnel and administrative costs of cooperating sponsors,
23 distributing agencies, and recipient agencies, and the costs
24 of construction or maintenance of any church owned or
25 operated edifice or any other edifices to be used for sectarian

1 purposes) designed to assure that commodities made avail-
2 able under this title are used to carry out effectively the
3 purposes for which such commodities are made available or
4 to promote community and other self-help activities designed
5 to alleviate the causes of the need for such assistance: *Pro-*
6 *vided, however,* That such funds shall be used only to supple-
7 ment and not substitute for funds normally available for such
8 purposes from other non-United States Government sources.”

9 (D) By changing the designation “TITLE III—GEN-
10 ERAL PROVISIONS” to “TITLE III” and by striking
11 out sections 304, 305, 306, 307, and 308.

12 (E) By amending title IV to read as follows:

13 “TITLE IV

14 “SEC. 401. After consulting with other agencies of the
15 Government affected and within policies laid down by the
16 President for implementing this Act, and after taking into
17 account productive capacity, domestic requirements, farm
18 and consumer price levels, commercial exports, and adequate
19 carryover, the Secretary of Agriculture shall determine the
20 agricultural commodities and quantities thereof available for
21 disposition under this Act, and the commodities and quan-
22 tities thereof which may be included in the negotiations with
23 each country.

24 “SEC. 402. The term ‘agricultural commodity’ as used
25 in this Act shall include any product of an agricultural com-

1 modity. Subject to the availability of appropriations there-
2 for, any domestically produced fishery product (not includ-
3 ing fish concentrate until approved by the Food and Drug
4 Administration) may be made available under this Act.

5 “SEC. 403. There are hereby authorized to be appro-
6 priated such sums as may be necessary to carry out this Act
7 including such amounts as may be required to make pay-
8 ments to the Commodity Credit Corporation, to the extent
9 the Commodity Credit Corporation is not reimbursed under
10 sections 104 (j) and 105, for its actual costs incurred or to
11 be incurred.

12 “SEC. 404. The programs of assistance undertaken pur-
13 suant to this Act shall be directed toward the attainment of
14 the humanitarian objectives and national interest of the
15 United States.

16 “SEC. 405. The authority and funds provided by this
17 Act shall be utilized in a manner that will assist friendly
18 countries that are determined to help themselves toward a
19 greater degree of self-reliance in providing enough food to
20 meet the needs of their people and in resolving their prob-
21 lems relative to population growth.

22 “SEC. 406. (a) In order to further assist friendly de-
23 veloping countries to become self-sufficient in food produc-
24 tion, the Secretary of Agriculture is authorized, notwith-
25 standing any other provision of law—

1 “(1) To establish and administer through existing agen-
2 cies of the Department of Agriculture a program of farmer-
3 to-farmer assistance between the United States and such
4 countries to help farmers in such countries in the practical
5 aspects of increasing food production and distribution and
6 improving the effectiveness of their farming operations;

7 “(2) To enter into contracts or other cooperative agree-
8 ments with, or make grants to, land-grant colleges and uni-
9 versities and other institutions of higher learning in the
10 United States to recruit persons who by reason of training,
11 education, or practical experience are knowledgeable in the
12 practical arts and sciences of agriculture and home economics,
13 and to train such persons in the practical techniques of trans-
14 mitting to farmers in such countries improved practices in
15 agriculture, and to participate in carrying out the program in
16 such countries including, where desirable, additional courses
17 for training or retraining in such countries;

18 “(3) To conduct research in tropical and subtropical
19 agriculture for the improvement and development of tropical
20 and subtropical food products for dissemination and cultiva-
21 tion in friendly countries.

22 “(4) To coordinate the program authorized in this sec-
23 tion with the activities of the Peace Corps, the Agency for
24 International Development, and other agencies of the United
25 States and to assign, upon agreement with such agencies,

1 such persons to work with and under the administration of
2 such agencies: *Provided*, That nothing in this section shall
3 be construed to infringe upon the powers or functions of the
4 Secretary of State;

5 “(5) To establish by such rules and regulations as he
6 deems necessary the conditions for eligibility and retention
7 in and dismissal from the program established in this section,
8 together with the terms, length and nature of service, com-
9 pensation, employee status, oaths of office, and security clear-
10 ances, and such persons shall be entitled to the benefits and
11 subject to the responsibilities applicable to persons serving
12 in the Peace Corps pursuant to the provisions of section 612,
13 volume 75 of the Statutes at Large, as amended; and

14 “(6) To the maximum extent practicable, to pay the
15 costs of such program through the use of foreign currencies
16 accruing from the sale of agricultural commodities under this
17 Act, as provided in section 104 (i) .

18 “(b) There are hereby authorized to be appropriated
19 not to exceed \$33,000,000 during any fiscal year for the
20 purpose of carrying out the provisions of this section.

21 “SEC. 407. There is hereby established an advisory
22 committee composed of the Secretary of Agriculture, the
23 Director of the Bureau of the Budget, the Administrator of
24 the Agency for International Development, the chairman,
25 the vice chairman and the two ranking minority members

1 of the House Committee on Agriculture, and the chairman,
2 the next ranking majority member and the two ranking
3 minority members of the Senate Committee on Agriculture
4 and Forestry. The advisory committee shall survey the
5 general policies relating to the administration of the Act,
6 including the manner of implementing the self-help provi-
7 sions, the uses to be made of foreign currencies which accrue
8 in connection with sales for foreign currencies under title I,
9 the amount of currencies to be reserved in sales agreements
10 for loans to private industry under section 104 (e), rates of
11 exchange, and interest rates, and shall advise the President
12 with respect thereto.

13 “SEC. 408. The President shall make a report to Con-
14 gress with respect to the activities carried out under this
15 Act at least once each year.

16 “SEC. 409. No agreements to finance sales under title
17 I and no programs of assistance under title II shall be
18 entered into after December 31, 1968.

19 “SEC. 410. The provisions of section 620 (e) of the
20 Foreign Assistance Act of 1961, as amended (referring to
21 nationalization, expropriation, and related governmental Acts
22 affecting property owned by United States citizens), shall be
23 applicable to assistance provided under title I of this Act.”

24 SEC. 3. (a) Section 9 of the Act of September 6, 1958
25 (7 U.S.C. 1431b), is amended, effective January 1, 1967,

1 by deleting the symbol “(1)”, by changing the semicolon
2 to a period and by striking out all of the language in the
3 section after the semicolon.

4 (b) Section 709 of the Food and Agriculture Act of
5 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
6 1967, by striking out “foreign distribution”.

7 (c) Section 416 of the Agricultural Act of 1949, as
8 amended (7 U.S.C. 1431), is amended, effective January 1,
9 1967, by striking out the following: “and (4) to donate any
10 such food commodities in excess of anticipated disposition
11 under (1), (2), and (3) above to nonprofit voluntary
12 agencies registered with the Committee on Voluntary For-
13 eign Aid of the Foreign Operations Administration or other
14 appropriate department or agency of the Federal Govern-
15 ment and intergovernmental organizations for use in the
16 assistance of needy persons and in nonprofit school lunch
17 programs outside the United States”; and “and (4) above”;
18 “, in the case of commodities made available for use within
19 the United States, or their delivery free alongside ship or
20 free on board export carrier at point of export, in the case of
21 commodities made available for outside the United States”;
22 and “The assistance to needy persons provided in (4) above
23 shall, insofar as practicable be directed toward community
24 and other self-help activities designed to alleviate the causes
25 of the need for such assistance.”

1 (d) Section 8 of Public Law 85-931 (72 Stat. 1792)
2 is amended by amending the proviso to read as follows:
3 “*Provided*, That only those products may be financed in
4 which the raw cotton content accounts for a substantial por-
5 tion of the sales price.”

6 (e) (1) Notwithstanding any other provision of law, in
7 order to assure a continuous and adequate and stable supply
8 of food and fiber to meet all domestic and export require-
9 ments at fair and reasonable prices, the Secretary shall in the
10 formulation of any voluntary adjustment program for any
11 such commodity provide for the production of an adequate
12 supply of such commodity. Such production shall be not less
13 than that needed to assure that at the end of the marketing
14 year the carryover of such commodity will not be less than
15 25 per centum of the total estimated requirements for such
16 marketing year.

17 (2) Section 407 of the Agriculture Act of 1949, as
18 amended, is amended by striking the period at the end of the
19 third sentence thereof and adding the following: “: *Provided*,
20 That whenever the Secretary of Agriculture determines that
21 the carryover at the end of any marketing year of a price
22 supported agricultural commodity for which a voluntary ad-
23 justment program is in effect will be less than 25 per centum
24 of the estimated export and domestic consumption of such
25 commodity during such marketing year, the Commodity

1 Credit Corporation shall not sell any of its stocks of such
2 commodity during such year for unrestricted use at less than
3 115 per centum of the current price support loan plus reason-
4 able carrying charges.”

5 SEC. 4. The amendments made by this Act shall take
6 effect as of January 1, 1967.

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

By Mr. COOLEY

MAY 9, 1966

Referred to the Committee on Agriculture

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued May 19, 1966
For actions of May 18, 1966
89th 2nd; No. 82

CONTENTS

Animal research.....	30	Food for freedom.....	5	Peanut butter.....	16
Appropriations.....	1	Forest Service.....	1	Personnel.....	34
Budget.....	20	Forestry.....	12	Postal rates.....	3
CCC.....	23	Heptonoic acid.....	24	Poverty.....	6
Chicory.....	24	Household effects.....	24	Public works.....	31
Conservation.....	8	Inflation.....	10	REA.....	36
Corkboard.....	24	Information.....	11	Recreation.....	9,21
Cotton.....	25,26	Lands.....	22	Research.....	13,30
Dairy farmer.....	19,33	Loan pools.....	2	River basin.....	18
Dairy imports.....	33	Meat imports.....	15	Roads.....	7
Disaster relief.....	25,35	Military construction.....	23	Soybeans.....	25
Electrification.....	36	Opinion poll.....	17	Stockpiling.....	4
Farm prices.....	27	Parity prices.....	28	Tariff.....	24
Farm program.....	14,29	Participation sales.....	2	Water pollution.....	32

HIGHLIGHTS: House agreed to conference report on Interior appropriation bill, including Forest Service. House passed participation sales bill. House committee voted to report food-for-freedom bill.

HOUSE

- 1. APPROPRIATIONS.** Agreed to the conference report on H. R. 14215, the Interior and related agencies appropriation bill, including Forest Service. (pp. 10378-82). See Digest 81 for a table reflecting the action of the conferees.
- 2. PARTICIPATION SALES.** Passed with an amendment (to substitute the language of a similar bill, H. R. 14544) S. 3283, to promote private financing of credit needs and to provide for an efficient and orderly method of liquidating financial assets held by Federal credit agencies. H. R. 14544, previously passed with amendments, was tabled. pp. 10382-413

3. POSTAL RATES. The Post Office and Civil Service Committee reported without amendment H. R. 14904, to revise postal rates on certain fourth-class mail (H. Rept. 1543). p. 10459
4. STOCKPILING. Passed without amendment H. R. 13769, to authorize the disposal of cordage fiber (sisal) from the national stockpile. p. 10414
5. FOOD FOR FREEDOM. The Agriculture Committee voted to report (but did not actually report) H. R. 14929, amended, to promote international trade in agricultural commodities, to combat hunger and malnutrition, and to further economic development. p. D432
6. POVERTY. The Education and Labor Committee voted to report (but did not actually report) H. R. 15111, the proposed Economic Opportunity Act of 1966. p. D432
Rep. Rhodes, Pa., inserted an article, "Poverty War Does Vital Job Despite Flaws." p. 10422
7. ROADS. The Public Works Committee voted to report (but did not actually report) H. R. 14359, amended, to authorize appropriations for the fiscal years 1968 and 1969 for the construction of certain highways. p. D433
8. CONSERVATION. Rep. Landrum commended the progress made in Ga. through participation in sound soil and water conservation measures. pp. 10426-7
9. RECREATION. Rep. Wydler protested the proposed building of two dams in the Grand Canyon. pp. 10429-30
10. INFLATION. Rep. Curtis inserted two articles taking "a highly critical look at the administration's policy to deal with inflation." pp. 10435-6
11. INFORMATION. Rep. Rhodes, Ariz., inserted the Republican Policy Committee statement urging enactment of the freedom of information bill. pp. 10437-8
12. FORESTRY. Rep. George W. Andrews commended the running of the first forestry special train in Ala. carrying top forestry, governmental, and industrial leaders to a field forestry demonstration. pp. 10442-4
13. RESEARCH. Received from Interior a proposed bill to authorize that Department to contract for scientific and technological research; to Interior and Insular Affairs Committee.

ITEMS IN APPENDIX

14. FARM PROGRAM. Rep. Tunney inserted Lionel Steinberg's statement on Calif. agriculture on the occasion of the visit of Under Secretary Schnittker. pp. A2677-8
15. MEAT IMPORTS. Extension of remarks of Rep. Berry expressing "great alarm and fear" on the rapidly increasing meat imports. p. A2681
16. PEANUT BUTTER. Extension of remarks of Rep. O'Neal, Ga., calling attention to the nutritious value of peanut butter "the most important food in the school lunch program", and inserting an article, "Youngsters Cling to Peanut Butter." p. A2682

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued May 31, 1966
For actions of May 27, 1966
89th-2nd; No. 88

CONTENTS

Adjournment.....	7,12	Lands.....	1,15	Tariff.....	17
Dairy.....	16	Meat imports.....	13	Taxation.....	14
Electrification.....	5	Packaging.....	6	Transportation.....	14
Farm labor.....	9	Recreation.....	1	Warehousemen.....	4
Food for freedom.....	8	Research.....	10	Water pollution.....	3
Foreign trade.....	11	Saline water.....	10	Wheat.....	11
Labeling.....	6	School milk.....	2		

HIGHLIGHTS: House committee reported food for freedom bill.

SENATE

1. RECREATION. The Interior and Insular Affairs Committee reported without amendment H. R. 10451, to authorize the Interior Department to transfer certain lands in Colo. to the Forest Service for recreation development (S. Rept. 1188) p. 11141
2. SCHOOL MILK. Sen. Proxmire said milk is the "perfect food" which should have priority in the school lunch program and inserted an article on this subject. pp. 11146-7

3. WATER POLLUTION. Sen. Nelsen inserted and commended an article recommending incentives for more industrial water-pollution control. pp. 11147-9
4. WAREHOUSEMEN. Sen. Hruska said "the Commodity Credit Corporation...declared a moratorium on its arbitrary suspensions of grain warehousemen who have been unable to comply with its load-out orders" and said this moratorium was "overdue." pp. 11149-50
5. ELECTRIFICATION. Sen. Hruska inserted winning essays in the Nebraska Rural Electrification Association contest. pp. 11152-4
6. PACKAGING AND LABELING. S. 985, the fair packaging and labeling bill, was printed in the Record and made the unfinished business for debate today. pp. 11208-10
7. ADJOURNED until Tues., May 31. p. 11215

HOUSE

8. FOOD FOR FREEDOM. The Agriculture Committee reported with amendments H. R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, and to further economic development (H. Rept. 1558). p. 11140
9. FARM LABOR. Rep. Talcott criticized Labor's "proposals" for attracting seasonal farm workers to Calif. and inserted copies of forms farmers are "required" by Commerce to complete which he says are an "unnecessary burden" to the farmer. pp. 11128-34
10. SALINE-WATER RESEARCH. Received from Interior a report summarizing the 1965 operations of that Dept. regarding the desalting of sea and brackish water. p. 11140
11. FOREIGN TRADE. Received from AID a copy of its reply to the Acting Comptroller General's report of March 11, 1966, on effects of foreign currency sales in commercial sales of wheat to the United Arab Republic. p. 11140
12. ADJOURNED until Tues., May 31. p. 11140

ITEMS IN APPENDIX

13. MEAT IMPORTS. Extension of remarks of Rep. Berry criticizing "increasing flow of beef and veal from foreign sources." pp. A2910-1
14. TRANSPORTATION; TAXATION. Extension of remarks of Rep. Fascell opposing the bill to regulate commerce among the States by providing a system for the State taxation of interstate commerce, and inserting a Fla. Shippers Ass'n resolution opposing this bill. p. A2913

BILLS INTRODUCED

15. LANDS. S. 3421 by Sen. Bartlett, to authorize the Secretary of Agriculture to convey certain lands and improvements thereon to the University of Alaska; to Agriculture and Forestry Committee. Remarks of author p. 11142

THE FOOD FOR FREEDOM ACT OF 1966

MAY 27, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS AND ADDITIONAL INDIVIDUAL VIEWS

[To accompany H.R. 14929]

The Committee on Agriculture, to whom was referred the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

COMMITTEE AMENDMENTS

Page 6, line 5, strike out "transactions" and insert "sales agreements".

Page 13, line 17, strike out the colon and the balance of the amendment to section 106, through page 14, line 4, and insert a period and the following new sentence:

In any event such agreement shall be no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended.

Page 15, line 3, strike out "to" and insert "be".

Page 15, line 23, strike out "-03(e)" and insert "103(e)".

Page 25, line 11, strike out "and interest rates" and insert "interest rates, and the terms under which dollar credit sales are made".

BRIEF SUMMARY

The bill, approved by the committee, 32 to 2, as an amendment and extension of Public Law 480, contains the following major provisions:

1. *Time of extension*.—Two years (through December 31, 1968).
2. *"Available" commodities*.—A change is made in the concept of "surplus" to "available" farm commodities for various local currency sales, long-term dollar credit sales, and donation programs overseas.
3. *Self-help emphasis*.—Increased emphasis is placed upon and a number of criteria are established for encouraging and promoting expanded farm production overseas to meet rising world food needs.
4. *Friendly countries*.—Retains basic provisions of present law in regard to nations eligible for this program and adds new restrictions in regard to nations dealing with North Vietnam and Cuba. Russia, Red China, or countries or areas under their domination or control would be *ineligible* for local currency sales and long-term dollar credit sales. Any Communist country would be *ineligible* for local currency sales. Any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from North Vietnam or Cuba (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime, would be *ineligible* for local currency sales or long-term dollar credit sales. Aggressor nations or nations acting in a manner inimical to U.S. foreign policy would be *ineligible* for local currency sales or long-term dollar credit sales. Nations not in diplomatic relations with the United States would be *ineligible* for local currency sales or long-term dollar credit sales.
5. *Use of foreign currencies*.—Authorized uses include:
 - (1) To pay U.S. obligations.
 - (2) Market development for U.S. farm commodities.
 - (3) Education and cultural exchange.
 - (4) Collection, translation, etc., of scientific information and conduct of overseas research, cultural, educational, family planning, health, nutrition, and sanitation programs.
 - (5) Purchase lease and rental of overseas real estate.
 - (6) Translation, analysis, etc., of foreign books, periodicals, and other materials under the direction of the Library of Congress.
 - (7) Common defense activities.
 - (8) Emergency relief activities.
 - (9) Loans to United States and foreign businesses and co-ops. (Cooley loans.)
 - (10) Promotion of trade and economic development including emphasis upon storage, handling and food distribution facilities.
 - (11) Goods or services for other friendly countries.
 - (12) Maternal welfare, child health and nutrition, and voluntary population programs.
 - (13) To pay expenses of new farmer to farmer program.
 - (14) Sales of local currencies for dollars to U.S. tourists, other U.S. citizens or nonprofit organizations.
6. *Long-term-dollar-credit sales*.—Permitted on government or private trade basis with repayment periods up to 40 years with interest at rates comparable to foreign assistance loans and grace periods of up to 10 years.

7. *Convertibility*.—Requires *insofar as practicable* that at least 5 percent of local currency or long-term-dollar-credit sales be paid in dollars or hard currency at time of sale.

8. *Marking of food*.—Requires *insofar as practicable* that food sold for local currency be marked or identified as being acquired on a concessional basis through the generosity of the American people.

9. *Cost*.—Authorizes total expenditure of \$2.5 billion per year on local currency and long-term-dollar-credit transactions and \$800 million on donations (either government to government or through voluntary agencies.) Total for bill \$3.333 billion per year including farmer-to-farmer program.

10. *Commodities included*.—Any agricultural commodity or product thereof and domestically produced fishery product (except fish concentrate until approved by Food and Drug Administration for U.S. consumption).

11. *Advisory Committee*.—Establishes Joint Congressional-Executive Advisory Committee consisting of senior members of House and Senate Agriculture Committees, Administrator of AID, Budget Bureau Director, and Secretary of Agriculture.

12. *Farmer-to-farmer program*.—Authorizes appropriations of \$33 million annually for the Department of Agriculture to administer in cooperation with the various land grant and other colleges a program emphasizing the use of American farm know-how and show-how to help developing countries meet rising world food needs.

13. *Expropriation of U.S. property*.—Prohibits any concessional sales under this act to nations which have expropriated property of American citizens without payment of just compensation or appropriate action upon a judgment in favor of such U.S. citizens.

14. *Cotton textiles*.—Provides that cotton textiles may be financed under title I of the act if the raw cotton content accounts for a substantial portion of the sales price.

15. *Release prices and reserves*.—Directs the Secretary to adjust production of commodities covered by voluntary adjustment programs so that the carryover will be not less than 25 percent of total annual estimated requirements. Whenever carryover is *less than* 25 percent of annual estimated requirements, CCC release price for unrestricted domestic sales of any such commodities would be not less than 115 percent of the current loan level plus carrying charges.

BRIEF COMPARISON BETWEEN PRESENT STRUCTURE OF PUBLIC LAW 480 AND THE STRUCTURE UNDER AMENDMENTS PROPOSED BY H.R. 14929

The present Public Law 480 statute consists of a popular name citation, a general policy statement and four titles.

In general these titles are as follows:

Title I—Local currency sales.

Title II—Famine relief and other assistance generally provided on a government-to-government basis.

Title III—Donations of food through voluntary organizations and Barter provisions.

Title IV—Long-term-dollar-credit sales.

Under H.R. 14929 the present popular name citation would remain unchanged, the general policy statement would be changed, and

the act would continue to contain four titles. The subject matter covered by these title would be changed generally as follows:

Title I—Local currency sales and long-term-dollar-credit sales.

Title II—Famine relief and other assistance and donations of food both on a government-to-government basis and through voluntary organizations.

Title III—Barter.

Title IV—General and miscellaneous provisions.

STATEMENT

Two-thirds of the world is undernourished. Thousands of persons die each day as the result of malnutrition. The specter of famine and mass starvation, in the near years ahead, hangs over great areas of the world where populations are exploding. Hunger blocks the path to world peace.

H.R. 14929—the new Food-for-Freedom Act—sets in motion a policy and a program which in times to come, with the active participation of other nations, may be heralded as one of history's greatest steps forward.

This is a world war on hunger.

Its aim is to deal with the oldest and severest agony of mankind. Victory would save more lives than have been lost in all the wars of history. It is a war in which all nations and all peoples may join.

NEW OBJECTIVES

H.R. 14929 authorizes a broad expansion of the old food-for-peace program, through which 100 million hungry people in 100 nations have received food since Public Law 480 first was enacted in 1954. This new legislation, amending Public Law 480—

Permits deliberate production of food in the United States to feed hungry people in other nations. Heretofore our food shipments under the food-for-peace program have been limited to surpluses accumulated under various farm programs.

Places emphasis particularly on aid to those friendly countries helping themselves toward self-reliance in producing sufficient food to meet the needs of their own people.

Recognizes for the first time, as a matter of U.S. policy, the world population explosion relationship to the world food crisis, providing that the new food-for-freedom program shall make available resources to promote voluntary activities in other countries dealing with the problem of population growth and family planning. The bill establishes as one of the criteria for the President to consider in carrying out the provisions of the act the efforts of friendly countries related to the problems of population growth and the resources devoted by these countries to meet this growing problem. The bill also provides that foreign currencies generated by the sale of U.S. commodities may be used, when requested by the recipient country, to finance programs related to these problems of population growth.

Takes into account the need for clothing among impoverished peoples, by authorizing the shipment through this program of textiles where raw cotton accounts for a substantial portion of the cost.

Established a farmer-to-farmer program by which the Department of Agriculture would administer in cooperation with the various land-grant and other colleges the use of American farm "know-how and show-how" to help developing countries meet rising food needs.

Protects normal trade and commerce.

Strengthens provisions of the present food-for-peace law restricting aid to Communist dominated countries.

A FREE WORLD FREE ENTERPRISE UNDERTAKING

Food sales for local currencies or long-term dollar credit would be denied those nations which sell or furnish, or permit ships or aircraft under their registry to supply, North Vietnam or Cuba with any equipment, materials or commodities. These concessional sales would also be denied nations which have expropriated property of American citizens without payment of just compensation or have not taken appropriate action upon a judgment in favor of such U.S. citizens.

The new program will encourage the development of free enterprise in the recipient developing countries. It expands the Cooley loan program through which foreign currencies accumulated under the program are made available for loans to U.S. firms and their affiliates for business development and trade expansion in the recipient countries.

Basically, H.R. 14929 amends Public Law 480, under which the food-for-peace program supplies food to hungry peoples (1) through sales for the currencies of other nations, (2) long-term dollar credit sales, and (3) by donations. Public Law 480 as amended, is extended for 2 years, to December 31, 1968.

Expenditures amounting to \$3.3 billion annually would be authorized for the new program. Approximately \$2 billion now is being expended under the food-for-peace program.

STARTLING TESTIMONY

The committee chairman introduced on January 19 his bill (H.R. 12152) to declare a "world war on hunger." Subsequently, the President delivered to the Congress his own proposal. The chairman introduced the administration bill as H.R. 12785. The major objectives of the two bills, and other bills introduced, were the same.

The committee opened public hearings on "war on hunger" legislation on February 14, and these hearings continued for 6 weeks. The committee heard experts in the fields of population, of nutrition, of agriculture, of economics. They came from Princeton University, from Harvard, from Massachusetts Institute of Technology, Columbia University, State University of New York, University of Chicago, Purdue, from the Rockefeller Foundation, the Ford Foundation, and from other centers of study. The witnesses included spokesmen for agriculture and industry, for church and other groups. None opposed the legislation, although some suggested alternative program procedures.

The committee was told that—

The increase of the world's population is so awesome as to seem unreal.

The future of mankind is now being ground out in India, that continuation of present trends in India will mean population

increase there from 432 million in 1960 to 1,233 million by the year 2000, that if there is no solution all the world will live like India does now.

In 1980, some 15 years from now, world population will probably increase by 1.2 billion, from 3.4 billion to 4.6 billion, and by the year 2030, world population will reach 14 billion, if present trends continue, and mass starvation will inevitably result on a scale never before experienced.

Even now two-thirds of the world goes hungry while one-third is overfed.

A livable world cannot exist in these conditions.

Unless family planning is accorded a priority, populations controlled, there is little if any for a solution.

A gigantic effort must be made to improve agricultural production in the underdeveloped areas of the world, with American know-how and show-how.

America must share its abundance of food, while the agriculture of other nations is developing—and this may be a matter of years to come.

A PROGRAM DEVELOPS

On the basis of the facts and counsel presented by the experts in all fields, at the public hearings, the committee adjusted and refined the legislation into a clean bill, H.R. 14929.

While the committee does not expect the accomplishment of instant miracles in the world war on hunger, it is convinced that, assuming reasonable cooperation by the people of other nations, in population planning, education and health measures, and in attitudes, the crisis can be checked and restrained, and millions of lives may be saved. Therefore, H.R. 14929 is presented here as the first great stride in the exercise of the unavoidable obligation of the one nation capable of leading the world through the crisis that impends.

Success in this undertaking will rest ultimately upon the measure of cooperation of other nations, particularly in the underdeveloped areas of the world, in self-help, in developing free enterprise and in population planning.

Illiteracy, taboos, and social customs will be factors. Individual incentive must be developed among millions of people, or the program will fail.

The committee has taken these factors into consideration, in placing emphasis upon providing food for those countries where the governments and people are trying to improve themselves, particularly in achieving self-sufficiency in food production. The committee feels that the United States would do a disservice to nations and to people by encouraging a belief that America can supply limitless amounts of food and fiber in all the years ahead, without any effort on their part.

Testimony was presented to the committee that, because of shortages of ships, poor unloading facilities in the ports of underdeveloped countries, lack of storage and inland transportation, along with the illiteracy, taboos, and custom factors, we cannot reach many millions who are hungry, that we must move slowly. These difficulties are real.

For 13 years under Public Law 480—the food-for-peace program—we have delivered our surplus food and fiber to other nations for their local currencies. We have amassed substantial amounts of these cur-

rencies for which we have little use. These currencies could be employed to help finance in the underdeveloped nations the docking, storage, and distribution facilities essential to the delivery of food in these countries. However, extensive local cooperation and participation will be needed.

THE AMERICAN FARMER

American agriculture is the greatest success story in all the world. Our farmers have mastered the arts of abundance. One farmer feeds himself and 36 other persons. In many parts of the world one farmer cannot produce sufficient food for himself and his family.

While other peoples are underfed, America's problem has been overabundance.

We now have 60 million acres of farmland in retirement, bedded down under various farm programs. These programs came into being as a means of preventing our agriculture from suffocation under an avalanche of surplus food and fiber.

In an all-out world war on hunger, we may bring these acres out of retirement, to produce enough food, if it could be delivered to the underdeveloped countries, to drive hunger and starvation out of the free world while these countries are building up their own agricultural production. We already have expanded our 1967 wheat acreage, in the largest increase in projected peacetime production of a major crop since 1933.

Of course, the United States must continue to maintain farm production adjustment programs, to prevent new market gluts and depressing surpluses. To suddenly end our production adjustment programs would bring havoc to our own farmers. It is the hope of this committee, however, that millions of idle acres may be brought back into production. This must be done in an orderly manner, with full price protection to our farmers, as we progress in the war on hunger.

An expanding agriculture should cause rural America to flourish. This should support on our farms many thousands of people who otherwise would be crowded into our cities. Greater activity in rural America should give new strength to the economy of the whole Nation.

INDUSTRY'S STAKE

Opportunities for industry and business, as well as for agriculture, are virtually limitless in this new undertaking.

If total farm exports were to rise by 50 percent, in the war on hunger, this would mean substantial additional inputs of fertilizer, of machinery, of all the materials that go into the production of crops and livestock.

This would create new markets for industry and business.

This should be accompanied by a new surge in foreign trade as Asia, South America, and Africa, where the great population explosions are occurring, build up their own food-producing capacity and general economics, and develop transportation and distribution systems capable of getting food, and manufactured goods as well, to their people.

The agricultural development of underdeveloped nations affords this country perhaps its best opportunity in all history to expand the

foreign markets for American products. New billions of dollars' worth of manufactured goods should cross the seas. All the facts and statistics show that the faster another nation improves its agriculture, the stronger its economy becomes, and the greater the volume of our commercial markets in that country.

COSTS

The United States should recover the costs of financing its leadership in the world war on hunger. It should get back in dollars and cents, in the long run, as much as or more than it invests.

There should be no great cost in bringing retired farmlands back into production, in an orderly manner as needed.

A study prepared for the committee shows that 50 million of the 60 million acres now in retirement could be reactivated and the production made available for feeding the world's hungry, at an additional annual cost of less than \$1 billion. The Government now is paying \$1.6 billion a year to hold these acres in idleness. If this land were returned to the production of wheat, feed grains, and soybeans, the Government could buy at current market prices the total output of these acres for around \$2.5 billion, for use in the war on hunger. Thus with this land in production, the Government cost would be only \$900 million greater than holding these acres out of production.

A Purdue University economist testified on the comparative cost of keeping land in idleness against letting the land produce, as follows:

To produce and ship abroad a bushel of grain under Public Law 480 is not much more costly than to persuade the farmer, by payments, to refrain from producing that bushel. We have just completed a research project at Purdue University which shows that, all things considered, it costs about \$1.03 to prevent the production of a bushel of corn in the corn belt. The farm price of corn in Indiana in January was \$1.10 per bushel.

The \$3.3 billion authorization in this legislation for each of the next 2 years is \$1.3 billion larger than the \$2 billion now being used annually in the food-for-peace program.

Of the \$3.3 billion authorization herein, \$2.5 billion is for delivery of food and fiber for local currency payments or long-term dollar credits. The local currencies will finance many U.S. operations abroad, where dollars from the Treasury otherwise would be required. The credit sales should return dollars to the Treasury. Under H.R. 14929, the program moves gradually away from the local currency sales toward dollar sales.

The bill also authorizes \$800 million in each of the next 2 years in food donations to other nations, to feed hungry people, and to develop the agriculture and general economies of these countries.

As heretofore mentioned, the war on hunger should stimulate economic activity in rural America, create new markets for industry and business, and invigorate foreign commerce. These activities should be reflected in substantial increases in the revenues of the United States.

CONCLUSION

A hungry world is a dangerous world.

It is a world fruitful to communism. But communism cannot feed the people it enslaves. Communism can offer the underdeveloped world only hunger and starvation. The genius of America's farmers and the American system of free enterprise can save mankind from famine and mass starvation, if implanted and accepted in the far corners of the earth.

We are planning a new war, a new kind of war.

The President has said there should be only victors, no vanquished.

In this undertaking it will be well to remind from time to time the recipient governments and peoples that the United States of America, not many years ago as measured by the span of time, was an underdeveloped country and that, under free enterprise by a free people, this underdeveloped land has become the most prosperous and most powerful Nation on earth.

One witness during the committee's public hearings recalled that in the early history of our country 1 million American Indians lived marginally, in mean circumstances, on the land embraced in the continental United States, while today almost 200 million Americans eat well from the same land, and have food to share with others throughout the world.

PUBLIC LAW 480, BACKGROUND AND ACCOMPLISHMENTS

The food-for-peace program as carried out under Public Law 480 has served well both the people of the United States and the world's hungry.

It has been a major factor in moving U.S. agricultural surpluses into use. It has served as a useful instrument of foreign policy. It has met food needs in more than 100 nations around the globe. And it has made definite contributions toward building commercial markets for our agricultural products.

The food-for-peace activity that has accounted for movement of more commodities than any other is sale for the local currency of the recipient country. In this program, carried out under title I of the law, agreements have been signed since 1954 with 52 countries for commodities valued at approximately \$11 billion.

The title I program, as it is called, is carried out through commercial channels, with U.S. exporters receiving payment in dollars. The foreign currency is deposited to the credit of the U.S. Government and is used for various government purposes abroad. Some is made available to the recipient country on a loan or grant basis for economic development.

Early in the program, it became apparent that its contribution to economic development would be one of its greatest assets. Coupled with other economic aid programs, it proved instrumental in rebuilding the economies of many countries that up to that time were playing lesser roles in world trade.

Japan, for example, was an early recipient of wheat, cotton, and other U.S. farm products for which it paid in its own currency. Today, it is the leading cash customer for U.S. farm products, buying nearly a billion dollars worth a year and paying entirely in dollars. Other nations have followed this same course—Spain, Italy, Greece, Taiwan,

Thailand, Israel, and others. All of these countries have progressed wholly or largely from food-for-peace assistance to an ability to make their purchases on regular commercial terms.

U.S. uses of the foreign currencies generated by the program have been important to the American people, paying embassy operating costs and other overseas expenses, conserving dollars and strengthening the U.S. balance-of-payments position. In the last 10 years, more than \$2.7 billion in such foreign currencies have been disbursed in place of dollar payments that would otherwise have been made in nearly all cases.

Of particular importance to American agriculture has been the use of these currencies to finance development of dollar export markets. The equivalent of almost \$110 million has been spent on agricultural market development overseas since 1954 and has played an important role in raising U.S. farm exports during that period from \$2.7 billion to more than \$6 billion a year. Commercial exports of U.S. rice, wheat, soybeans, and cotton have tripled during this period, and sales of feedgrains and poultry have increased fivefold.

Another major phase of the food-for-peace program is the sale of commodities on long-term credit for dollars. This is done under title IV of the present act. Credit is extended either to the recipient government or to a private trade entity in that country. Through the end of April 1966, title IV agreements had been entered into with 30 countries for shipment of commodities representing CCC costs in excess of \$1 billion. The long-term credit program accounted for 18 percent of all new food-for-peace commitments in 1965.

The long-term credit program has proved a useful bridge in bringing developing countries along the way from local currency purchases to the day when they will become regular commercial customers for U.S. farm products. Among the countries that have entered this transitional stage are Iran, Bolivia, Colombia, Ecuador, Peru, and Kenya. Brazil was a notable addition to the list in early 1966.

Two food-for-peace activities that stress humanitarian needs are grants of U.S. surplus commodities to foreign governments for famine and disaster relief, community development, school feeding, and similar purposes (under title II of the present law) and donations to recognized voluntary nonprofit charitable and relief organizations for overseas distribution (title III).

The grant and donation programs have accounted over the past 12 years for distribution of almost 22 million tons of U.S. food to ease hunger for adults and children in more than 140 countries.

In recent years, much attention has been given in these programs to enhancing the nutritional quality of donation shipments in order to make a more positive contribution to combating malnutrition in children.

Title III of the present law also contains authorization for the barter program, in which contracts have been entered into for exportation of nearly \$2 billion in agricultural commodities. The early emphasis in this program was on procurement of strategic materials, but more recently it has been used chiefly to procure supplies needed abroad by U.S. Government agencies, avoiding the necessity of dollar outflow.

In a world where hunger is never far away from any man, Public Law 480 and the programs of food for peace have provided imaginative and effective approaches to some of the most difficult and most urgent of economic problems.

TABLE 1.—Public Law 480 commitments¹ to export U.S. farm commodities, July 1, 1954, through Dec. 31, 1965

[In millions of dollars]

Fiscal year	Title I, sales for local currencies	Title II, disaster relief and other assistance ²	Title III		Title IV, long-term dollar sales	Total, all titles
			Foreign donations	Barter		
1955	354.6	107.8	197.2	124.6		784.2
1956	670.4	101.0	302.5	298.4		1,372.3
1957	1,034.2	131.2	253.7	400.5		1,819.6
1958	727.5	109.5	272.5	99.8		1,209.3
1959	830.1	77.8	209.8	132.3		1,250.0
1960	1,003.3	85.6	148.9	149.2		1,387.0
1961	³ 1,885.1	270.8	208.2	143.9		2,508.0
1962	1,563.5	210.3	224.5	198.4	34.0	2,230.7
1963	1,201.5	306.7	277.3	60.1	79.3	1,924.9
1964	611.2	275.9	334.6	112.2	116.2	1,450.1
1965	683.0	232.0	207.5	130.0	210.5	1,463.0
1966 (1st half)	270.9	154.2	67.4	105.0	143.6	741.1
Total ⁴	10,835.3	2,062.8	⁵ 2,704.1	1,954.4	⁶ 583.6	18,140.2

¹ As used herein, "Commitments" refers to sales agreements under title I and title IV, transfer authorizations under title II, and shipments under title III barter contracts and foreign donation programs. In some instances, title I and title IV agreements provide for multiyear programming. Total commitments shown for each fiscal year do not necessarily correspond with actual shipments during the same period.

Export market value (includes certain transportation costs) is used for title I, title III barter and title IV. Title II transfer authorizations and title III foreign donations are at CCC cost.

² Includes child-feeding, economic development and world food program.

³ Includes financing for last 3 years of 4-year India agreement signed May 4, 1960.

⁴ Totals do not necessarily conform to totals of detailed tables showing because of adjustments in the course of issuing purchase authorizations.

⁵ Figures include authorized ocean freight costs on title III foreign donations through fiscal 1961.

⁶ Reflects market value of commodities through Dec. 31, 1965. For title IV agreements entered into through Apr. 30, 1966, based on CCC costs, the total amount is in excess of \$1,000,000,000.

TABLE 2.—Public Law 480 exports, quantities of commodities, July 1, 1954, through Dec. 31, 1965

[In thousands]

Commodity	Unit	Title I	Title II	Title III		Title IV	Total, Public Law 480
				Barter	Foreign donations		
Grains and products:							
Wheat and wheat equivalent	Bushel	3,003,662	236,248	407,045	254,927	48,611	3,950,493
Wheat	do	2,978,236	167,634	360,855	20,682	92,515	3,619,922
Wheat flour	Pound	10,216,063	2,807,041	776,366	9,364,093	92,603	23,256,166
Bulgur	do	13,020	229,780		1,025,557	330	1,268,687
Roller wheat	do		10,816		170,939		181,755
Feed grains	Bushel	442,088	68,255	548,085	8,972	19,282	1,086,682
Corn	do	218,195	42,310	260,063	8,862	13,740	543,170
Barley	do	149,890	15,926	95,496		996	262,308
Grain sorghums	do	62,459	10,019	136,298		883	209,769
Oats	do	6,807		41,961			48,768
Rye	do	4,737		14,267			19,004
Mixed feed grains	do						3,663
Rye flour	Pound		1,102				1,102
Cornmeal ¹	do		173,871				3,422,774
Rice	Hundredweight	103,266	4,754	4,444	3,248,903	2,862	3,422,774
Fats and oils:							
Lard	Pound	207,094					209,620
Tallow	do	1,085,674					1,186,195
Soybean oil	do	5,110,495	9,232	176,053	358,967	100,521	5,885,903
Cottonseed oil	do	1,534,848	41,436	117,299	180,410	231,156	1,876,587
Linseed oil	do	7,492		8,083		2,594	15,755
Vegetable oil, other	do		146,847		204,379		351,226
Oilseeds and meal:							
Peanuts	do			9,169			9,169
Soybeans	Bushel			5,932		3,316	9,248
Flaxseed	do						897
Oilseed meal	Pound			2,403		54,776	57,179
Dairy products:							
Milk (evaporated and condensed)	do	284,835	438,870	178,599	5,220,825	4,700	289,535
Milk (nonfat dry)	do	272,046				6,699	6,117,039
Milk (whole)	do	22,694					22,694
Milk (dry, modified)	do	55					55
Cheese	do	21,473	66,687	9,836	616,549		714,545
Butter	do	33,672	34,937	32,944	227,344		328,897
Butter oil, anhydrous milk fat, and ghee	do	15,954	12,900		309,544	3,820	342,218
Other dairy products	do	2,001					2,001

TABLE 3.—Dollar value of commodities programed under title I, Public Law 480, agreements signed July 1, 1954, through Dec. 31, 1964

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation ¹	Market value including O.T.	Estimated CCC cost including O.T.
Europe:												
Austria.....	6.9	15.7		9.5	4.8		2.4	0.2	39.5	3.3	42.8	60.1
Finland.....	10.5	2.3		11.3	14.4			2.6	41.1	2.1	43.2	66.5
France.....				23.0	12.6				35.6	.1	35.7	47.3
Germany.....									1.2		1.2	1.2
Iceland.....	4.1	5.3	.3	.9	3.2		.9	1.3	16.0	1.2	17.2	19.9
Italy.....	1.5	4.8		76.9	20.4		36.4	(?)	140.0	4.6	144.6	184.3
Netherlands.....				2					.2			.3
Poland.....	250.6	65.9	2.9	124.9	6.7	3.3	44.5		498.8	39.0	537.8	760.9
Portugal.....	6.3								6.3	.9	7.2	13.5
Spain.....	3 18.2	40.3		119.5	24.8		247.1	19.1	469.0	23.7	492.7	555.5
United Kingdom.....				90.9	38.0			10.1	48.1	.4	48.5	48.5
Yugoslavia.....	396.4					.5	81.2	3.7	572.7	66.2	638.9	921.2
Total.....	664.5	134.3	3.2	457.1	124.9	3.8	412.5	38.2	1,868.5	141.5	2,010.0	2,659.2
Africa:												
Congo.....	18.6	4.2	13.1	3.9	9.4	12.0		5.1	66.3	6.8	73.1	92.1
Dahomey.....												
Ethiopia.....	6.8	.1	16.2	1.0		1.9	3.4	(?)	29.4	3.0	32.4	46.2
Guinea.....			2.5				1.0		3.5	.3	3.8	5.0
Ivory Coast.....							6.0		26.6	3.2	29.8	37.6
Morocco.....	19.6	.5	3.1	.8	.2				3.6	.4	4.0	5.8
Senegal.....	19.9								19.9	4.4	24.3	32.5
Sudan.....	20.3	4.5		1.0			9.4	(?)	35.2	4.0	39.2	62.0
Tunisia.....												
Total.....	85.2	9.3	34.9	7.5	9.6	13.9	19.8	5.1	185.3	22.2	207.5	272.5
Near East and south Asia:												
Burma.....				39.9	2.7	2.0	(?)	.1	44.7	1.8	46.5	62.9
Ceylon.....	13.4		11.7						25.1	3.8	28.9	42.5
Cyprus.....	1.9								1.9	.4	2.3	3.0
Greece.....	35.8	52.1				4.4	26.5		118.8	14.0	132.8	166.9
India.....	1,890.1	51.8	217.4	270.1	13.7	8.0	29.8	.1	2,481.0	461.7	2,942.7	4,119.2
Indonesia.....	19.6		138.5	96.6	19.9				274.6	23.7	298.3	464.2
Iran.....	52.7					.8	1.3		54.8	12.3	67.1	93.3
Israel.....	-96.3	100.0	4.4	5.5	1.7	20.6	35.5	15.4	279.4	29.9	309.3	403.6
Jordan.....	2.5								2.5	.5	3.0	4.2
Pakistan.....	617.5	2.4	78.4	47.5	16.1	14.4	160.2	.3	936.8	138.0	1,074.8	1,453.4
Syrian Republic.....	26.4	4.6	1.5		3.2				32.7	6.2	37.9	54.7
Thailand.....					3.9	.2			4.1	.4	4.4	4.4
Turkey.....	290.5	22.9	3.5			2.2	169.5	6.6	495.2	52.8	548.0	755.9

United Arab Republic	531.9	56.1	5.3	47.7	2.7	72.2	13.0	728.9	95.8	824.7	1,138.1
Total	3,578.6	289.9	460.7	105.9	55.3	495.0	35.5	5,480.5	840.1	6,320.6	8,766.3
Far East Pacific:											
China (Taiwan)	110.8	1.5		14.3	1.6	10.6		191.1	18.0	209.1	290.6
Japan	47.9	13.3	13.7	7.6				135.0	13.5	148.5	201.6
Korea	191.0	50.5	24.2	6.8	3	7.6	8.0	456.2	43.4	499.6	692.8
Philippines			15.7		1.7	.4	(3)	43.6	3.6	47.2	63.9
Vietnam	24.5		8.9	30.1	39.4			147.4	11.7	159.1	206.4
Total	374.2	65.3	62.5	58.6	43.0	18.6	8.0	973.3	90.2	1,063.5	1,455.3
Latin America:											
Argentina											
Bolivia	21.7		.3		.6	29.6		29.9	.8	30.7	35.9
Brazil	482.9	1.4	.3	7	2.6	12.7		25.7	3.2	28.9	42.6
Chile	28.7	1.4		1.9		18.5	1.1	501.4	63.3	564.7	812.2
Colombia	46.1	4.3		2.1		11.6	.4	64.6	5.2	69.8	93.7
Ecuador	3.0			1.7	.3	5.0		76.3	9.2	85.5	112.9
Mexico		24.6						10.8	1.8	11.6	13.8
Paraguay	14.2				.4	.5		24.6	1.0	25.6	41.2
Peru	25.8		9.9		.2	3.3		15.1	3.0	18.1	25.1
Uruguay	14.0	7.2		7.5				39.2	3.4	42.6	63.0
Total	636.4	38.9	10.5	13.9	4.1	81.5	1.5	823.5	93.4	916.9	1,289.8
Grand total	5,368.9	537.7	571.8	312.9	120.1	1,027.4	98.3	9,331.1	1,187.4	10,518.5	14,443.1

¹ Includes only ocean transportation to be financed by CCC.

² \$50,000 or less.

³ \$4,400,000 of wheat sold to Spain for resale to Switzerland for financing of Swiss goods in Spain.

⁴ Includes \$300,000, cotton lintners; \$6,600,000, extra-long staple.

⁵ Includes \$3,000,000 extra-long staple.

⁶ See the following:

Corn	Millions	\$293.6
Oats		5.3
Barley		162.2
Grain sorghums		70.7
Rye		5.9

Total

537.7

⁷ See the following:

Canned milk	Millions	\$1.4
Anhydrous milk fat		1.8
Condensed milk		41.4
Dry whole milk		11.1
Nonfat dry milk		26.2
Evaporated milk		6.6
Butter, butter oil and/or ghee		25.6

¹ See the following—Continued

Cheese	Millions	\$5.9
Whey		.1

Total

120.1

² See the following:

Cottonseed/soybean oil	Millions	\$901.8
Linseed oil		1.1
Lard		29.2
Tallow and/or grease		95.3

Total

1,027.4

³ See the following:

Fruit: Austria, Burma, Congo, Finland, Iceland, India, Israel, United Kingdom, Yugoslavia	Millions	\$16.6
Seeds: Chile		.4
Potatoes: Spain		1.4
Poultry: Germany, Italy, Turkey, Spain, United Arab Republic, Congo		11.0
Beef: Spain, Israel, Turkey, United Arab Republic		42.0
Pork: Korea, Spain		10.0
Beans and peas, lentils: Israel, Spain, Yugoslavia, Pakistan, Congo, United Arab Republic, Brazil		6.6
Eggs: Pakistan		.3

Total

88.3

TABLE 4.—Dollar value of commodities programed under title I, Public Law 480, agreements signed in calendar year 1965

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total		
									Market value	Differ- ential	Esti- mated CCC cost
Europe.....											
Africa:											
Congo.....	4.4		4.2	3.5					12.1		21.1
Mali.....	.6								.6		1.0
Morocco.....	6.1						3.3		9.4	0.4	11.4
Tunisia.....	6.1	2.1		1.2			5.3		14.7	.7	17.3
Total.....	17.2	2.1	4.2	4.7			8.6		36.8	1.1	50.8
Near East and south Asia:											
Afghanistan.....									1.0		1.0
India.....	195.7	9.5					1.0		205.2	28.2	305.1
Total.....	195.7	9.5					1.0		206.2	28.2	306.1
Far East and Pacific:											
Philippine Islands.....			12.6						12.6	.2	19.2
Vietnam.....	.8		21.9		0.8	15.2			38.7	.1	48.3
Total.....	.8		34.5		.8	15.2			51.3	.3	67.4
Latin America:											
Bolivia.....	2.5			1.3					3.8		6.7
Chile.....	12.1	2.9			2.0	2.7			19.7	.5	24.6
Total.....	14.6	2.9		1.3	2.0	2.7			23.5	.5	31.3
Grand total.....	228.3	14.5	38.7	6.0	2.8	17.9	9.6		317.8	430.1	455.6

³ All cottonseed oil/soybean oil.
⁴ Differential estimated only on purchase authorizations issued against agreement.

¹ See the following:	
Barley.....	1.5
Corn.....	3.5
Grain sorghum.....	9.5
Total.....	14.5
² See the following:	
Butter oil.....	1.3
Nonfat dry milk.....	1.7
Condensed milk.....	14.4
Anhydrous milk fat.....	.5
Total.....	17.9

TABLE 5.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through Dec. 31, 1964*¹

[Amounts are in dollar equivalents at the deposit rate of exchange]

[In thousand-dollar equivalents]

Area and country	Total amount in agreements (market value) including ocean transportation	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Europe:						
Austria.....	40,096				25,453	14,643
Finland.....	42,976			4,337	24,132	14,507
France.....	35,697			6,889		28,808
Germany.....	1,196					1,196
Iceland.....	16,418		198		12,320	3,900
Italy.....	144,194			3,647	92,769	47,778
Netherlands.....	254					254
Poland.....	519,588					519,588
Portugal.....	7,082				3,400	3,682
Spain.....	488,028	9,910			237,277	240,841
United Kingdom.....	48,540	38,205				10,335
Yugoslavia.....	605,701		185,613		371,047	49,041
Total.....	1,949,770	48,115	185,811	14,873	766,398	934,573
Africa:						
Congo.....	70,525	3,442	35,033	3,978	19,439	8,633
Ethiopia.....	843			168	464	211
Guinea.....	31,850			3,478	20,726	7,646
Ivory Coast.....	3,800			570	1,900	1,330
Morocco.....	28,133			2,758	17,899	7,476
Senegal.....	2,667			492	975	1,200
Sudan.....	23,011		4,429	3,451	8,053	7,078
Tunisia.....	37,215		7,151	4,947	19,699	5,118
Dahomey.....						
Total.....	198,044	3,442	46,613	19,942	89,155	38,992
Near East and south Asia:						
Burma.....	48,412		7,900		19,385	21,127
Ceylon.....	26,637		4,856	4,806	10,188	6,787
Cyprus.....	2,096			524	1,048	524
Greece.....	127,814	11,032	12,121	10,812	49,794	44,055
India.....	2,827,187		788,175	200,608	1,482,574	355,890
Indonesia.....	292,307	30,670	24,057	6,486	157,507	73,587
Iran.....	62,392	5,900		4,437	31,454	20,601
Israel.....	300,512		31,970	42,230	184,014	42,298
Jordan.....	3,000		750			2,250
Pakistan.....	1,038,295	79,260	552,115	51,163	255,618	100,139
Thailand.....	4,302				1,753	2,549
Turkey.....	520,314	100,894	2,222	68,555	194,100	159,543
Syrian Arab Republic.....	34,900			12	20,826	14,061
United Arab Republic.....	804,190		24,140	76,699	576,377	126,974
Total.....	6,097,358	227,756	1,448,306	466,333	2,984,578	970,385
Far East and Pacific:						
China (Taiwan).....	207,745	110,404		13,927	34,409	49,005
Japan.....	146,277	17,192	600		105,538	22,947
Korea.....	495,692	418,593		7,176		69,923
Philippines.....	46,040	7,618	2,918	7,862	11,632	16,010
Vietnam.....	157,474	132,719		5,552		19,203
Total.....	1,053,228	686,526	3,518	34,517	151,579	177,088

See footnotes at end of table, p. 19.

TABLE 5.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through Dec. 31, 1964—Continued*¹

[Amounts are in dollar equivalents at the deposit rate of exchange]

[In thousand-dollar equivalents]

Area and country	Total amount in agreements (market value including ocean transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Latin America:						
Argentina.....	30,525				18,199	12,326
Bolivia.....	26,967			3,108	19,054	4,805
Brazil.....	546,032		119,894		326,680	99,458
Chile.....	67,954			712	51,317	15,925
Colombia.....	85,450			15,250	45,216	24,984
Ecuador.....	11,527			1,200	7,226	3,101
Mexico.....	25,185			6,296	11,389	7,500
Paraguay.....	16,499		3,312	1,894	7,420	3,873
Peru.....	41,489		157	4,534	22,961	13,837
Uruguay.....	36,151			9,038	15,211	11,902
Total.....	887,779		123,363	42,032	524,673	197,711
Grand total.....	310,186,179	965,839	1,807,611	577,597	4,516,383	2,318,749
Percent of total.....	100.0	9.5	17.7	5.7	44.3	22.8

¹ Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown reflect collection on inactive agreements and programed amounts on active agreements.

² Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsections 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t), and sometimes (c) and (d) insofar as specified in agreements.

³ Amounts shown in this column may differ from amounts on table I, which reflect purchase authorization transactions.

TABLE 6.—*Uses of foreign currency as provided in title I, Public Law 480 agreements signed in calendar year 1965*¹

[Amounts are in thousand-dollar equivalents at the deposit rate of exchange]

Area and country	Total amount in agreements (market value)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Africa:						
Congo.....	12, 100				10, 285	1, 815
Mali.....	580			87	290	203
Morocco.....	9, 450			945	6, 615	1, 890
Tunisia.....	14, 686			1, 469	10, 280	2, 937
Total.....	36, 816			2, 501	27, 470	6, 845
Near East and south Asia:						
Afghanistan.....	1, 000				650	350
India.....	205, 220			10, 262	153, 914	41, 044
Vietnam.....	38, 740	34, 866				3, 874
Total.....	244, 960	34, 866		10, 262	154, 564	45, 268
Far East and Pacific: Philip-						
pines.....	12, 570	2, 514		1, 257	3, 771	5, 028
Total.....	12, 570	2, 514		1, 257	3, 771	5, 028
Latin America:						
Bolivia.....	3, 830			191	2, 681	958
Chile.....	19, 750			2, 963	9, 875	6, 912
Total.....	23, 580			3, 154	12, 556	7, 870
Grand total.....	317, 926	37, 380		17, 174	198, 361	65, 011
Uses as percent of total.....	100. 0	11. 8		5. 4	62. 4	20. 4

¹ Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

² Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsec. 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s) (t) and sometimes (c) and (d) insofar as specified in agreements.

TABLE 7.—*Status of foreign currencies under title I, Public Law 480, as of June 30, 1965*

[Million-dollar equivalent]

Uses as specified in sec. 104	Transfers to agency accounts	Disbursements by agency
104(c), common defense.....	801.9	756.0
104(c), procurement and rehabilitation of vehicles for Asian countries.....	2.9	2.9
104(e), grants for economic development.....	1,566.8	1,199.7
104(e), loans to private enterprise.....	472.4	187.3
104(g), loans to foreign governments.....	4,024.2	3,136.2
Total U.S. uses.....	1,912.8	1,280.8
Total.....	8,781.0	6,562.9
U.S. uses:		
Treasury:		
104(f), payment of U.S. obligations.....	1,071.3	873.7
104(s), sales for dollars to U.S. tourists.....	.2	.2
104(t), sales for dollars to U.S. citizens for travel and other purposes.....	1.1	1.1
Agriculture: 104(a), agriculture market development: 104(k), scientific activities; and 104(m), trade fairs.....	282.2	78.8
Commerce: 104(a), agricultural market development: 104(k), scientific activities; and 104(m), trade fairs.....	3.9	7.4
Agency for International Development: 104(d), purchase of goods for other countries.....	77.7	66.7
Defense: Military family housing.....	98.0	87.5
State:		
104 (h) and (j), international educational exchange and American-sponsored schools and centers; 104(p) workshops and chairs in American studies; 104(k), preservation of ancient Nubian monuments; and 104(q), emergency relief grants.....	243.1	89.0
104(l), buildings for U.S. Government.....	22.1	14.0
U.S. Information Agency: 104 (i) and (j), translation of books and periodicals and American-sponsored schools and centers; 104(m), trade fairs; and 104(r), audiovisual materials.....	65.2	42.5
Health, Education, and Welfare: 104(h) and 104(k), scientific activities.....	34.2	12.9
Interior: 104(k), Bureau of Commercial Fisheries.....	1.2	.4
National Science Foundation: 104(k), scientific activities.....	7.1	4.1
Smithsonian Institution: 104(k), scientific activities.....	.8	
Library of Congress: 104(n), acquisition, indexing, and dissemination of foreign publications.....	4.7	2.5
Total U.S. uses.....	1,912.8	1,280.8

TABLE 8.—Title II, Public Law 480 transfer authorizations issued, value of commodities by area and country, July 1, 1954, through Dec. 31, 1965

[In thousands of dollars]

Area and country	Total	Ocean transportation ¹	Total commodities	Commodities						
				Bread grains	Coarse grains	Fats and oils ²	Dry beans	Milk and milk products	Rice	Raw cotton
Europe (total).....	189,986	4,809	185,177	82,806	35,226	14,818	1,592	41,564	730	8,441
Austria.....	28,145	2,455	25,690	149	25,530					
Czechoslovakia.....	1,995		1,995		1,995					
Germany, Federal Republic.....	3,365		3,365	236	686	911		367	171	994
Germany, Soviet occupied.....	758		758	236	380	81			61	
Hungary.....	13,210	562	12,648	4,043	1,907	2,088	437	3,759	414	
Italy.....	91,546	1,637	89,909	32,708	4,728	10,306	1,155	37,826		3,686
Spain.....	3,761		3,761							3,761
Yugoslavia.....	47,206	155	47,051	45,434		1,432		101	84	
Africa (total).....	469,109	56,615	412,494	306,188	60,020	23,433	928	15,003	6,922	
Algeria.....	91,234	10,572	80,662	61,618		16,746	461	1,837		
Burundi.....	347	185	162	34	58	41		29		
Central African Republic.....	35	7	28	8	1	4	3	12		
Congo.....	16,695	2,415	14,280	5,421	1,181	820	158	4,301	2,399	
Dahomey.....	1,462	303	1,159	450	321			44	344	
Ethiopia.....	19,312	4,061	15,251	9,414	5,837					
Ghana.....	605		605		605					
Guinea.....	1,767	169	1,598	346	21				1,231	
Kenya.....	13,133	1,915	11,218	61	7,666	1,355	17	2,119		
Libya.....	27,457	2,336	25,121	16,890	8,231					
Malagasy Republic.....	29	3	26						26	
Mali.....	866	305	561		561					
Mauritania.....	104	18	86	17	13			55		
Morocco.....	111,404	12,220	99,184	87,641	10,208	265	1	192	808	
Niger.....	138	34	104	23	3	52	70	26		
Rwanda.....	2,005		1,305	700		550		55		
Rwanda-Urundi.....	2,619	1,275	1,344	423	299	108		514		
Somali Republic.....	6,626	1,896	4,730	489	4,089	152				
Sudan.....	10	1	9					9		
Tanzania.....	13,766	2,231	11,535	122	10,341	44	35	983		
Togo.....	1,435	533	902		662		19			
Tunisia.....	157,700	15,380	142,320	122,531	9,619	3,075	164	4,817	2,114	
Uganda.....	360	56	304		304					

Near East and south Asia (total)										4,474
Afghanistan	111,296	87,135	481,494	382,868	43,105	18,530	92	9,769	22,656	
Ceylon	9,289	21,984	89,312	89,312						
Cyprus	14,991	1,123	8,166	4,821					3,345	
Greece	3,526	249	13,258	3,277	901					
India	17,560	2,627	15,033	7,057	2,000			2,310	3,666	
Iran	33,584	7,973	25,611	19,177	5,587	706		116		
Iraq	4,071	910	3,161	2,970			75	750		
Israel	1,492	142	1,350	1,100		500				
Jordan	56,736	7,625	49,111	41,577	7,534					
Lebanon	16,795	1,282	15,513	14,750	763					
Nepal	5,392	1,977	4,415	4,250	73	36	17	39		
Pakistan	106,090	10,169	95,921	66,262	850	7,109		2,545	14,681	4,474
Syrian Arab Republic	27,396	4,846	22,550	18,082	4,468			3,867	41	
Turkey	25,425	1,600	23,825	16,194	181	3,542				
United Arab Republic	24,348	3,600	20,748		20,748				923	
UNRWA (Palestine refugees)	100,577	18,703	81,874	74,314		6,637		1		
Yemen	10,061	1,692	8,369	8,368						
Far East and Pacific (total)	222,540	32,225	190,315	124,860	28,064	10,372	90	10,386	13,305	3,238
Cambodia	2,343		2,343						2,343	
China, Republic of	28,746	3,782	24,964	19,190		2,627		1,402	1,448	297
Hong Kong	3,857	616	3,241		2,400				1,786	55
Indonesia	248	78	170		110	60				
Japan	36,992	35	36,957	28,946				8,011		
Korea	83,076	14,385	68,691	56,570	9,255					2,866
Laos	839		839						839	
Philippines	1,070	179	891	114	261	83		433		
Ryukyu Islands	8,349	965	7,394		606				6,788	
Vietnam	57,020	12,195	44,825	20,040	15,432	7,602	90	540	1,101	20
Latin America (total)	160,440	20,765	139,675	33,372	23,653	16,504	3,733	55,045	4,840	2,528
Bolivia	19,093	579	18,514	10,889		1,447	14	610		2,528
Brazil	85,110	12,968	72,142	9,834	8,251	9,579	1,684	42,794	3,024	
British Guiana	1,071	130	941	177	53	48		663		
British Honduras	273		273	22	25	106	46	44	30	
Chile	3,417	390	3,027	418	60	215		2,334		
Colombia	11	1	10	4	1	3		2		
Costa Rica	3,687	596	3,091		1,246	928	51	812	56	
Dominican Republic	6,858	1,415	5,443	1,018	1,926	881	491	1,127		
Ecuador	810	121	689	237	237	109		83		
El Salvador	1,159	192	967	386	140	190		251		
Guatemala	3,238		3,238		3,238					
Haiti	3,476	67	3,409	207	133	180	1,210	43	1,636	
Honduras	211		211		69		70		82	
Jamaica	582	119	463	11	452					
Mexico	3,353	662	2,691	1,453	1,009	56		173		

See footnotes at end of table, p. 24.

TABLE 8.—Title II, Public Law 480 transfer authorizations issued, value of commodities by area and country, July 1, 1954, through Dec. 31 1965—Continued

[In thousands of dollars]

Area and country	Total	Ocean transportation ¹	Total commodities	Commodities						
				Bread grains	Coarse grains	Fats and oils ²	Dry beans	Milk and milk products	Rice	Raw cotton
Latin America—Continued										
Peru.....	28, 019	3, 508	24, 511	8, 691	6, 783	2, 764	167	6, 106		
St. Lucia.....	52	14	38		38					
Uruguay.....	20	3	17	2				3	12	
World food program.....	61, 449	8, 268	53, 181	22, 289	20, 713	6, 139		4, 040		
Christmas holiday.....	16, 688		16, 688	2, 306		5, 973	1, 005	4, 206	3, 198	
American voluntary relief agencies and international organizations (total).....	9, 554		9, 554					9, 554		
Total ³	1, 698, 395	209, 817	1, 488, 578	954, 689	210, 781	95, 769	7, 440	149, 567	51, 651	18, 681
Ocean freight:										
Title III foreign donations.....	363, 423	363, 423								
Purchase, title I currencies.....	899	499								
Grand total (CCC cost) ²	2, 062, 717	574, 139	1, 488, 578							
Total, title II (estimated market value) ⁴	1, 051, 384	209, 817	841, 567	467, 798	134, 900	79, 488	5, 729	115, 167		

¹ Including transportation to point of entry for landlocked countries.² Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.³ Calculated on the ratio of current market prices to CCC cost.⁴ Includes butter and butter oil.

TABLE 9.—Title III, Public Law 480, foreign donations, shipments fiscal years 1955-65

[In thousands]

Area and country	1955-62			1963			1964			1965			July-December 1965		
	Pounds	Cost 1		Pounds	Cost 1		Pounds	Cost 1		Pounds	Cost 1		Pounds	Cost 1	
Europe (total).....	5, 008, 840	\$713, 987		457, 056	\$50, 150		382, 960	\$51, 122		326, 680	\$25, 987		117, 416	\$11, 495	
Austria.....	86, 403	22, 670													
Belgium.....	586	123													
England.....	293	123													
Finland.....	3, 200	2, 160					341	51		349	41				
France.....	24, 708	10, 391		523	93										
Germany.....	404, 937	97, 117		1, 052	217										
Italy.....	2, 101, 491	217, 926		164, 042	10, 048		129, 121	10, 261		108, 103	5, 881		34, 338	2, 210	
Malta.....	17, 914	3, 879		1, 684	345					2, 671	2, 295		1, 753		
Netherlands.....		(2)													
Poland.....	203, 767	18, 429		66, 617	7, 978		73, 858	15, 026		53, 207	4, 066		22, 630	2, 765	
Portugal.....	232, 179	28, 726		55, 162	7, 249		32, 697	5, 365		44, 834	4, 134		17, 139	1, 371	
Spain.....	715, 406	150, 353		56, 915	9, 533		44, 236	6, 870		56, 926	6, 630		23, 704	3, 124	
Trieste.....	45, 700	5, 843		4, 379	369		2, 211	267		3, 029	197		977	62	
Yugoslavia.....	1, 172, 252	156, 176		116, 682	14, 318		100, 496	13, 282		57, 561	4, 723		16, 875	1, 747	
Africa (total).....	665, 446	58, 980		405, 783	37, 358		591, 131	52, 316		557, 849	31, 421		130, 238	8, 344	
Algeria.....	104, 208	8, 280		125, 557	14, 037		288, 388	23, 083		246, 080	11, 227		4, 079	198	
Basutoland.....	344	58		515	86		560	87		590	90				
Belgian Congo.....	890	165													
Burundi.....				4, 965	878		4, 269	518		35	5		27	4	
Cameroons, French.....	4, 026	334		278	17		27	4		18	3		10	2	
Canary Islands.....	480	18													
Central African Republic.....				52	9		31	5		184	15		46	7	
Chad.....	176	30		346	58		205	32		80	12		28	4	
Congo.....	20, 154	2, 153		35, 669	3, 363		26, 493	2, 761		21, 297	1, 853		17, 545	1, 074	
Dahomey.....	18, 111	1, 316		4, 377	279		6, 216	336		5, 051	243		159	11	
Ethiopia.....	10, 278	1, 223		7, 799	864		3, 425	222		4, 107	282		1, 649	132	
French Equatorial Africa.....	80	6													
French West Africa.....	1, 180	239													
Gabon.....	1, 238	35		104	17		72	11		20	3		15	2	
Gambia.....	1, 723	315		242	40		100	16		74	11		1, 407	149	
Ghana.....	17, 731	2, 334		6, 288	595		8, 314	1, 154		8, 784	845		3, 540	371	

See footnotes at end of table, p. 29.

TABLE 9.—*Title III, Public Law 480, foreign donations, shipments fiscal years 1955-65—Continued*
 [In thousands]

Area and country	1955-62		1963		1964		1965		July-December 1965	
	Pounds	Cost ¹	Pounds	Cost ¹	Pounds	Cost ¹	Pounds	Cost ¹	Pounds	Cost ¹
Africa—Continued										
Guinea.....										
Ivory Coast.....	87	15	56	9	396	61	42	11	25	4
Kenya.....	4,254	802	1,250	196	3,219	373	101	16	57	9
Liberia.....	10,937	1,023	2,138	178	2,647	404	3,952	340	5,676	369
Libya.....	69,375	7,203			8,983	576	2,581	206	1,580	135
Malagasy Republic.....	294	50	5,471	479	4,900	558	10,992	924	6,519	528
Malagache Republic.....	180	21								
Malawi.....										
Mali.....							189	29	188	29
Mauritania.....	1,203	204	60	10	3,963	490	101	16	64	10
Morocco, French.....	316,078	25,355	148,295	11,526	157,140	15,052	45	7	58	9
Niger.....	26	5					157,645	9,416	37,883	2,145
Nigeria.....	3,338	458	3,030	289	6,145	611	12,046	1,046	2,997	234
Nyassaland, Malawi.....	163	31	71	12			952	65	900	92
Rwanda.....			32	5						
Ruanda Urundi.....	23,025	1,592								
St. Helena.....	326	60					11	2	29	4
Senegal.....	3,973	428	8,553	632	10,480	714	16,339	803	14,906	549
Seychelles.....	137	23	121	20	60	9	237	28	255	28
Sierra Leone.....	5,569	499	6,756	542	6,678	1,022	7,902	775	4,683	572
Somalia.....	682	97	40	7	23	4	3,062	196	2,254	124
Somaliiland, British.....	12	2								
Somaliiland, French.....	1,530	150	760	69	928	199	662	45	835	47
Sudan.....	310	55	172	14	47	27	80	12	130	20
Swaziland.....	75	13	84	14			112	17	169	26
Tanzania.....	5,263	497	3,813	313	17,384	1,262	13,947	1,039	8,698	666
Togo.....	12,474	865	1,663	205	3,161	573	1,950	1,171	1,869	141
Tunisia.....	22,658	2,482	28,820	1,971	20,142	1,456	33,917	1,876	7,346	396
Uganda.....	2,321	402	709	119	1,190	185	300	46	305	47
Upper Volta.....	1,442	129	7,819	512	6,332	488	4,364	236	4,307	206
Zanzibar.....	75	13	40	7	41	6				

Near East and south Asia (total)									
	3,524,310	483,353	738,425	62,303	688,094	68,528	660,568	55,093	256,230
Aden	393	69	13	2	130	20	101	15	63
Afghanistan	9,395	1,064	406	68	513	111	1,076	166	556
Ceylon	278,589	25,695	62,393	4,290	50,409	3,261	60,864	3,891	14,677
Cyprus	100	17	1,303	154	2,864	425	51	8	704
Egypt	901,210	102,076	265,835	19,618	95,382	8,945	138,142	8,812	61,569
Gaza	30,890	4,101	13,824	1,364	5,393	563	6,300	453	816
Goa	1,349	601							
Greece	783,272	105,625	105,933	8,053	102,002	8,724	48,134	3,462	12,861
India	957,675	163,292	139,992	13,576	225,785	24,495	283,742	27,768	93,757
Iran	82,167	9,471	35,383	3,399	65,660	5,766	2,128	243	15,376
Iraq	13,445	2,441	35,450	75	8,586	1,360	5,141	337	315
Israel	81,852	11,337	9,106	833	5,083	1,450	7,454	517	2,812
Jordan	119,103	12,107	26,935	1,927	12,760	1,024	16,060	908	10,960
Lebanon	15,501	1,941	846	142	624	97	261	40	469
Mauritius	875	151	302	51	325	50	453	69	285
Pakistan	185,970	34,760	37,790	3,794	58,441	6,999	58,069	4,986	17,091
Syria	6,186	1,127	37,995	167	777	121	2,399	232	3,176
Turkey	56,338	7,478	36,919	4,790	53,344	6,115	29,745	3,145	20,724
Yemen					16	2	448	31	19
Far East and Pacific (total)	3,440,872	372,878	573,631	45,786	538,740	44,654	493,957	31,892	191,849
British Solomon Islands	73	7	396	33	809	130	1,226	121	583
Burma	13,444	2,442	2,662	446	1,677	260	1,596	245	475
Cambodia	244	47	61	10	28	4	39	6	13
China (Taiwan)	569,185	61,454	123,930	7,901	120,298	8,470	64,501	4,192	21,081
Fiji					77	14	77	11	39
Hong Kong	283,817	29,247	32,130	2,702	29,513	2,194	31,221	2,445	4,019
Indonesia	47,806	7,919	21,638	3,497	26,712	3,462	23,076	1,647	7,224
Japan	185,771	24,334	8,608	896	500	78			
Java	60	11							
Korea	1,244,657	123,978	187,505	10,137	188,118	10,223	169,522	8,600	65,178
Laos	4,008	426	2,854	473	6,927	1,703	4,662	1,597	1,115
Macao	23,495	1,955	5,779	447	9,287	1,182	8,087	643	1,470
Malaysia							11,489	910	6,563
Malaya (Malaya States)	18,601	2,616	6,049	1,394	4,977	785			
New Guinea, Netherlands	1,234	215	310	52					
North Borneo	1,159	207	309	53	1,643	218			
Philippine Islands	313,851	40,340	88,076	9,847	76,737	10,846	76,846	6,017	38,200
Ryukyu Islands (Okinawa)	108,437	10,482	23,843	1,954	33,084	2,883	34,925	2,283	11,849
Sarawak	5,330	966	2,135	158	2,135	241			
Singapore	8,416	889	2,236	321	3,314	420	158	29	179
Thailand	3,033	535	749	125	557	87	716	110	689
Togo Islands					164	13	609	49	2,088
Vietnam	617,251	64,808	64,187	5,340	32,183	2,241	65,207	4,329	30,502
1,712									

See footnotes at end of table, p. 29.

Uruguay.....	8,815	855	5,000	585	8,264	1,017	7,864	661	2,555	253
Venezuela.....	5,937	546	12,869	1,175	51,873	10,261	50,252	4,378	23,513	1,779
Virgin Islands.....	255	48								
Total ⁴	14,225,722	1,817,345	2,903,572	277,337	3,038,773	334,604	2,723,244	207,529	890,836	67,393
Number of countries.....	131	124	112	112	111	111	112	112	110	110

³ Includes 34,107,000 pounds, costing \$6,077,000 made available to American National Red Cross in connection with Cuban prisoner exchange.

⁴ Cumulative 10-year total: 20,170,000,000 pounds, \$2,430,000,000 cost.

¹ Estimated CCC cost.

² Less than \$500.

TABLE 10.—*Title III, value of agricultural commodity exports under barter contracts by destination, calendar year 1965 and July 1, 1954, through Dec. 31, 1965*¹

[In thousands of dollars]

Area and country	Jan. 1, 1965, through Dec. 31, 1965	July 1, 1954 through Dec. 31, 1965
Europe total.....	\$39,481	\$1,124,498
Austria.....		59,000
Azores.....	401	662
Belgium.....		118,758
Denmark.....		10,620
Finland.....	3,774	11,226
France.....		63,453
Germany, West.....	4,539	153,840
Iceland.....	13	15
Ireland.....	2,080	49,374
Italy.....	31	35,814
Luxembourg.....		1,828
Malta.....		624
Netherlands.....	1,502	145,413
Norway.....		29,027
Poland.....	1,643	25,365
Portugal.....	6,084	14,393
Spain.....	1,296	44,849
Sweden.....	1,730	16,249
Switzerland.....		3,459
Trieste.....		1,371
United Kingdom ²	11,545	311,039
Yugoslavia.....	4,843	28,119
Africa total.....	17,554	76,503
Algeria.....		1,771
Angola.....	30	49
Cameroon.....		58
Canary Islands.....	4,164	19,684
Cape Verde Islands.....		36
Congo (Léopoldville).....	179	3,322
Ethiopia.....	784	1,098
Ghana.....	183	4,857
Kenya.....	718	718
Liberia.....		291
Libya.....		256
Madeira.....		160
Morocco.....	9,034	13,336
Mozambique.....		4,627
Nigeria.....		2,963
Republic of South Africa.....		13,315
Rhodesia and Malawi.....		466
Rwanda-Burundi.....		91
São Tomé.....		46
Senegal.....	1,259	5,782
Sierra Leone.....	33	113
Somaliland.....		183
Sudan.....	934	1,715
Togo.....		82
Tunisia.....	236	1,484
Near East and south Asia total.....	36,234	194,028
Afghanistan.....	8	8
Aden.....		128
Bahrain.....		22
Ceylon.....		1,315
Cyprus.....	1	1,807
Greece.....	3,884	16,000
India.....	12,530	58,875
Iran.....		777
Iraq.....	161	3,601
Israel.....	11,344	59,756
Jordan.....	40	1,744
Kuwait.....		148
Lebanon.....		4,621
Mauritius.....		15
Pakistan.....		56
Qatar.....		10
Saudi Arabia.....		802
Syrian Arab Republic.....	219	7,471
Turkey.....		17,585
United Arab Republic (Egypt).....	8,047	19,287

See footnotes at end of table, p. 31.

TABLE 10.—*Title III, value of agricultural commodity exports under barter contracts by destination, calendar year 1965 and July 1, 1954, through Dec. 31, 1965*¹—Continued

[In thousands of dollars]

Area and country	Jan. 1, 1965, through Dec. 31, 1965	July 1, 1954 through Dec. 31, 1965
Far East and Pacific total.....	32,727	310,984
Australia.....	1,042	9,460
Burma.....		3,745
Cambodia.....		38
China (Taiwan).....	7,779	22,723
Goa.....		54
Guam.....		56
Hong Kong.....	645	15,559
Indonesia.....		7,684
Japan.....	10,732	204,641
Korea.....	5,777	13,723
Laos.....		74
Malaysia.....	287	1,355
New Zealand.....		271
Philippines.....	6,247	25,934
Ryukyu Islands (Okinawa).....	117	941
Singapore.....	79	108
Thailand.....		4,536
Vietnam.....	22	82
North America (total).....		3,823
Canada.....		3,684
Greenland.....		36
St. Pierre-Miquelon.....		103
Latin America total.....	56,283	244,559
Antigua.....		28
Argentina.....	5,066	5,077
Bahamas.....		42
Bermuda.....		70
Bolivia.....	342	8,680
Brazil.....	15,950	83,061
British Guiana.....	86	106
British Honduras.....		64
British West Indies.....		21
Canal Zone.....		144
Chile.....	5,252	9,698
Colombia.....	10,055	31,783
Costa Rica.....	2	1,003
Cuba.....		5,526
Dominican Republic.....	1,190	3,891
Ecuador.....	678	711
El Salvador.....		831
Guatemala.....	1,622	6,435
Haiti.....	1,447	7,992
Honduras.....	448	966
Jamaica.....	1,317	3,301
Mexico.....	5,513	25,172
Netherlands Antilles.....		37
Nicaragua.....	169	790
Panama.....	467	642
Paraguay.....		8
Peru.....	6,173	44,386
Surinam.....	2	15
Trinidad.....		111
Uruguay.....	258	1,819
Venezuela.....	246	2,072
Virgin Islands.....		77
Other ²		13
Grand total.....	182,279	1,954,408

¹ Commodity values at export market prices.² Includes data for other British Commonwealth countries for contracts entered into prior to July 1957.³ Includes small amounts to Barbados, British West Africa, Masquat and Oman, Portuguese Guinea and Puerto Rico.

TABLE 11.—Dollar value of commodities programed under title IV, Public Law 480, agreements signed July 1, 1961, through Dec. 31, 1965

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Oils and oil seeds	Other	Total			
									Market value	Ocean transportation ¹	Market value including O.T.	Estimated CCC cost including O.T.
Europe:												
Iceland	1.2				1.0				2.2	0.4	2.6	3.2
Portugal	21.5								21.5	2.4	23.9	31.5
Yugoslavia	139.9			55.0			21.5	2.2	218.6	20.8	239.4	310.1
Total	162.6			55.0	1.0		21.5	2.2	242.3	23.6	265.9	344.8
Africa:												
Ethiopia	.7			6.7					7.4	.4	7.8	14.0
Kenya	.1	9.0							9.1	2.2	11.3	11.3
Liberia	.1	.2	1.6						1.9	.2	2.1	2.7
Ivory Coast	.2		3.6						3.6	.4	4.0	5.9
Sierra Leone			.6	.7	.1		.1		1.7	.1	1.8	2.8
Total	1.1	9.2	5.8	7.4	.1		.1		23.7	3.3	27.0	36.7
Near East and south Asia:												
Greece	5.6	18.8							31.6	4.5	36.1	36.9
Iran	11.9	3.2					7.2		15.1	4.0	19.1	24.0
Iraq	9.7				2.5			.3	12.5	2.1	14.6	19.3
Syrian Arab Republic					.4				.4		.4	.4
Total	27.2	22.0			2.9		7.2	.3	59.6	10.6	70.2	80.6
Far East and Pacific:												
China (Taiwan)	15.3	1.6		23.0	1.6	0.2	15.6		57.3	5.8	63.1	93.9
Ryukyu Islands	1.3	2.4	6.8	2.2	2.6		6.0		21.3	3.3	24.6	29.3
Total	16.6	4.0	6.8	25.2	4.2	.2	21.6		78.6	9.1	87.7	123.2

Latin America:	2.7	6.0	3.3	1.9	5	2.2	4.1	5	4.6	5.9
Bolivia	20.7	6	3.3	1.9	2.8	2.2	37.5	3.3	40.8	55.0
Chile	2.1		1.1		3.0		6.2	.7	6.9	8.1
Colombia	2.0		6.0				22.2	1.9	24.1	30.6
Dominican Republic	2.7	14.6	2.2		2.5		8.0	.8	8.8	10.1
Ecuador	.6	.6					.6		.6	1.0
El Salvador							.1		.1	1.1
Paraguay		1					1.8		1.8	1.8
Peru					1.8					
Total	29.8	15.2	12.6	2.8	10.6	2.2	80.5	7.2	87.7	112.6
Grand total	237.3	27.8	20.8	3.0	461.0	4.7	484.7	53.8	538.5	697.9

Includes ocean transportation to be financed by CCC.

² See the following:

See the following:

Lard.

² See the following:
Barley

Barley - - - - -
Corn - - - - -

Grain sorghum.

Mixed livestock

E-43

Total-----

³ See the following:

Nonfat dry milk

Anhydrous milk

Condensed milk

Evaporated mil

Total

1830.

H. Rept. 1558 O, 89-2——3

TABLE 12.—Approximate quantities of commodities under title IV, Public Law 480 agreements signed July 1, 1961, through Dec. 31, 1965

Area and country	Wheat and flour	Feed and feed grains	Rice	Cotton	Tobacco	Dairy products	Oils and oil seeds	Meat and poultry	Dry edible beans	Hay and pasture seeds
Europe:	1,000 bushels	1,000 bushels	1,000 cwt.	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 cwt.
Iceland.....	731		7		990					
Portugal.....	12,578									
Yugoslavia.....	85,922			414			248,182		266	
Total.....	99,231		7	414	990		248,182		266	
Africa:										
Ethiopia.....	367			49						
Ivory Coast.....			661							
Kenya.....	25	6,105								
Liberia.....	27	67	220							
Sierra Leone.....	105	10	118	5	166		419			
Total.....	524	6,182	999	54	166		419			
Near East and south Asia:										
Greece.....	2,939	13,007					51,918			
Iran.....	7,402	2,019						992		
Iraq.....	5,591				2,956					
Syrian Arab Republic.....					453					
Total.....	15,932	15,026			3,409		51,918	992		
Far East and Pacific:										
China (Taiwan).....	8,267	1,177		200	1,884	683	259,730			
Ryukyu Islands.....	740	2,067	1,017	17	3,968		119,711			
Total.....	9,007	3,244	1,017	217	5,852	683	379,441			
Latin America:										
Bolivia.....	1,612					4,470	4,362			
Chile.....	12,640	473		42	2,503	10,615	25,407	16,615		
Colombia.....	1,119						27,003			
Dominican Republic.....	551	394	2,249		6,000					
Ecuador.....	1,504		110		2,384					
El Salvador.....	367						22,209			
Paraguay.....		13								

Peru	17,793	880	2,359	42	11,987	15,085	96,654	6,615	17,673
Total	142,487	225,332	4,382	727	22,404	315,768	4776,614	7,607	266
Grand total									

1 Beef.

² See the following:

⁴ See the following:

the following:	
Lard	2,843
Cottonseed soy bean oil	391,231
Tallow	140,225
Soybeans	187,540
Soybean meal	54,775
Total	<u>776,614</u>

³ See the following:

Nonfat dry milk	6,612
Anhydrous milk fat/butterfat	4,139
Condensed milk	2,897
Evaporated milk	1,573
Dry whole milk	231
Dry modified milk	22
Dairy products	294
Total	15,768

Total	776,614
-------	---------

SECTION-BY-SECTION ANALYSIS OF THE BILL

SECTION 1 OF H.R. 14929

Section 1 of H.R. 14929 provides that this act may be cited as the "Food for Freedom Act of 1966."

SECTION 2 OF H.R. 14929

Section 2 of the bill is a revision and reenactment of the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, commonly known as Public Law 480. Section 2 begins on page 1, line 5, and continues through part of page 25. *For convenience in discussion, references to the provisions of section 2 will be to the revised titles and sections of Public Law 480, rather than to parts of section 2 itself.*

Where reference is made to existing provisions of Public Law 480 which are not changed in this revision of the act, such reference is for descriptive purposes only and is not intended to modify the construction or interpretation of such provision presently in effect. Where it is intended to interpret provisions of law which are now a part of Public Law 480, this will be clearly indicated.

For the convenience of Members of the House, the changes which are made by the Food for Freedom Act of 1966 in existing provisions of law are shown not in the usual manner of roman type, brackets, and italics, but in a two-column comparison which shows the existing provisions of Public Law 480 in the left-hand column and the provisions of H.R. 14929, as amended, in the right-hand column.

Section 2 of Public Law 480, as amended, states the general policy of the act. It is amended in this bill in two major respects: (1) by eliminating the reference to "surplus" agricultural commodities and basing the concessional sales and donations to be made by the United States primarily upon the need of the recipient countries for particular agricultural commodities, rather than upon those agricultural commodities which are in surplus as the result of our agricultural production in the United States; and (2) by including in the declaration of policy the concept that those countries which receive agricultural commodities under this act should show a determination "to improve their own agricultural production." In this connection, it may be well to say at this time that the committee expects and anticipates that the commitment of recipient countries to devote a greater percentage of their part of the local currencies accruing from sales under this act to projects which will further their ability to provide food for their own population, will be written into the original sales agreement to a far greater extent than has been done in the past.

Under the procedures now in effect, the agreement on the part of the United States to sell agricultural commodities to a foreign country on concessional terms is usually entered into before there is any specific agreement on the use which is to be made by the recipient country of the local currencies which accrue as the result of such sale. In the original agreement, there is ordinarily a provision which allots a certain percentage (on an average somewhat more than 50 percent) of the local currencies for the use of the recipient country. This has generally resulted in such foreign currencies being loaned back to the recipient country under the general provision of "economic develop-

ment." The use of the currencies for economic development is then covered in a subsequent agreement. It is the understanding and intention of the committee that such currencies instead of being devoted merely to the general purposes of "economic development" shall be used to the maximum extent practicable for the purpose of improving production and distribution and increasing the per capita food consumption of the recipient country, and for other specific purposes stated in section 104, and that such uses will be stipulated in the sales agreement.

TITLE I AMENDED

Section 101 of the Public Law 480 (as amended by this bill) authorizes the President to carry out the policies of this act by entering into agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies. In this revision of Public Law 480, the authority for sales for dollars on long-term credit terms, which is in title IV of the present law, is combined with the authority for sales for foreign currencies in title I of the amendment.

Section 102 is comparable to the similar provision in existing law and provides that sales may be made either from the stocks of the Commodity Credit Corporation or from private stocks with CCC financing.

Section 103

Section 103 establishes the terms and conditions under which the President is authorized to make concessional sales agreements, either for foreign currency or for extended dollar credit, under the provisions of this bill. They include the following:

Subsection (a). The President is to take into account, first of all, the efforts of friendly countries to help themselves toward a greater degree of self-reliance, particularly in meeting the food needs of their country, and this is to include efforts on the part of such country to carry out activities related to population growth, where this is a significant aspect of the food problem. It is not the intention of the committee that population growth activities would be required as a prerequisite to a transaction under this title, under any circumstances, but that such activities on the part of the recipient country should be considered by the President in determining the type and the extent of food assistance which will be extended under the authority of this bill.

Subsection (b) requires that the President shall conduct this program in such a manner as to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971. The policy established by this subsection is not modified by the fact that the committee has not extended the present period of the law beyond December 31, 1968. The termination date of the legislation is primarily for the purpose of assuring complete congressional review of the administration of this act within such period, whereas the language in this section refers not to a termination date but to a manner and policy under which the program is to be operated.

In this connection the committee would also point out that (1) the subsection refers to sales for "dollars," not necessarily to sales for dollar credit. This means that the officials of the executive branch

charged with administration of this act should strive to bring about trade with developing countries on a basis of commercial dollar sales as rapidly as this can be accomplished; (2) language elsewhere in the bill is to be given its full significance with respect to continuing to make part of the sales in foreign currencies where this is more advantageous to the United States. Those administering the program are to consider the fact that, for many purposes, it is better to obtain local currencies of the purchasing countries for immediate expenses, such as those of U.S. diplomatic missions, other U.S. agency purposes, Cooley loans, and other uses authorized in the act, than to obtain a distant future promise of dollar repayment by these countries and use dollars abroad for our operations in such countries.

Subsection (c) is substantially the same as the provision of existing law.

Subsection (d) provides that the President may make agreements under this act only with those countries which he determines to be friendly to the United States and that he shall periodically review the status of those countries which are eligible and report the results of such review to the Congress. The subsection then defines what Congress means by the words "friendly country".

This subsection must be considered in conjunction with subsection 103(j) which provides that the authority contained in title I of this act (to make foreign-currency and long-term dollar credit sales) shall be used to assist friendly countries to be independent of domination or control by any world Communist movement. Subsection (j) also prohibits the making of any agreement under title I with the Soviet Union or with the Communist regime in China or with countries with which the United States does not have diplomatic relations.

The committee understands and agrees with the need of the President to have some flexibility in determining the countries with which agreements under title I may be made, in order that the provisions of this act may be used under appropriate circumstances to turn a Communist-oriented country away from dependence on other Communist countries and toward a closer relationship with the free nations of the world. In its definition of "friendly countries", therefore, the committee has incorporated as much flexibility as it believes the House will approve.

This definition, in section 103(d), provides: (1) no agreements under title I may be made with a country or area "dominated or controlled by a foreign government or organization controlling a world Communist movement". This means that no sales agreements of any kind can be made with any satellite country which the President determines to be under the "domination or control" of either of the major Communist regimes of the world; (2) sales for long-term dollar credit (but not sales for foreign currency) may be made to Communist countries which the President determines are not under foreign domination or control, with the obvious purpose of helping them to move further away from the world Communist orbit; (3) no sales under title I may be made to any country which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any materials, equipment, or commodities, so long as these areas are governed by a Communist regime. This is a modification of a present provision in Public Law 480.

The committee points out that these exclusions do not apply to the donation of food commodities under the terms set forth in title II of the act and it believes that this position is fully consistent with the spirit and policy of the people of the United States, and of this act. If a disaster, such as a tidal wave or a hurricane were to ravage Havana, for example, the committee is certain that the people of the United States would want to send food and other assistance to the people of that city as expeditiously and as effectively as possible. In the opinion of the committee, the ability of the President to use title II in areas where he is prohibited by this subsection from using title I, can be an effective weapon in this Nation's fight for the freedom of men throughout the world.

Subsection (e) relating to use of private trade channels in carrying out sales under this bill is substantially the same as the provision of existing law except that it incorporates a new provision added by the committee "that small business has adequate and fair opportunity to participate in sales made under the authority of this act".

It has been reported to the committee on numerous occasions that the regulations under which Public Law 480 sales are made have in many instances made it easier for large exporting companies to bid for and receive these export contracts. It has been particularly pointed out that in the case of rice exports three or four large companies have been able to acquire more than 90 percent of the business. The committee believes that small business firms should be given an equitable opportunity to bid on these concessional export shipments. It understands that the economies which may be offered by large shipments must be considered by the Department of Agriculture and by the purchasing agencies in making these contracts. On the other hand it is concerned that the small operator should not be frozen out of the export business by the regulations and procedures under which Public Law 480 contracts are awarded.

Subsection (f) is comparable to a provision in existing law. New language in the subsection deals with emphasis on more adequate storage, handling and distribution facilities for food commodities and for development of new and expanding markets by encouraging economic growth. In the area of food handling, storage, and distribution facilities, it is the intention of the committee that foreign currencies shall be used to a substantially greater extent than they have been in the past for the development of such facilities. The committee commends to the attention of the departments involved the suggestion of the General Accounting Office that they explore the possibility of establishing storage facilities using foreign currencies in cooperation with voluntary agencies.

Subsection (g) directs the President to obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under title I of Public Law 480 as amended. It has been difficult for officials of the executive branch to construe this language, which is substantially the same here as it is in the existing provisions of Public Law 480. It is not the intention of the committee that agricultural commodities purchased under title I of this bill should not go into the normal channels of commerce in the purchasing countries. The language is to be construed literally. It is intended to prevent the resale or transshipment of the agricultural commodity, itself, not of the products which might be made from

that agricultural commodity in the normal process of trade and commerce of the purchasing country.

Subsection (h) relating to exchange rates, is substantially the same as the comparable provision in existing law.

Subsection (i) is intended to encourage countries to give higher emphasis to the production of food crops, rather than to the production of crops such as cotton and tobacco which are in surplus on world markets.

Subsection (j) is substantially the same as a comparable provision in Public Law 480 prohibiting any sales under this act to the Soviet Union or the Communist regime in China. A committee amendment changes the word "transactions" in this subsection to "sales agreements," making it clear that it is not the intention of the committee, for example, to prohibit deliveries under a previous sales agreement during the interim of a change of government in a foreign country which has not, temporarily, been recognized for diplomatic purposes by the United States.

Subsection (k) requires that the President shall whenever practicable require upon delivery of agricultural commodities under this act not less than 5 percent of the purchase price in dollars or in types or kinds of currencies which can be converted into dollars. This is a new provision. It represents a stiffening by the committee of the terms on which agricultural commodities are hereafter to be supplied to purchasing countries. This provision includes the convertibility required elsewhere in the bill, such as that for market development under section 104(b)(1).

Subsection (l) is a new provision requiring that, insofar as practicable, commodities which are sold under title I of this bill shall be identified at the point of distribution as commodities which have been obtained from the United States on a concessional basis.

Section 104

Section 104 delineates the uses of foreign currencies accruing under this act including interest and loan repayments. They are substantially the same as the uses provided in section 104 of Public Law 480 as presently amended. All of the uses authorized under subsections (a) and (b) are commonly referred to as "U.S. uses" and require appropriations to the U.S. agency involved. This is consistent with the existing provisions of Public Law 480.

Section (a) covers any use of foreign currencies by a U.S. agency for which there is authority for dollar appropriations in other law. Several of these uses are mentioned specifically in the present provisions of the act, but this is made unnecessary in this bill by the general provision that all such activities shall be subject to the appropriation process.

Subsection (b)(1) continues the provisions of existing law which direct that not less than 5 percent of the currencies which accrue from title I sales of agricultural commodities be available, subject to appropriation, for use to finance programs to maintain and to develop new and expanded dollar markets abroad for U.S. agricultural products. Since the time of its original enactment the development of new markets for U.S. agricultural commodities has been one of the major objectives of the legislation. These currencies generated from the sale of agricultural commodities can be put to no more constructive use than for the financing of activities to build and maintain,

wherever opportunities to do so are presented, commercial markets which will be of lasting benefit to American agriculture. These market development programs are managed and carried out by U.S. nonprofit trade and agriculture groups pursuant to agreements with the Department of Agriculture and have been remarkably effective in the development and maintenance of foreign markets for U.S. agricultural commodities. These nonprofit trade organizations have brought industry judgment and knowledge into the programs and have been effective in establishing trade-to-trade relationships which are essential to effective market development. Nearly all the overseas program costs are financed with foreign currencies generated from the sale of agricultural commodities, the dollar costs for management and supervision and other activities requiring dollar expenditures are nearly all borne by the nonprofit trade organizations. The bill directs that the Department shall continue to make maximum use of these nonprofit agricultural trade organizations in the carrying out of market development activities authorized under this section. Such market development activities are even more essential in view of increased competition and other impediments to the marketing of U.S. agricultural commodities in foreign countries.

The committee also believes that substantially greater effectiveness can be obtained from our market development programs if the Department of Agriculture will adopt a more imaginative and less restrictive attitude.

For example the committee notes with approval that in two or three instances market development programs have been combined with food donation programs. Programs of this type should be encouraged. Free sampling is one of the oldest and most effective types of market development. Food distribution programs consisting of U.S. products, particularly school-feeding programs where young people learn to like food products produced in the United States, are natural market-development activities, but they can be made more effective by the deliberate application of market-development techniques designed to make today's schoolchildren adult consumers of U.S. products 10 or 15 years from now.

This section also includes authority for such industry representation as may be required during the course of discussions on trade programs relating to individual commodities or groups of commodities.

Subsections (b) (2), (3), (4), and (5) are similar to present provisions of law. Subsection (b)(3) includes "family planning" as one of the programs which may be carried out with foreign currency by U.S. agencies.

Subsection (c), relating to the common defense, is similar to a comparable provision in existing law, as is *subsection (d)*, relating to use of foreign currencies to meet emergency relief requirements.

Subsection (e) is the "Cooley loan" provision. This is similar to existing law with the following changes. Language has been added to make it clear loans may be made not only to personal or incorporated business firms but also to cooperatives. Language has also been added to make it clear and to emphasize that these loans may be made for private home construction in foreign countries. The proviso has been modified to carry out the emphasis in the act of local food production and self-help objectives and emphasize the overall objectives of this legislation.

In 1964 Congress amended section 104(e) of Public Law 480 to remove the ceiling of 25 percent on the amount of foreign currency which could be allotted for Cooley loans in an agreement covering any single sale. It replaced the 25-percent ceiling with language which stated that local currencies "shall also be available to the maximum usable extent" for Cooley loans. In explaining this amendment, the committee said (Committee Rept. No. 1767, pp. 29 and 30):

The committee suggests, therefore, (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for use of local currencies for section 104(e) loans up to the maximum which he estimates may reasonably be used profitably in that country and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement informing the business community and the committee why the amount is less than 25 percent.

In the period immediately following the amendment and extension of Public Law 480, on October 31, 1964 to the middle of 1965, no allocation for section 104(e) Cooley loans uses exceeded 15 percent. In spite of the request in the committee report, no statement was issued either by AID or the Department of Agriculture, to explain why the allocations were less than 25 percent. In two specific cases, the allocation of local currency for Cooley loans was clearly inadequate to meet existing demands.

In the Philippine agreement, signed on April 23, 1965, only 10 percent (\$1.2 million) was allocated for Cooley loans, while pending applications for local currency funds amounted to approximately \$9 million. In that same agreement, 30 percent of the local currencies was allocated for section 104(g) loans to the Philippine Government. The law, as it was written and is written now, requires that the existing demand for Cooley loans be satisfied prior to any allocations for section 104(g) loans to recipient governments.

In another instance, only 15 percent of the local currencies was allocated for section 104(e) Cooley loans, in an agreement with Chile signed on July 27, 1965, while a 50-percent allocation was made for section 104(g) loans to the Chilean Government. From all evidence, the demand for Cooley loans in Chile substantially exceeds the 15-percent allocation made under that agreement.

The committee wants to make it clear that the language of section 104(e)—"for use to the maximum extent"—means simply that Congress expects AID to establish a means to ascertain the approximate demand for Cooley funds and to try to satisfy it. AID should establish procedures and assign the necessary personnel to the administration of negotiations for Public Law 480 agreements to assure (1) that the demand for Cooley funds in each country is correctly ascertained prior to negotiations, (2) that a sufficient allocation to satisfy that demand is made in the negotiations with the recipient country, and (3) that as sales are shifted to a dollar credit basis, foreign currency sales are retained to meet the needs of this subsection.

Subsection (f) is one of the major provisions of the "country use" assignment of the currencies accruing under foreign currency sales.

It includes authority for the present use of currencies for "economic development loans" now made under section 104(g) of the existing legislation. It has been rewritten to emphasize agricultural development. It is the understanding and intention of the committee that the words "or by use in any other manner which the President may determine to be in the national interest of the United States" includes grants back to the country of portions of foreign currencies received from the sale of agricultural commodities but that these uses will be spelled out in the sales agreements under which the commodities are transferred to the recipient country.

Under the procedures adopted for administering the present provisions of Public Law 480, the sales agreement and the U.S. uses of foreign currencies are covered in one document or set of documents and the uses to be made of the foreign currencies which are loaned back to the other government for "economic development" under section 104(g) of the present act are covered by separate documents usually drawn up at a later date. Loans of this type have amounted to about 50 percent of all the currencies received.

This bill charts a new course in this area. The purposes to which these "country use" funds are to be put are set out far more specifically than they are in present law and they are directed toward self-help in the recipient country particularly in the areas of agricultural development and the attainment of an adequate food supply for its people.

The committee expects and intends that this new direction and emphasis will be reflected in the administrative procedures of the executive branch and that the uses to be made of those foreign currencies which are made available to the recipient country will be largely determined before the sales agreement is drawn up and will be incorporated in the sales agreement to the maximum extent possible. It is the further view of the committee that the executive branch should immediately develop and carry out sound programs to use U.S.-owned excess local currencies to encourage increased agricultural productivity in participating countries and that such excess local currencies, wherever possible, should be reallocated for such uses.

Subsection (g), relating to use of the currencies for purchase of food or services for other friendly countries, is similar to the provisions of existing law.

Subsection (h) authorizes the loan or grant of foreign currencies to the purchasing country to finance programs emphasizing maternal welfare, child health and nutrition, and activities related to the problems of population growth. The committee emphasizes that it encourages the use of foreign currencies accruing from the sales of commodities under title I of this act for this purpose but that such programs are to be voluntary, both in the part of the country involved and on the part of individual citizens of that country, and that application of local currencies for this purpose are to be made at the request of such country. The voluntary aspect of this program is emphasized by the provision that such a program may be carried out only through "any local agency." This means that foreign currencies of a purchasing country may not be allocated to an international population control agency, as such, but could be made to a branch or affiliate of such organization within the country involved, at the request of such country.

Subsection (i) emphasizes the committee's intention that, insofar as practicable, the cost of the farmer-to-farmer program authorized by section 406 should be paid by the use of foreign currencies.

Subsection (j) is similar to existing provisions of law, authorizing the sale of foreign currencies to tourists and other U.S. citizens and U.S. nonprofit organizations for use outside the United States. The committee believes that the efficacy of this provision could be greatly enhanced, and that a substantial amount of dollar exchange could be saved for the United States by an amendment to the Tariff Act which would authorize U.S. citizens traveling abroad to bring back to the United States up to \$500 worth of souvenirs and other foreign purchases duty free, if the currency used to acquire such articles was purchased from "excess" foreign currencies received under the provisions of this act. It had contemplated the inclusion of such a provision in this bill but has been informed by the Committee on Ways and Means that it considers this to be a matter within its jurisdiction. The Committee on Agriculture can only hope that the Committee on Ways and Means will take expeditious action to include such an incentive in the Tariff Act and thereby retain in the U.S. Treasury a substantial amount of dollars which will otherwise be spent by American tourists during the course of overseas travels.

The committee also urges the various agencies of the executive branch concerned with tourist exchange under this section to intensify their efforts to implement and execute this provision in "excess currency" countries. In this regard the committee suggests that an expanded effort be undertaken to advertise and promote the existence of, the advantages to and the patriotic service rendered toward improving the balance-of-payments problem when American citizens and U.S. nonprofit organizations purchase local currencies at U.S. embassies overseas, rather than at foreign banks. The committee further suggests that U.S. air and ocean carriers be requested to cooperate more fully in the dissemination of information concerning this program. Also, the committee urges increased efforts during the negotiations of local currency sale agreements to secure greater cooperation of foreign nations in permitting wider distribution of information concerning this program to U.S. citizens while they are overseas. Finally, the committee recommends that sufficient personnel be assigned to our various embassies overseas to provide such currency exchange services at convenient hours during the day.

Section 105, relating to deposit of foreign currencies, is substantially the same as the comparable provision in existing law.

Section 106 relates to the sale of agricultural commodities on long-term dollar credit. Provisions for such sales now appear in title IV of Public Law 480 but in this amendment are incorporated into title I.

In its consideration of this bill, the committee at one time adopted an amendment to section 106 which would have limited the maximum time of dollar credit sales to 20 years and the grace period to 2 years. On reconsideration, the committee has reversed its position on this matter and adopted substantially the language recommended by the administration in its original bill. This language will permit dollar credit sales of agricultural commodities to be made on terms as liberal as those under which dollar loans are made pursuant to the provisions of section 201 of the Foreign Assistance Act. At the present time the most liberal terms are: a 40-year repayment period, a 10-year grace

period during which no repayments would be made, and interest at 1 percent for the first 10 years and 2½ percent thereafter.

In reversing its position on this matter, the committee was motivated primarily by the following considerations:

(1) Section 103(b) directs the President to administer the program authorized by title I of this act in such a manner as to "assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971." If the executive branch is to carry out a transition as directed by this subsection, the greatest possible degree of flexibility in moving from foreign currency to dollar sales will be required. In some instances, purchasing countries might not be able to promise, in good faith, to move from a foreign currency sale to a 20-year dollar credit sale and the ability to offer such countries, at least temporarily, more liberal credit terms will be required.

(2) Limitation of credit terms on agricultural commodities to 20 years, while permitting credit of up to 40 years on dollar loans for purchase of industrial products, would appear to discriminate against the sale of agricultural commodities.

(3) Section 106, as finally adopted by the committee, merely permits, it does not require, that credit terms shall be as liberal as those authorized in the Foreign Assistance Act. On the contrary, the controlling provision in this section reads: "Payment by any country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit." Under the existing provisions of Public Law 480, dollar credit sales are for a maximum of 20 years with an interest rate not less than that provided in section 201 of the Foreign Assistance Act.

Thus far, more than 75 long-term government-to-government dollar credit sales have been made to 30 different countries, for an amount in excess of \$1 billion, and 40 of these sales have been made on terms more favorable to the United States than the minimum authorized by the law.

In making dollar credit agreements under section 106, therefore, the committee expects that such sales will continue to be made under terms as favorable to the United States as the economy of the purchasing country permits. It is the intention and understanding of the committee that terms more liberal than those authorized in existing law would be the exception, rather than the rule, and would not be extended under any ordinary circumstances to those countries which have an ability to contract for such purchases on terms authorized by the present provisions of law.

Section 107(a) of the bill reaffirms and strengthens the policy of the Congress with respect to sales of U.S. agricultural commodities to the private trade for dollars. Under this section the Secretary of Agriculture is authorized to enter into sales agreements with the private trade for the supply and financing of the sale and purchase of U.S. agricultural commodities over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of section 107. The rate of interest may not be less than the minimum rate, or the term of credit longer than the maximum term, authorized under section 106 but it is the objective of this section to obtain rates of interest as near as possible the cost of money to the Government. In order to strengthen private enterprise and provide the maximum return to the United States, this section of the bill directs that the

authority to make dollar credit sales through the private trade be utilized to the maximum extent practicable. Government-to-government sales authority should not be used to compete with private trade sales by offering more favorable terms to the purchasing country, as this would encourage importing countries to continue or to shift to state-trading policies. The committee has been informed of several occasions where a private trade long-term dollar credit sale has not been consummated because the country has been offered softer terms on a government-to-government basis. The committee condemns and deplores such action.

Under government-to-government sales agreements proceeds from the sale of the agricultural commodities provide general economic development assistance to the government of the importing country. On the other hand, private trade sales agreements always involve the carrying out of specific projects to be financed out of the sales proceeds and it will result in the establishment of facilities to improve the storage or marketing of agricultural commodities, or in the carrying out of other projects which will stimulate and expand private economic enterprise in friendly countries.

It is the intent of the committee that the sales policies to be followed in carrying out this section 107, as well as the other sections under title I, should be such as to maximize dollar returns to the United States over the shortest credit period consistent with achieving the stated objectives.

Section 107(b) directs that reasonable precautions be taken to avoid displacing sales of U.S. agricultural commodities which the Secretary determines would otherwise be made for cash dollars. This provision continues in effect the provision in existing law with respect to private trade dollar sales and has reference only to cash dollar sales of U.S. agricultural commodities.

Section 107(c) provides that in carrying out this section the Secretary shall obtain commitments from purchasers that will prevent resale or transshipment or use for other than domestic purposes of commodities purchased under this section. It is recognized that the private trade is not in a position to give the types of commitments which can be required of governments, and therefore this section requires only such commitments as the Secretary determines can reasonably be expected from the private trade. This section will not preclude the Secretary from permitting shipment of the commodities to third countries for such storage, handling, or processing as he may approve.

Section 107(d) specifies the sections of the act which are to be applicable to sales under section 107. This section also makes sections 102 and 403 applicable to the Commodity Credit Corporation export credit sales program.

Section 108 is substantially the same as the provisions of existing law, except that it authorizes dollar credits for financing ocean freight costs incurred on local currency sales on the same basis as is presently authorized under title IV dollar credit sales.

Section 109 is a definition of what the committee means in section 103(a) by the words "self-help." The provisions of section 109 are not mandatory, but they provide the President with criteria of self-help upon which he may rely in considering the making of agreements with other countries.

The committee is concerned about the lack of progress made by Public Law 480 recipients in increasing their per capita agricultural production, particularly food. To insure that steps are taken by recipient countries to achieve this goal, the committee has inserted the eight specific self-help criteria listed in section 109. The committee feels that recipient countries must begin to undertake these measures for, otherwise, the Public Law 480 program will become self-defeating.

Several of the criteria emphasize the importance of improving the investment climate and developing industry and technology through private investment. The committee believes that private investment, both domestic and foreign, is absolutely necessary for the rapid growth of the economies of the developing countries and must be actively encouraged. A proper climate for private initiative and investment should include, among other things, provision for maximum private ownership and initiative in new and existing industry, nondiscriminatory treatment between the public and private sectors, enactment of tax laws with rates of taxation designed to promote maximum utilization of private investment capital, and provision for adequate protection of industrial property rights. Paragraph (6) of section 109 covers the protection of industrial property rights. The committee is informed that India, at the present time, is considering the enactment of a patents bill which would afford less protection to private enterprise than the model law drafted by the developing countries with India's participation. The proviso in paragraph (8) expresses the opinion of the committee that allocation of less than 20 percent of the foreign currencies arising under this act, except currencies allotted to subsections 104 (a), (b), (e), and (j), would not be allocation of a sufficient amount of foreign currency to the self-help objectives of this section.

Section 110 is the limitation upon agreements for sales for foreign currency and sales for dollar credit which may be made in any one calendar year under the authority of this act.

TITLE II

Sections 2 (c) and (d) of the bill would strike the present language of title II and substituted a new title II therefor. This new title, consisting of sections 201, 202, 203, and 204 would, in effect, consolidate the authorities for programs presently conducted under titles II and III into a single title.

Section 201 would state the purposes for which available agricultural commodities may be used in donation programs. These purposes include uses (1) to meet famine or other urgent or extraordinary relief requirements; (2) to combat malnutrition, especially in children; (3) to promote economic and community development in friendly developing areas; (4) to provide assistance for needy persons; and (5) for nonprofit school lunch and preschool feeding programs outside the United States.

The President would be authorized to determine the requirements for such uses. The Commodity Credit Corporation would be required to make such agricultural commodities available to the President as he may request, subject to their availability under section 401 of Public Law 480 as amended by this bill.

The committee continues to recognize the vital importance of agricultural commodities to people faced with limited food supplies

in emergency situations and commends those executive branch agencies and voluntary agencies for the effective contribution agricultural commodities have made in the past to alleviate the distress following disasters. The committee also recognizes the importance of our agricultural abundance to children in the age group below 15 years. This is the group most vulnerable to the ravages of hunger. The availability of our agricultural commodities, contemplated in this bill, for this group is the greatest reflection of the deep humanitarianism of America—a motivation that has characterized our society from its beginning. This same characteristic is reflected in the committee's provision to make agricultural commodities available to needy people. The committee has also provided for the use of agricultural commodities to promote economic and community development in friendly developing areas. The committee again endorses efforts by public and private agencies and recipients to use agricultural commodities along with other resources, to carry out programs that utilize the energies of unemployed and underemployed persons in activities designed to alleviate the "causes of the need for such assistance."

Section 202 would list the means through which the President may conduct the activities authorized by section 201. These include (1) friendly governments; or (2) agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations. The President may conduct such activities in such manner and upon such terms and conditions as he deems appropriate and shall, to the extent practicable, utilize non-profit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

The section would also require that, insofar as practicable, all commodities furnished under title II shall be clearly identified as being furnished by the people of the United States of America. Such markings shall be on each package or container and shall be in the language of the locality where the commodities are distributed.

Assistance to needy people under title II would, to the extent practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.

The President would be required, except in the case of emergency, to take reasonable "precaution" to assure that commodities transferred under title II would not displace or interfere with sales which might otherwise be made.

The bill reflects the committee's conviction of the need to marshal all the available know-how of private and public agencies and international and multilateral organizations to wage a successful war on hunger. The committee commends the U.S. voluntary agencies for the excellent work they have done. Title II activities could include assistance to friendly peoples without regard to the friendliness of their government; however, the committee intends that government-to-government programs shall be conducted only through friendly governments.

Section 203 would authorize the Commodity Credit Corporation to pay, in addition to the acquisition cost of the commodities, other costs connected with the furnishing of commodities under title II. These would include costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and incidental costs up to the time of delivery free on board (f.o.b.) vessels in U.S.

ports; ocean freight charges from such U.S. ports to designated ports of entry abroad, or in the case of landlocked countries, transportation charges from U.S. ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transportation of commodities donated under title II.

The authority provided in this section relating to enrichment, preservation, and fortification again reflect the committee's interest in the use of our agricultural resources to help meet the problems of hunger and malnutrition. It is the committee's view that this authority should be used to assure that our commodity assistance makes the maximum contribution it can make in the war on hunger by making commodities available in the most useful practicable form. In determining what is practicable, due consideration shall be given to the cost of similar alternative foods. Other provisions in this section relating to packaging and transportation are a continuation of the authorities provided for many years. The word "preservation" refers primarily to the irradiation of foods.

Section 204 would limit assistance under title II to programs not calling for appropriation of more than \$800 million in any calendar year plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations less than were authorized for such purpose during such preceding year. The figure of \$800 million plus the carryover from the preceding calendar year would include all the costs of programs under the title including the investment by the Commodity Credit Corporation in commodities made available. This authority includes the authority to make foreign donations presently authorized by section 416 of the Agricultural Act of 1949. This section would also continue the existing provision that not to exceed \$7,500,000 in each calendar year may be used to purchase foreign currencies accruing from sales under title I of this bill in support of title II programs.

TITLE III

Section 2(D) of the bill strikes out sections 304, 305, 306, 307, and 308 of the existing act. The substance of these sections, for the most part, are contained in other sections of the new Act. The matters dealt with in section 304 appear in the new section 103(j). The provisions of section 305 are found in the new section 202. Section 306 authorized a food stamp plan to distribute surplus foods domestically to needy peoples effective until January 1962; a new Food Stamp Act was enacted in 1964. Section 307 has been made unnecessary by enactment of the Food Stamp Act of 1964 and this bill. Section 308 is repealed since the authority to make donations abroad under that section has been consolidated with, and made a part of, the new title II. This bill does not change the provisions of section 303 relating to barter.

TITLE IV

Section 2(E) of the bill strikes out the present title IV of Public Law 480, sales for dollars on credit, since this authority has been consolidated with the authority to finance sales for foreign currency under the new title I. The new title IV contains general provisions applicable to the program.

Section 401 authorizes the Secretary of Agriculture, after consulting with other government agencies and within policies laid down by the President, to determine the commodities to be furnished under the act, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover.

Section 402 permits domestically produced fishery products to be furnished under the program using the same procedures that have already been established for making agricultural commodities available. Fishery products may be provided, however, only if appropriations are available specifically for that purpose to cover the costs. Since fishery products are within the responsibility of the Department of the Interior, the committee felt that a separate appropriation should be requested by the Department of the Interior, and the costs should not be charged to Agriculture.

Section 403 would authorize the appropriation of necessary sums to pay the Commodity Credit Corporation its actual costs.

Section 404 provides that the programs of assistance authorized by the act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States. This section, as originally proposed by the executive branch, provided that the programs should be directed toward the attainment of the foreign policy objectives of the United States. The committee felt that the humanitarian objectives of the act should be stressed, recognizing, of course, that there are other objectives of the bill, such as market development, expansion of international trade, and promotion of foreign policy. These are encompassed in the term "national interest" of the United States.

Section 405 provides that the programs of assistance undertaken pursuant to the new legislation shall be directed toward attaining self-help on the part of the recipient countries in meeting needs for food and in resolving problems relative to population growth.

Section 406 was added by the committee in response to the extensive evidence, presented by many witnesses during the hearings, to the effect that there is a great need for self-help assistance in friendly developing countries. This section and subsection 104(i) are revised versions of bills introduced by Mr. Dole, of Kansas, and others and are designed to augment and supplement the food and economic assistance provided in this legislation.

The committee believes that our long-range policy with respect to ever-increasing food and population problems in friendly developing nations should place heavy emphasis on helping the people of those nations to produce or earn the foreign exchange with which to purchase commercially their own food needs and provide improved and expanding diets for their people.

While the great agricultural productivity and abundance of this Nation is due to many conditions, the committee recognizes that services provided to American agriculture through the Department of Agriculture and cooperative State research and educational institutions have been major factors in our miracle of agricultural production.

Our combination of practical research to serve the operating needs of farmers, demonstration and educational programs to encourage the application of sound practical scientific methods, along with

needed credit and other services have been essential elements in this progress at home.

In our own agricultural development, after the establishment of our system of agricultural experiment stations and research in the USDA, there followed a period of about 50 years during which we experimented with many methods of making the results of research available to be used in practice by operating farmers. All of the methods tried had proved inadequate, but in 1914 the Smith-Lever Act was passed, establishing the Cooperative Extension Service with a responsibility to "disseminate practical and useful information in agriculture and home economics and encourage application of the same." The Service was built on a system of men trained in scientific agriculture, living and working among farmers, with practical knowledge and skills, dedicated to helping farmers improve their levels of living, men using practical demonstrational educational techniques to accomplish their objective. These county agents have been supported with specialized scientific knowledge by specialists in the land-grant universities and the USDA. Their teachings have been based on the problem-solving research of the USDA and the State experiment stations. They have worked not only with farmers on applying scientific knowledge to the farm but also in helping improve systems of marketing and the supply of inputs needed by the farmers, and in helping them develop cooperatives and improve their communities. This system has been at the heart of our agricultural progress, helping to make other services to American agriculture effective.

The committee recognizes that there exists within the USDA, the land-grant colleges, and other cooperating agricultural organizations a tremendous reservoir of experience and practical know-how on the improvement of agriculture and the techniques and skills for working with people to encourage the application of practical knowledge. There are also many thousands of American people with extensive technical or practical training and experience in agriculture, acquired through programs of vocational education, extension programs and experience in managing and operating modern American farms and working in related agricultural businesses. Through the provisions of this section, the committee intends to apply a part of this extremely valuable resource in the development of the agriculture of friendly developing nations. It is the intent of this section to apply these great competencies of American rural people and the cooperative relationships that exist among these great American institutions, the Department of Agriculture and the land-grant and other universities, to this objective.

This amendment particularly stresses the need for practical assistance, demonstration, and training projects. The word "practical" is used three times in stating the purpose of this section.

Under this section, the Secretary of Agriculture would be authorized to establish and administer a farmer-to-farmer program consisting of persons who, by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture. It is anticipated that this would, for the most part, include people whose knowledge came largely from practical experience and informal education who would work directly

and intimately with farmers in the recipient country; that the program might also include professional agricultural workers with special training and experience in encouraging the practical application of improved methods to agriculture, others with detailed, specialized scientific knowledge to help the more practical workers in the field solve problems. It is anticipated that these workers in the recipient country would work alongside and cooperate closely with the agricultural agencies of the recipient country, strengthening their ability to help farmers and imparting to those agencies new and useful information and techniques. The committee contemplates special emphasis upon on-the-job help. It is also expected that these workers would be backed and supported with research personnel who would conduct the practical experiments needed, particularly on tropical and subtropical agriculture, as well as the personnel specialized in helping the recipient country develop other services needed by their agricultural industries. Such a program would have available to it the full professional and technical competencies of the U.S. Department of Agriculture and the land-grant and other universities. Service to farmers in developing countries would be built into our existing agricultural institutions in such a way as to fully apply their competencies to this mission and thereby strengthen their ability to subsequently meet the needs of American agriculture.

It is anticipated that this program would be administered through the existing agencies of the Department of Agriculture. The Secretary would make full use of his established cooperative working relationship with the land-grant and other institutions and through contracts or agreements with them, arrange for them to recruit personnel, provide needed training including apprenticeship experience, and carryout programs or segments of programs in recipient countries. He would also use personnel of the various agencies of the Department as needed in carrying out these responsibilities. In exercising the authorities provided for in this section, the Secretary of Agriculture would be responsible for the coordination of these activities with those of the Agency for International Development, the Peace Corps, and other agencies conducting related developmental programs.

The committee considered at length the question of whether this program would either duplicate or conflict with existing overseas programs operated by other agencies of the Government such as the Peace Corps and AID. The committee found that unmet needs are of sufficient magnitude that a program of this nature should not interfere with or compete against either Peace Corps activity, AID technical assistance activities, or the efforts of international organizations to improve the agriculture of friendly developing nations.

On the contrary, the committee feels that this program can be successfully coordinated with these other activities in an overall concerted effort to close the growing world food gap.

Administrative provisions concerning the size of this program, eligibility, and retention in and dismissal from service, terms, length and nature of service, compensation, employee status, oaths of office, security clearances, and other necessary details are left to the determination of the Secretary.

The legal responsibilities such as, for example, actions pursuant to the Federal Tort Claims Act and the benefits such as, for example,

the crediting of Federal service in this program, are to be the same as those applicable to persons serving in the Peace Corps.

To finance the program established by this section, the committee has included as an authorized use of local currencies generated by the sale of agriculture commodities, the payment of expenses incurred by persons serving in this program while outside the United States. This is intended to include travel expenses. The committee intends that to the maximum possible extent the expenses incidental to the program be paid in local currencies, but recognizes that all such expenses cannot be met in this manner. Accordingly, section 406 authorizes the annual appropriation of an additional \$33 million per year (or 1 percent of the level of expenditures allowed by the bill) to finance the cost of the program. As the program proceeds, Congress through the appropriations process will be able to provide a continuing annual review of expenditures and results.

Section 407 establishes a committee to advise the President with respect to general policies relating to the administration of the act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies, rates of exchange, interest rates, and the terms under which dollar credit sales are made. The Advisory Committee is composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry.

Section 408 requires the President to make an annual report to the Congress with respect to the activities carried out under the act.

Section 409 provides that the new authority shall expire December 31, 1968.

Section 410 makes section 620(e) of the Foreign Assistance Act of 1961, as amended, applicable to assistance provided under title I of this act. Section 620(e) provides for suspending assistance to a country which expropriates or takes certain other acts affecting property owned by U.S. citizens.

SECTION 3 OF H.R. 14929

Section 3 of the bill would amend certain existing provisions of law.

Subsection (a) of section 3 would delete from section 9 of the act of September 6, 1958, the special authority to make donations abroad of fats and oil. This authority is included in the general authority provided by the new title II.

Subsection (b) of section 3 would delete from section 709 of the Food and Agriculture Act of 1965 that part authorizing the purchase of dairy products for foreign donation. This authority is included in the general authority provided by the new title II.

Subsection (c) of section 3 would delete from section 416 of the Agricultural Act of 1949 that part authorizing donation abroad of Commodity Credit Corporation stocks. This authority is consolidated into the new title II of this act.

Subsection (d) of section 3 of the bill would amend section 8 of Public Law 85-931 to authorize the financing under title I of this act of the sale of products manufactured from cotton, provided the raw cotton

content accounts for a substantial portion of the sales price. Under the existing terms of section 8 only that portion of the sales price attributable to the raw cotton content of the manufactured products may be financed.

Subsection (e)(1) of section 3 of the bill provides that any voluntary adjustment program for a commodity shall provide for the production of a supply of such commodity that will assure a carryover of at least 25 percent of the total estimated requirements for the year.

Subsection (e)(2) of section 3 of the bill would amend section 407 of the Agricultural Act of 1949 to provide that whenever the Secretary determines that the carryover at the end of any marketing year of a price-supported commodity for which a voluntary adjustment program is in effect will be less than 25 percent of the estimated requirements, the CCC minimum sales price for unrestricted use shall be 115 percent of the current support price, excluding that part of the current support price made available through marketing certificates or payments, plus reasonable carrying charges.

SECTION 4 OF H.R. 14929

Section 4 of the bill provides that the amendments made by the bill shall take effect as of January 1, 1967.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill as amended by the committee are shown as follows: The left-hand column printed in roman shows the text of statutes or parts of statutes which are proposed to be repealed or amended. The right-hand column printed in italics shows the text of the bill as amended by the committee as relating to comparable provisions of existing law.

EXISTING LAW

P. L. 480, 83d CONGRESS, AS AMENDED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

COMMITTEE BILL, AS AMENDED

H.R. 14929

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food for Freedom Act of 1966".

SEC. 2. *The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.*

EXISTING LAW

TITLE 1—SALES FOR FOREIGN CURRENCY

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

- (a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

TITLE I

SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

- (a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, their activities related to the problems of population growth, and the resources required to attain such objectives;

- (b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971: Provided, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

- (c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act;

(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries, and which are not less favorable than the highest of exchange rates obtainable by any other nation;

(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries by any nation which would not discriminate against commodities sold under this Act;

COMMITTEE BILL, AS AMENDED

EXISTING LAW

(g) require such foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purpose of this Act, but in any event to the extent necessary to permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies.

(i) *promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;*

(k) *whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;*

(l) *obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America.*

SEC. 102. *For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural*

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations

issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks. The Commodity Credit Corporation shall finance ocean freight charges incurred pursuant to agreements entered into after December 31, 1964, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

SEC. 108. The Commodity Credit Corporation may bear the cost of ocean transportation incurred pursuant to agreements entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. The balance of such charges

EXISTING LAW

COMMITTEE BILL, AS AMENDED

for transportation in United States vessels shall be required to be paid in dollars by the nations or organizations with whom the international agreement is entered into, and dollar credit terms may be extended therefor on the same terms as those provided in section 106 for dollar credit sales.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to

SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred.

(1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000.

Sec. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in any amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years.

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies, including principal and interest from loan repayments, which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title after the date of this amendment shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies as set aside as he determines not to be needed, within a reasonable period of time for such purpose: *Provided further*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for

SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(b) * * * — (1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or

United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this subsection and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this subsection. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(d) For financing the purchase of goods or services for other friendly countries;

expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural trade development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such required representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

(g) For the purchase of goods or services for other friendly countries;

COMMITTEE BILL, AS AMENDED

EXISTING LAW

(e) For promoting balanced economic development and trade among nations, for which purposes currencies shall also be available to the maximum usable extent through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

(f) To promote multilateral trade and agricultural and other economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which

purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: Provided, That no such funds may be utilized to promote religious activities;

(b) * * *

(2) *finance international educational and cultural exchange activities under the program authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);*

(h) For the financing of international educational exchange activities under the programs authorized by section 32 (b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)), and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title IV of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for the period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad; *Provided, That not more than*

Included in (a) above.

\$5,000,000 may be allocated for this purpose during any fiscal year.

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation acts;

(1) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be avail-

Included in (a) above.

(b) * * *

(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(b) * * *

(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

able for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), or section 212(B) of the Merchant Marine Act, 1936, and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

Included in (a) above.

(b) * * * —

(5) *finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;*

(c) *To procure equipment, materials, facilities, and services for the common defense including internal security;*

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grants or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) For supporting workshops in American studies or American educational techniques and supporting chairs in American studies;

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);

(s) For the sale for dollars to American tourists under such terms and conditions as the President may prescribe;

Included in (a) above.

Included in (a) above.

(d) For assistance to meet emergency or extraordinary relief requirements;

Included in (a) above.

(j) For sale for dollars to United States citizens and non-profit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The

*United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation.
Included in (j) above.*

(t) For sale to United States citizens as provided herein. In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under the Foreign Assistance Act of 1961, as amended, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts, except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.

(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

(i) For paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

Provided, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b).

*Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title pursuant to agreements entered into on or before December 31, 1964 and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: *Provided, however, That no foreign currencies shall be available pursuant to subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation acts.***

There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency

SEC. 407. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency

for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title, and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.

The committee shall be consulted with respect to: (1) policies relating to (a) loans under subsections (e) and (g) hereof, (b) the degree of convertibility to be required under section 101(g), and (c) the amount of currency to be reserved in sales agreements for loans to private industry under subsection (e) hereof; and (2) each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in section 403.

No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation act) any principal or interest from loan repayments under this section, shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry

for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two committees a resolution stating in substance that that Committee does not favor such agreement or proposal.

Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee herein established designate a different rate.

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

SEC. 105. *Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.*

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is at the time of exportation or donation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act. For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement, or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United

SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country.

SEC. 402. The term "agricultural commodity" as used in this Act shall include any product of an agricultural commodity. Subject to the availability of appropriations therefor, any domestically produced fishery product (not including fish concentrate until approved by the Food and Drug Administration) may be made available under this Act.

SEC. 103. * * *

(d) makes sales agreements only with those countries which he determines to be friendly to the United States: Provided, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, "friendly country" shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist

States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under Title IV with nations which fall within the definition of "friendly nation" for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.

The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each year and at such other times as may be

movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of "friendly country" for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

SEC. 408. The President shall make a under this Act at with respect to the activities carried out report to Congress least once each year.

appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109. Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capital production and improve the means for storage and distribution of agricultural commodities, including:

- (1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;*
- (2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;*
- (3) training and instructing farmers in agricultural methods and techniques;*
- (4) constructing adequate storage facilities;*
- (5) improving marketing and distribution systems;*
- (6) creating a favorable environment for private enterprise and investment, both domestic and foreign and utilizing available technical know-how;*
- (7) establishing and maintaining Government policies to insure adequate incentives to producers; and*
- (8) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium*

aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales): *Provided, That notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.*

SEC. 409. *No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.*

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, 1966, except as required pursuant to agreements theretofore entered into pursuant to this title.

TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly people in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and

TITLE II

SEC. 201. *The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and to provide assistance for needy persons and for nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural*

(2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic and community development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

commodities determined to be available under section 401 as he may request.

SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions

SEC. 203. Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, 1965, and ending December 31, 1964, which call for appropriations of more than \$400,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit

Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in effect during such preceding year. The President may make transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of land locked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790) may be paid from such funds. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated

arising out of the ocean transport of commodities transferred pursuant thereto.

SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$800,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources. Funds required for ocean freight costs or for the purchase of foreign currencies authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1966.

See section 409 above.

TITLE III—GENERAL PROVISIONS

SEC. 302. Section 416 of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 416. In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment

TITLE III

(Sec. 416 of the Agricultural Act of 1949, as amended)

* * * * *

SEC. 416. In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities

for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities

not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served. In the case of (3) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United

States'' include the District of Columbia and any Territory or possession of the United States.

(Sec. 303 of Public Law 480 not changed by H.R. 14929.)

disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms 'State' and 'United States' include the District of Columbia and any Territory or possession of the United States. The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or

COMMITTEE BILL, AS AMENDED

EXISTING LAW

equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

SEC. 304. (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics or the Communist regime in China and with nations dominated or controlled by the Union of Soviet Socialist Republics or the Communist regime in China and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.

SEC. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the People of the United States of America and where available funds accruing under title I shall be used for this purpose.

SEC. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of

(Sec. 304 of Public Law 480 would be repealed by sec. 2(D) of H.R. 14929.)

SEC. 103 * * *

(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

(Sec. 305 of Public Law 480 would be repealed by sec. 2(D) of H.R. 14929.)

Covered by section 202 above.

(Sec. 306 of Public Law 480 would be repealed by Section 2(D) of H.R. 14929.) This section authorizing the Secretary of Agriculture to establish a Food Stamp Plan to distribute surplus foods domestically to needy people was effective until January 1962. A new Food Stamp Act was enacted in 1964.

August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February 1, 1960, and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed \$250,000,000 in any 12-month period beginning February 1 and ending January 31.

(b) In carrying out such program, the Secretary shall—

(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

(c) The Secretary shall issue to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b)(1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b)(3).

(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made

COMMITTEE BILL, AS AMENDED

EXISTING LAW

available under this section shall be ineligible for further participation under this section.

(e) Surplus foods to be distributed under this section shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under Section 32 of Public Law 320, 74th Congress.

(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section.

(Sec. 307 of Public Law 480 would be repealed by Section 2(d) of H.R. 14929.)

(Sec. 308 of Public Law 480 would be repealed by sec. 2(D) of H.R. 14929.)

SEC. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act.

SEC. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

- (1) to dispose of its stock of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States;

- (2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.

TITLE IV—LONG-TERM SUPPLY CONTRACTS

SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use. It is also the purpose of this title to stimulate and increase the sale of surplus agricultural commodities for dollars through long-term supply agreements and through the extension of credit for the purchase of such commodities, by agreements either with friendly nations or with the private trade, thereby assisting the development of the economies of friendly nations and maximizing dollar trade.

SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations, including financial institutions acting in behalf of such nations, under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made. In furtherance of the purpose of maximizing dollar sales through the private trade, the Secretary of Agriculture is authorized

SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

SEC. 106. Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit: Provided, That payment shall be made in reasonable annual amounts over periods not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery. Interest shall be in dollars and at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section; interest shall be computed from the date of last delivery.

SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other pro-

to enter into sales agreements with foreign and United States private trade under which he shall undertake to provide for the delivery of surplus agricultural commodities over such periods of time and under the terms and conditions set forth in this title. Any agreement entered into hereunder with the private trade shall provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the amount due for agricultural commodities sold pursuant to such agreement.

vision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the term of credit longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

(d) In carrying out this Act, the provisions of sections 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108, 402, 403, 407, 408, and 409 shall be applicable to sales under this section. Sections 102 and 403 shall also be applicable to sales made under the Commodity Credit Corporation export credit sales program.

SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery.

SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

SEC. 405. In the case of such agreements, the Secretary may enter into agreements with other friendly and historic

supplying nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

SEC. 406. In carrying out this title, the provisions of sections 101 (b) and (c), 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

TITLE IV

SEC. 401. *Set forth above.*

SEC. 402. *Set forth above.*

SEC. 403. *Set forth above.*

SEC. 404. *The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.*

SEC. 405. *The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.*

SEC. 406. (a) *In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—*

(1) *To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and*

distribution and improving the effectiveness of their farming operations;

(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

(3) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

(4) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: Provided, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

(5) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of

service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

(6) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

SEC. 407. Set forth above.

SEC. 408. Set forth above.

SEC. 409. Set forth above.

SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act.

ACT OF SEPTEMBER 6, 1958 (PUBLIC LAW 85-931)

* * *

SEC. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus

ACT OF SEPTEMBER 6, 1958 (PUBLIC LAW 85-931)

* * *

SEC. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural

EXISTING LAW

agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

SEC. 9. Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations

COMMITTEE BILL, AS AMENDED

commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That only those products may be financed in which the raw cotton content accounts for a substantial portion of the sales price.

SEC. 9. Notwithstanding any other provision of law those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431).

for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949.

FOOD AND AGRICULTURE ACT OF 1965

* * * SEC. 709. The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, foreign distribution, and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.

FOOD AND AGRICULTURE ACT OF 1965

* * * SEC. 709. The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.

AGRICULTURAL ACT OF 1949

* * * SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers

AGRICULTURAL ACT OF 1949

* * * SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carry-

EXISTING LAW

from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges: *Provided*, That effective with the beginning of the marketing year for the 1961 crop, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 per centum above the current support price for cotton plus reasonable carrying charges, except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of section 342 of the Agricultural Adjustment Act of 1938, as amended: *Provided further*, That beginning August 1, 1964, the Commodity Credit Corporation may sell upland cotton for unrestricted use at not less than 105 per centum of the current loan rate for such cotton under section 103(a) plus reasonable carrying charges: *Provided further*, That if a wheat marketing allocation program is in effect, the current support price for wheat shall be the support price for wheat not accompanied by marketing certificates. * * *

COMMITTEE BILL, AS AMENDED

ing normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges: *Provided*, That effective with the beginning of the marketing year for the 1961 crop, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 per centum above the current support price for cotton plus reasonable carrying charges, except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of section 342 of the Agricultural Adjustment Act of 1938, as amended: *Provided further*, That beginning August 1, 1964, the Commodity Credit Corporation may sell upland cotton for unrestricted use at not less than 105 per centum of the current loan rate for such cotton under section 103(a) plus reasonable carrying charges: *Provided further*, That if a wheat marketing allocation program is in effect, the current support price for wheat shall be the support price for wheat not accompanied by marketing certificates: *Provided*, That whenever the Secretary of Agriculture deter-

*mines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum of the current price support loan plus reasonable carrying charges. * * **

** * * The amendments made by H.R. 14929 would take effect as of January 1, 1967.*

ADDITIONAL INDIVIDUAL VIEWS OF HON. PAUL C. JONES,
MEMBER OF CONGRESS, 10TH MISSOURI DISTRICT

As a member of the House Committee on Agriculture since 1951, who participated in the original enactment of Public Law 480, and who has supported the concept of this legislation for the past 12 years, I have followed the administration of this program very closely, and have observed its operation in many parts of the world. From time to time I have been critical of the operation and have been convinced that the United States as well as the recipient nations have not received the maximum benefits from the billions of dollars which have been invested by the American taxpayer.

In my opinion, the greatest deterrent to the most successful operation of the program has been the ever present and often repeated "no strings attached" policy of the State Department, which in effect has exercised the equivalent of a veto power over the operation of the program by officials in the Department of Agriculture. Over the years I have been attempting to stress the importance and the necessity of the U.S. Government in not only directing, but requiring that the funds or commodities provided by the United States be used in the manner and for the purposes intended.

Most members will recall the frequent references I have made to one instance where a representative of the State Department appearing before a subcommittee of which I am chairman (Committee on Departmental Oversight) not only admitted that the State Department had not carried out either the spirit or the letter of the law, but justified the Department's action by stating that the Congress erred in passing the law.

I think the committee has made crystal clear the intention of Congress, to "assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people, etc.," and it also sets up certain guidelines and requirements to be met, and I would hope that the State Department will recognize that it is the intention of the committee—certainly this member—that there should be "strings attached" to any kind of assistance that is granted.

PAUL C. JONES.

ADDITIONAL VIEWS

Because of the importance of this legislation in meeting the growing world food and population crisis, as well as its vital impact on American agriculture, we would like to express in these additional views some further observations on the strengths and weaknesses of H.R. 14929.

This bill extends and amends Public Law 480 which was enacted by the Republican 83d Congress in 1954. Under the leadership of President Eisenhower this program became the cornerstone of "Food for Peace" when, in 1960, Dr. Don Paarlberg was appointed as the first Food for Peace Director. Those of us who served in the Congress 12 years ago joined in supporting the enactment of Public Law 480 and through this law's various extensions under both Republican and Democratic administrations all of us, including those who came to Congress more recently, have attempted to make it a workable and effective program.

In many respects H.R. 14929 is an excellent bill. Amendments from the Republican side of the committee—to provide continuing congressional review of the operation and administration of the program by limiting the extension to 2 years; to retain the basic concept of "friendly countries"; to strengthen our national efforts to halt the supplying of hostile Communist regimes in Cuba and North Vietnam; to improve the effectiveness of the Joint Congressional-Executive Advisory Committee; to insist, when possible, upon a 5-percent cash payment in title I sales agreements; to place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose; to require, insofar as practicable, the identification of food sold for foreign currencies as being provided through the generosity of the American people; and to include a revised version of the "Bread and Butter Corps"—were offered in a sincere effort to improve this bill. We are pleased that the committee has accepted these amendments and recognize that in several instances it did so in spite of strong administration opposition.

During the entire consideration of this bill there has been an unrelenting effort by the administration to discard the statutory concept of friendly countries that has been in Public Law 480 for many years. Since this effort is unlikely to cease as this bill proceeds toward enactment, we believe a thorough understanding of this issue is necessary.

SALES TO FRIENDLY COUNTRIES

The bill as reported by the committee defines in several categories certain countries as not being "friendly" and thus ineligible for either local currency sales or long-term dollar credit sales underwritten by our Government.

First: For the purposes of the act, any countries or areas which are under the domination or control of a world Communist movement

are declared not be "friendly" (i.e., Russia, Red China, and their satellites).

Second: *For the purposes of local currency sales only*, any Communist country is declared not to be "friendly." In essence this means that nations like Poland and Yugoslavia, which our Government has found to be independent of Russia, would be eligible for long-term dollar credit sales but *would not be eligible* for local currency sales.

While we feel that a 40-year credit sale to any Communist country does not appear to be in our national interest and regret that an amendment to limit dollar credit sales to Warsaw pact nations failed in the committee, we most emphatically point out that further local currency sales to Poland and Yugoslavia would be nothing short of ridiculous.

The following table shows the value of currencies on hand in 10 "excess currency" nations as of December 31, 1965. As can be seen from the table, excess Polish currencies total \$492.8 million and excess Yugoslav currencies total \$132.6 million. One's pragmatism, if not his philosophy concerning trade with Poland and Yugoslavia, seems to us to dictate that there should be no further local currency sales with these nations.

BALANCES OF FOREIGN CURRENCIES

Balances of foreign currencies acquired by the U.S. Government without payment of dollars, as of Dec. 31, 1965.

[In millions of dollar equivalents]

	Available for U.S. use	Available for country use	Balance on hand
Excess currency countries:			
India.....	586.2	732.0	1,318.2
Poland.....	492.8		492.8
United Arab Republic (Egypt).....	121.3	139.9	261.2
Pakistan.....	125.4	124.9	250.3
Yugoslavia.....	41.7	90.9	132.6
Israel.....	25.9	29.4	55.3
Burma.....	23.7	15.3	39.0
Guinea.....	4.5	19.6	24.1
Tunisia.....	6.7	15.4	22.1
Ceylon.....	2.1	12.8	14.9
Total excess currencies.....	1,430.3	1,180.2	2,610.5
Near-excess countries: (11 countries) total.....	25.8	108.9	¹ 133.1
Nonexcess currencies: (67 countries) total.....	40.3	132.4	¹ 133.7
Grand total (all currencies).....	1,496.4	1,421.5	¹ 2,877.3

¹ Total balance on hand for near-excess and nonexcess countries is less than the sum of the available use columns because of advances made of unfunded currencies which are still kept on the books as available for U.S. use.

Source: Treasury Department Fiscal Service, Bureau of Accounts, C.Q.

Third: For the purpose of both local currency sales and long-term dollar credit sales, any nation is deemed not to be "friendly" if it either sells or furnishes or if it allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba (except for U.S. facilities at Guantanamo Bay) as long as those nations are ruled by Communist regimes. This amendment simply offers to various nations who may be tempted to trade with those two enemies of the United States the choice between concessional (i.e., government-subsidized) sales from our Government under Public Law 480 or continued commerce with Castro or Ho Chi Minh.

Any nation now carrying on commercial activities with these two Red regimes need only refrain from doing so if it wishes to acquire U.S. farm products for its own currency or on a long-term dollar credit basis. We frankly see no cogent reason to weaken this provision and are pleased that the committee rejected a last-minute effort to do so.

Fourth: For the purpose of local currency sales and long-term dollar credit sales any country which the President finds is an "aggressor" or is acting in a manner "inimical" to U.S. foreign policy is declared not to be "friendly." This provision we feel, gives the President sufficient latitude to deal with non-Communist nations throughout the world in such a manner that will effectively carry out our foreign policy.

Fifth: In various other provisions of this bill the clear message is written that Congress does not intend that concessional (i.e., Government-subsidized) sales programs shall be offered to Communist countries, or to areas or countries dominated by a world Communist movement, or to nations acting in a manner "inimical" to the interest of the United States, or to "aggressor" nations or to nations which actively assist North Vietnam or Cuba or to nations which expropriate the property of U.S. citizens without due process of law. The bill also includes a directive for the President to use the authority to make title I sales in a manner that will assist friendly countries to be independent of domination or control by any world Communist movement (i.e. Russia or Red China). This policy, we feel, is one which the American people will overwhelmingly support.

FOOD DONATIONS IN NATIONS NOT DEEMED TO BE "FRIENDLY"

During the preceding discussion, we have carefully alluded to "friendly" countries in the context of concessional (i.e., government-subsidized) sales. We would now point out that title II of the bill, which deals with *donations* of food for urgent or extraordinary relief requirements and for several other purposes, is not confined to "friendly" countries.

We recognize the wisdom of the statement that "no one is starved into freedom."

This bill, therefore, has been left in the same context as the existing provisions of Public Law 480 which permit the exercise of the humanitarian instincts of the American people to feed "friendly but needy populations regardless of the friendliness of their governments." The bill sets forth, we feel, the authority and the proper procedures to meet the emergency needs of starving people, no matter where they may be in the world.

FORTY-YEAR CREDIT SALES

At one point the committee adopted by a 21-12 vote an amendment to continue long-term dollar credit sales on the same terms and conditions as are now in effect under title IV of Public Law 480. These maximum terms and conditions allow 20-year repayment periods, 2-year grace periods, and interest rates not less than 2½ percent per year after the grace period and not less than 1 percent per year during the grace period.

As the record of long-term dollar credit sales under title IV of the present Public Law 480 shows, there has been a large and growing rate of long-term dollar credit transactions in recent years, and in many instances these agreements have been executed on terms and conditions less liberal than the present statute permits.

We are opposed to permitting 40-year repayment periods and 10-year grace periods, at a minimal interest rate of 2½ percent after the grace period and 1 percent during the grace period. It seems to us that our balance-of-payments problem could be met more effectively with repayment and grace periods of shorter durations than that provided in the committee amendment.

It also seems apparent that there is a valid distinction to be made between foreign assistance loans to construct structures such as buildings, roads, or dams which will remain in being for many years, and perishable food supplies which will be consumed in a very short time. There is also, of course, the serious question of whether the bulk of 40-year loans will ever be repaid, as governments which sign a promissory note today may later be replaced by governments which may default on obligations to pay for foodstuffs consumed some four decades earlier.

We certainly do not wish to "discriminate" against our farmers by retaining the present law in regard to long-term dollar credit sales and grace periods. We would point out that for some years now there has been a difference between the terms of our regular foreign aid loans and the terms of title IV dollar credit sales under Public Law 480, but this is the first time we have heard of any alleged "discrimination" against farmers.

The issue seems to boil down to a situation comparable to the debtor who said to his creditor, "I'd rather owe you forever than beat you out of it."

RESERVE POLICY—RELEASE PRICES

We are pleased that H.R. 14929 does not contain the legislative recommendations proposed by the administration in H.R. 12784, a companion bill accompanying H.R. 12785, the original "food for freedom" bill. We feel the committee acted wisely in abandoning H.R. 12784, the effect of which would have been to give the Secretary of Agriculture new and unprecedented authority to manipulate market prices for a host of agricultural commodities.

The committee has, however, included the following provision which is, ostensibly at least, applicable to cotton, feed grains, and wheat:

(e)(1) Notwithstanding any other provision of law, in order to assure a continuous and adequate and stable supply of food and fiber to meet all domestic and export requirements at fair and reasonable prices, the Secretary shall in the formulation of any voluntary adjustment program for any such commodity provide for the production of an adequate supply of such commodity. Such production shall be not less than that needed to assure that at the end of the marketing year the carryover of such commodity will not be less than 25 per centum of the total estimated requirements for such marketing year.

(2) Section 407 of the Agriculture Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: “: *Provided*, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum of the current price support loan plus reasonable carrying charges.”

At the time this provision was considered by the committee, we supported a Republican effort to make this provision meaningful and effective. We suggested an amendment to set the statutory release price for unrestricted domestic sales of both wheat and feed grains at 125 percent of loan level plus reasonable carrying charges, while closing various loopholes in present law which now permit Government grain sales to hold down market prices. If adopted, this amendment would have become effective immediately and would not have been contingent upon the amount of any carryover of grain owned by the Commodity Credit Corporation. Our effort, unfortunately, was unsuccessful, but we intend to persevere in our attempts to improve grain market prices.

WHY THE COMMITTEE PROVISION IS INEFFECTIVE

Paragraph (1) of this provision requires in essence that the Secretary of Agriculture accumulate at least a 25-percent carryover of cotton, feed grains, and wheat in administering these three commodity programs.

Paragraph (2) then states that if the Secretary fails to do what he is directed to do in paragraph (1), then the general rule governing the unrestricted sales of these commodities will be changed from prohibiting such sales at less than 105 percent of the *support* price plus carrying charges to 115 percent of the *loan* price plus carrying charges. Since this provision is an amendment to section 407 of the Agricultural Act of 1949, as amended, all the exceptions in section 407 to the general rule would, of course, remain (i.e., export sales, out of condition sales, etc.). Also included in these exceptions is the redemption of payment-in-kind certificates for feed grains at 100 percent of the loan plus carrying charges (see sec. 105(e) of the Agricultural Act of 1949, as amended, and sec. 16(i)(5) of the Soil Conservation and Domestic Allotment Act, as amended) and the redemption of cotton at the loan level (see sec. 103(d)(7) of the Agricultural Act of 1949, as amended).

In short, then, the 115-percent formula would not go into effect until there was *less than* a 25-percent carryover, and it would not even then be effective with regard to feed grain and cotton sales. As far as wheat is concerned, it would not apply to export sales or out of condition sales or the other excepted dispositions permitted in section 407.

What, then, are the prospects for a carryover of less than 25 percent of normal domestic and export consumption?

During the hearings, Secretary Freeman engaged in the following colloquy with Representative Quie:

Mr. QUIE. You, also, pointed out here in the 1964 report by the Agricultural Advisory Commission that there has been some new study on the amount of reserves to be made available, but you do not state what the reserves ought to be on feed grains or dairy products that you mention. Do you have those figures, or could you say now from study of this, what the reserves should be that we would have on hand?

Secretary FREEMAN. Yes. I would be happy to read them into the record. These are subject to revision. We have them under constant study. As I said in my prepared testimony, this goes back to a Senate document in 1952. It is based, roughly, on the anticipation——

Mr. QUIE. You are not going to give me the 1952 figures, are you?

Secretary FREEMAN. I am going to give you the figures that are now current. Let me give them to you, and you can question the bases, if you wish.

These are recommended by the Advisory Commission and we are standing on them yet.

Wheat.....	bushels..	630, 000, 000
Rice.....	hundredweight..	9, 000, 000
Feed grains.....	tons..	45, 000, 000
Cotton.....	bales..	6, 200, 000
Soybeans.....	bushels..	100, 000, 000
Edible vegetable oils.....	pounds..	800, 000, 000
Dried beans.....	do.....	150, 000, 000
Lard.....	do.....	8, 000, 000
Dairy products, nonfat dry milk.....	do.....	530, 000, 000
Butter.....	do.....	100, 000, 000
Cheese.....	do.....	380, 000, 000
Flaxseed.....	bushels..	8, 000, 000

Those were the items that were set down at that time.

Based on the figures recommended by the Advisory Commission and accepted by the Secretary, carryovers of 630 million bushels of wheat, 45 million tons of feed grains, and 6 million bales of cotton are the amounts this administration will seek to maintain as an "ever-normal granary."

Based on current levels of total disappearance, all these "ever-normal granary" figures are *in excess of* 25 percent. Thus, if the Secretary is successful in his effort that paragraph (1) of this provision directs him to do, the release price formula in paragraph (2) will never go into effect.

Taking a look at the present situation on wheat and feed grains this year, the futility of this provision becomes even more apparent:

Consumption of wheat will be over 1.3 billion bushels and stocks on June 30 will be, by most estimates, below 600 million bushels, or between 40 to 45 percent of total domestic and foreign consumption. In addition there will be a 15 percent increase in the wheat acreage allotment next year.

Corn utilization will be approximately equal to last year's production of 4,171 million bushels, and estimated carryover is 1,170 million bushels on October 1, 1966, or about 28 percent of total use.

Grain sorghum production was 666 million bushels in 1965. Total use this year should nearly equal last year's production, but with the carryover from previous years, the estimated carryover into the next crop year will be 566 million bushels, or 85 percent of the requirement for 1 marketing year.

Cotton production was 14.8 million bales in 1965. Total use for 1965-66 is estimated at 12.7 million bales, and the carryover on August 1, 1966, is expected to total 16.5 million bales, an alltime high. The estimated carryover then is nearly 130 percent of the 1965-66 total disappearance.

In summary, carryover into the next crop year will be 40 to 45 percent for wheat, 28 percent for corn, 85 percent for grain sorghum, and 130 percent for cotton of the estimated requirements for the next marketing year. Thus, the use of 25 percent minimum requirement is meaningless.

SUMMARY

In a world where mankind is engaged in a race between food production and population growth, Public Law 480 has in the past meant the difference between life and death for millions of people all over the earth. At the same time, this program has developed new markets for American agriculture and has been an invaluable instrument of American foreign policy. We wholeheartedly support the continuation and expansion of this program to meet even greater challenges and more gigantic needs that loom on the world horizon. We have attempted to perfect and improve, to innovate, advance, and supplement H.R. 14929 with our ideas and principles. We expect to continue in this effort as this bill proceeds towards enactment.

PAUL B. DAGUE.

PAGE BELCHER.

CHARLES M. TEAGUE.

ALBERT H. QUIE.

CATHERINE MAY.

RALPH HARVEY.

PAUL FINDLEY.

ROBERT DOLE.

LAURENCE J. BURTON.

GEORGE V. HANSEN.

ADDITIONAL INDIVIDUAL VIEWS OF HON. BOB DOLE OF KANSAS

In addition to the views previously expressed, I would like to comment briefly on the development of and the reasoning behind the technical assistance provisions in section 406 of the bill.

Last fall, after returning from the Food and Agricultural Organization's 20th Anniversary Conference in Rome, Italy, where it was my privilege to serve as a congressional adviser representing the House, I began to explore the feasibility of expanded U.S. technical assistance in the area of agricultural production and distribution. I talked with many people in and out of government on this problem and, when the committee began its hearings with 10 outstanding public witnesses, their comments stressed the need for increased technical assistance. Meanwhile, I wrote to each State extension director and president of every land-grant college to solicit their comments and suggestions on how to best meet the growing world food problem. As a result of these contacts and the advice from my colleagues, on both sides of the aisle in the Committee on Agriculture, I introduced H.R. 13753, a bill to establish a "Bread and Butter Corps" on March 17, 1966. Similar proposals were later introduced by Congressman Richard Poff of Virginia and Congressman Burt Talcott of California. My proposal was considered at length by the committee. It was revised, amended, and finally included as sections 406 and 104(i) of H.R. 14929.

Needless to say, I am pleased the committee accepted this amendment because it is, in my opinion, reasonable and necessary. Public Law 480 was pioneered by the late, great Kansas Senator, Andrew F. Schoeppel in 1953 and 1954, and was passed by the 83d Congress, when former Congressman Clifford R. Hope was the chairman of the House Committee on Agriculture. The "Bread and Butter Corps" amendment, as revised and expanded by the committee, is important not only to the Kansas farmer, but to all Kansans, all Americans, and for that matter, all free world countries.

DO WE NEED A BETTER COORDINATED AND ACCELERATED TECHNICAL ASSISTANCE PROGRAM?

One need only look at the arithmetic of world population growth to get part of the answer. *In 15 years*, by 1980, present population trends indicate an increase in world population of *1 billion people*. By the beginning of the 21st century, only 34 years from now, world population is expected to double. In Latin America, Asia, and Africa, the growth rate is much more rapid, and in a number of countries in these areas, their populations will double within 20 years.

The following table which was presented by Dr. Irene Taeuber of Princeton University during the hearings, dramatically shows the present trends in world population growth:

World population growth

In 1850 there were 750 million people in the world; in 1900 there were 1.5 billion; in 1960 there were 3 billion. In 2000, if present trends continue, there will be 7.5 billion.

Projections—World and major areas

Area	Annual percent increase	Years to double
World	2.1	33
More developed areas	1.3	54
Europe	0.8	88
North America	1.6	44
Oceania	1.7	41
Less developed areas	2.5	28
Mainland Middle America	3.8	18
Tropical South America	3.7	19
Southeast Asia	3.0	23
Middle South Asia	2.6	27
West Africa	3.3	21
Polynesia, Micronesia	4.0	17

Continuation of present trends in India will mean a population increase from 432.7 million in 1960 to 1,233.5 billion by the year 2000 (in other words, nearly triple). If India's birth rate is *cut in half*, her population by the year 2000 is expected to *more than double* to 908 million.

The hearings also reveled the cold, brutal, and realistic fact that the United States and other developed countries will not be able to feed and clothe the unborn millions who are destined to populate the earth in the next few decades. Therefore, the clear mandate exists that we must do everything within our power to assist these people to help themselves meet their own basic needs if world peace and stability is to be maintained.

Another reason the technical assistance "know how" and "show how," self-help effort should be expanded is that when one looks to what currently is being done in this area, it shapes up as being really quite modest. For example, the FAO of the United Nations carries on a technical assistance program throughout the world. * As you may know, there are some 112 nations that belong to FAO, but do you have any idea how many people, how many actual individuals are in the field working in these projects? *The fact is there are about 250.* In other words, about 2 people per country, or put another way—the 250 people that FAO has in the field could easily get lost getting off the boat in Calcutta, India. When it comes to the *AID technical assistance activities*, testimony in our committee indicated that there are in the aggregate *about 1,000 such persons.* Looking again at the massive scope of the problem and the size in populations of the nations which need this assistance, the present thousand people represent virtually a drop in the bucket in this effort. Finally, the Peace Corps, which carries a heavy emphasis on young people who are idealistically motivated, does not possess the agricultural expertise and knowledge that is of practical and substantive assistance in getting the results that are required if a world food and population crisis is to be averted.

Finally when expressed in just dollars and cents, the allocation of a small portion (1 percent under the bill) of our financial resources to self-help and local agricultural improvement programs will, in my

opinion, prove to be a very good investment in the long run. It certainly will be less expensive to American taxpayers if India, for example, is able to meet most of her own food needs, rather than relying on the United States indefinitely for outright food gifts or quasi-gifts made under title I local currency and long-term dollar credit sales agreements.

WHAT'S NEW AND WHAT'S OLD ABOUT THIS PROVISION?

During the hearings, almost every witness indicated the need for increasing our technical assistance to developing countries; however, there was nothing in the administration bill being considered which would do this. As this proposal has been debated, some have asked, "What is new about it?"

In the first place, "new" has been defined as something "old" that everybody has forgotten about; and in farm legislation it often is quite difficult to find proposals that are absolutely unique and original.

The concept of technical assistance is certainly one which has been around for a long time within the framework of our agricultural and foreign assistance policies. The technical assistance program (point IV) during President Truman's administration, the International Voluntary Service program of the Eisenhower administration, and the Peace Corps of President Kennedy's administration have all incorporated this concept to some extent. In addition, various foreign assistance activities administered by AID have been directed toward the expansion of American "know how" and "show how" throughout the world.

What then is new about this program? Actually, I believe there are *two basic innovations* which have been implemented in this legislation. *The first is better coordination. The second is the structuring of this program through land-grant colleges and other universities.*

COORDINATION

The coordination effort proposed by section 406 is directed first at the U.S. Department of Agriculture itself. The technical assistance program would be located in and under the direction of the Department of Agriculture. The Department would have the responsibility of coordinating the activities of the Federal Extension Service which includes the 4-H Club program, the Federal-State Cooperative Research Service, and the Foreign Agricultural Service, together with other useful and appropriate agencies. Second, the legislation contemplates the coordination of this type of technical assistance within the framework of the U.S. Government. The Secretary of Agriculture would be directed to consult and cooperate with the Director of the Peace Corps, the Administrator of AID, and the Secretary of State. In establishing this line of coordination, it is contemplated that any personnel who are trained and prepared for overseas service could be made available to agencies other than the USDA (or vice versa) if the President thought their services would be more valuable with some other agency. Also, the legislation is directed toward preserving the traditional responsibility and authority for the conduct of the foreign affairs of this country to continue to be lodged in the hands of the Secretary of State.

Thus, the first point is coordination. Coordination, I have found, is weak in some areas at the present time. Coordination within the Department of Agriculture and within our Government will, I hope, more efficiently and effectively channel the export of our most valuable commodity—American agricultural genius.

THE ROLE OF LAND-GRANT AND OTHER COLLEGES

The second part of this proposal, which is new, is the structuring of the major responsibility through land-grant colleges, such as Kansas State University, and other institutions of higher learning. On a contract or grant basis, these colleges would have *three responsibilities*. The *first* would be to train or retrain people who are either skilled in agricultural science and have a formal education in agriculture or home economics or to prepare practical farmers, farm wives, or others who have a workable knowledge of farming and home economics for service overseas.

This effort, as I contemplate it, would be conducted by the colleges themselves and would not require the Federal Government to establish expensive new facilities or hire faculties or instructors to perform these educational services.

The *second function* would be to establish agricultural institutes—more like short courses in practical agriculture—both here in the United States and overseas. These specialized agricultural institutes would be directed toward the training of persons who serve as volunteers in this program and foreign nationals. To the maximum extent possible, foreign currencies generated by the sale of farm commodities would be earmarked for the payment of expenses incidental to the conduct of these activities.

The *third function* would be to conduct selective research activities in conjunction with the agricultural institutes, emphasizing tropical and subtropical agriculture. During the hearings, one of the points made by several of the expert witnesses the committee heard was that there is a real lack of first-class localized research facilities in tropical and subtropical areas. Many times the technology of the North Temperate Zone of the globe is not readily and feasibly transferred to a tropical area. Again, using local currencies as much as possible, it seems feasible to concentrate on localized conditions and then demonstrate to the agricultural industry in the recipient country the value of this new technology.

SUMMARY

In summary, the concept embodied by my amendment to H.R. 14929 is something old, but also something new. It takes the concept of technical assistance, coordinates it within the USDA, and within the U.S. Government. It is structured through the land-grant and other colleges to provide training programs, the establishment of agricultural institutes and research and demonstration activities designed to meet man's most basic need—the need for food—a need which, if unsatisfied, could lead to the destruction of world peace.

BOB DOLE.



H. R. 14929

[Report No. 1558]

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

MAY 27, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food for Freedom Act
4 of 1966".

5 SEC. 2. The Agricultural Trade Development and As-
6 sistance Act of 1954, as amended, is amended—

7 (A) By amending section 2 to read as follows:

8 "SEC. 2. The Congress hereby declares it to be the
9 policy of the United States to expand international trade;

1 to develop and expand export markets for United States
2 agricultural commodities; to use the abundant agricultural
3 productivity of the United States to combat hunger and mal-
4 nutrition and to encourage economic development in the
5 developing countries, with particular emphasis on assistance
6 to those countries that are determined to improve their own
7 agricultural production; and to promote in other ways the
8 foreign policy of the United States.”

9 (B) By amending title I to read as follows:

10 “TITLE I

11 “SEC. 101. In order to carry out the policies and accom-
12 plish the objectives set forth in section 2 of this Act, the
13 President is authorized to negotiate and carry out agree-
14 ments with friendly countries to provide for the sale of
15 agricultural commodities for dollars on credit terms or for
16 foreign currencies.

17 “SEC. 102. For the purpose of carrying out agreements
18 concluded under this Act the Commodity Credit Corporation
19 is authorized to finance the sale and exportation of agricul-
20 tural commodities whether from private stocks or from stocks
21 of the Commodity Credit Corporation.

22 “SEC. 103. In exercising the authorities conferred upon
23 him by this title, the President shall—

24 “(a) take into account efforts of friendly countries
25 to help themselves toward a greater degree of self-

1 reliance, especially in providing enough food to meet
2 the needs of their people, their activities related to
3 the problems of population growth, and the resources
4 required to attain such objectives;

5 “(b) take steps to assure a progressive transition
6 from sales for foreign currencies to sales for dollars at
7 a rate whereby the transition can be completed by
8 December 31, 1971: *Provided*, That provision may be
9 included in any agreement for payment in foreign cur-
10 rencies to the extent that the President determines that
11 such currencies are needed for the purpose of subsections
12 (a), (b), (c), (e), and (h) of section 104;

13 “(c) take reasonable precautions to safeguard usual
14 marketings of the United States and to assure that sales
15 under this title will not unduly disrupt world prices of
16 agricultural commodities or normal patterns of commer-
17 cial trade with friendly countries;

18 “(d) makes sales agreements only with those coun-
19 tries which he determines to be friendly to the United
20 States: *Provided*, That the President shall periodically
21 review the status of those countries which are eligible
22 under this subsection and report the results of such re-
23 view to the Congress. As used in this Act, ‘friendly
24 country’ shall not include (1) any country or area
25 dominated or controlled by a foreign government or

1 organization controlling a world Communist movement,
2 or (2) for the purpose only of sales of agricultural
3 commodities for foreign currencies under title I of this
4 Act, any country or area dominated by a Communist
5 government, or (3) for the purpose only of sales of
6 agricultural commodities under title I of this Act any
7 nation which sells or furnishes or permits ships or aircraft
8 under its registry to transport to or from Cuba or
9 North Vietnam (excluding United States installations in
10 Cuba) any equipment, materials, or commodities, so long
11 as they are governed by a Communist regime. Notwith-
12 standing any other Act, the President may enter into
13 agreements for the sale of agricultural commodities for
14 dollars on credit terms under title I of this Act with coun-
15 tries which fall within the definition of 'friendly country'
16 for the purpose of such sales and no sales under this Act
17 shall be made with any country if the President finds
18 such country is (a) an aggressor, in a military sense,
19 against any country having diplomatic relations with the
20 United States, or (b) using funds, of any sort, from the
21 United States for purposes inimical to the foreign policies
22 of the United States;

23 " (e) take appropriate steps to assure that private
24 trade channels are used to the maximum extent practi-
25 cable both with respect to sales from privately owned

1 stocks and with respect to sales from stocks owned by
2 the Commodity Credit Corporation and that small busi-
3 ness has adequate and fair opportunity to participate in
4 sales made under the authority of this Act;

5 “(f) give special consideration to the development
6 and expansion of foreign markets for United States agri-
7 cultural commodities, with appropriate emphasis on
8 more adequate storage, handling, and food distribution
9 facilities as well as long-term development of new and
10 expanding markets by encouraging economic growth;

11 “(g) obtain commitments from purchasing coun-
12 tries that will prevent resale or transshipment to other
13 countries, or use for other than domestic purposes, of
14 agricultural commodities purchased under this title, with-
15 out specific approval of the President;

16 “(h) obtain rates of exchange applicable to the sale
17 of commodities under such agreements which are not less
18 favorable than the highest of exchange rates legally ob-
19 tainable in the respective countries by any nation which
20 would not discriminate against commodities sold under
21 this Act;

22 “(i) promote progress toward assurance of an ade-
23 quate food supply by encouraging countries with which
24 agreements are made to give higher emphasis to the pro-

1 duction of food crops than to the production of such
2 nonfood crops as are in world surplus;

3 “(j) exercise the authority contained in title I of
4 this Act to assist friendly countries to be independent of
5 domination or control by any world Communist move-
6 ment. Nothing in this Act shall be construed as author-
7 izing ~~transactions~~ *sales agreements* under title I with any
8 government or organization controlling a world Com-
9 munist movement or with any country with which the
10 United States does not have diplomatic relations;

11 “(k) whenever practicable require upon delivery
12 that not less than 5 per centum of the purchase price
13 of any agricultural commodities sold under title I of this
14 Act be payable in dollars or in the types or kinds of
15 currencies which can be converted into dollars;

16 “(l) obtain commitments from friendly purchasing
17 countries that will insure, insofar as practicable, that
18 food commodities sold for foreign currencies under title
19 I or this Act shall be marked or identified at point of
20 distribution or sale as being provided on a concessional
21 basis to the recipient government through the generosity
22 of the people of the United States of America.

23 “SEC. 104. Notwithstanding any other provision of law,
24 the President may use or enter into agreements with foreign
25 countries or international organizations to use the foreign

1 currencies, including principal and interest from loan repay-
2 ments, which accrue in connection with sales for foreign
3 currencies under this title for one or more of the following
4 purposes:

5 “(a) For payment of United States obligations (in-
6 cluding obligations entered into pursuant to other legis-
7 lation) ;

8 “(b) For carrying out programs of United States
9 Government agencies to—

10 (1) help develop new markets for United States
11 agricultural commodities on a mutually benefiting
12 basis. From sale proceeds and loan repayments un-
13 der this title not less than the equivalent of 5 per
14 centum of the total sales made each year under this
15 title shall be set aside in the amounts and kinds of
16 foreign currencies specified by the Secretary of
17 Agriculture and made available in advance for use
18 as provided by this paragraph over such period of
19 years as the Secretary of Agriculture determines
20 will most effectively carry out the purpose of this
21 subsection. Provision shall be made in sale and
22 loan agreements for the convertibility of such amount
23 of the proceeds thereof (not less than 2 per centum)
24 as the Secretary of Agriculture determines to be

1 needed to carry out the purpose of this paragraph
2 in those countries which are or offer reasonable
3 potential of becoming dollar markets for United
4 States agricultural commodities. Such sums shall
5 be converted into the types and kinds of foreign
6 currencies as the Secretary deems necessary to carry
7 out the provisions of this paragraph and such sums
8 shall be deposited to a special Treasury account and
9 shall not be made available or expended except for
10 carrying out the provisions of this paragraph. Not-
11 withstanding any other provision of law, if sufficient
12 foreign currencies for carrying out the purpose of
13 this paragraph in such countries are not otherwise
14 available, the Secretary of Agriculture is authorized
15 and directed to enter into agreements with such
16 countries for the sale of agricultural commodities in
17 such amounts as the Secretary of Agriculture deter-
18 mines to be adequate and for the use of the proceeds
19 to carry out the purpose of this paragraph. In
20 carrying out agricultural market development activi-
21 ties, nonprofit agricultural trade organizations shall
22 be utilized to the maximum extent practicable. The
23 purpose of this paragraph shall include such repre-
24 sentation of agricultural industries as may be re-
25 quired during the course of discussions on trade

1 programs relating either to individual commodities
2 or groups of commodities;

3 “(2) finance international educational and cul-
4 tural exchange activities under the programs au-
5 thorized by the Mutual Educational and Cultural
6 Exchange Act of 1961 (22 U.S.C. 2451 et seq.) ;

7 “(3) collect, collate, translate, abstract, and
8 disseminate scientific and technological information
9 and conduct research and support scientific activities
10 overseas including programs and projects of scien-
11 tific cooperation between the United States and
12 other countries such as coordinated research against
13 diseases common to all of mankind or unique to indi-
14 vidual regions of the globe, and promote and sup-
15 port programs of medical and scientific research,
16 cultural and educational development, family plan-
17 ning, health, nutrition, and sanitation;

18 “(4) acquire by purchase, lease, rental, or
19 otherwise, sites and buildings and grounds abroad,
20 for United States Government use including offices,
21 residence quarters, community and other facilities,
22 and construct, repair, alter, and furnish such build-
23 ings and facilities;

24 “(5) finance under the direction of the Librar-

1 ian of Congress, in consultation with the National
2 Science Foundation and other interested agencies,

3 (A) programs outside the United States for the
4 analysis and evaluation of foreign books, periodicals,
5 and other materials to determine whether they
6 would provide information of technical or scientific
7 significance in the United States and whether such
8 books, periodicals, and other materials are of cul-
9 tural or educational significance; (B) the registry,
10 indexing, binding, reproduction, cataloging, ab-
11 stracting, translating, and dissemination of books,
12 periodicals, and related materials determined to
13 have such significance; and (C) the acquisition of
14 such books, periodicals, and other materials and the
15 deposit thereof in libraries and research centers in
16 the United States specializing in the areas to which
17 they relate;

18 “(c) To procure equipment, materials, facilities,
19 and services for the common defense including internal
20 security;

21 “(d) For assistance to meet emergency or extraor-
22 dinary relief requirements;

23 “(e) For use to the maximum extent under the
24 procedures established by such agency as the President
25 shall designate for loans to United States business firms

(including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

“(f) To promote multilateral trade and agricultural and other economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which

1 purpose the President may utilize to the extent prac-
2 ticable the services of nonprofit voluntary agencies
3 registered with and approved by the Advisory Com-
4 mittee on Voluntary Foreign Aid: *Provided*, That no
5 such funds may be utilized to promote religious
6 activities;

7 “(g) For the purchase of goods or services for other
8 friendly countries;

9 “(h) For financing, at the request of such country,
10 programs emphasizing maternal welfare, child health
11 and nutrition, and activities, where participation is volun-
12 tary, related to the problems of population growth,
13 under procedures established by the President through
14 any agency of the United States, or through any local
15 agency which he determines is qualified to administer
16 such activities;

17 “(i) for paying, to the maximum extent practicable,
18 the costs outside the United States of carrying out the
19 program authorized in section 406 of this Act; and

20 “(j) For sale for dollars to United States citizens
21 and nonprofit organizations for travel or other purposes
22 of currencies determined to be in excess of the needs of
23 departments and agencies of the United States for such
24 currencies. The United States dollars received from the
25 sale of such foreign currencies shall be deposited to the

1 account of Commodity Credit Corporation: *Provided*,

2 That section 1415 of the Supplemental Appropriation

3 Act, 1953, shall apply to currencies used for the pur-

4 poses specified in subsections (a) and (b).

5 "SEC. 105. Foreign currencies received pursuant to this

6 Act shall be deposited in a special account to the credit of

7 the United States and shall be used only pursuant to section

8 104, and any department or agency of the Government using

9 any of such currencies for a purpose for which funds have

10 been appropriated shall reimburse the Commodity Credit

11 Corporation in an amount equivalent to the dollar value of

12 the currencies used. The President shall utilize foreign

13 currencies received pursuant to this Act in such manner as

14 will, to the maximum extent possible, reduce any deficit in

15 the balance of payments of the United States.

16 "SEC. 106. Payment by any friendly country for com-

17 modities purchased for dollars on credit shall be upon terms

18 as favorable to the United States as the economy of such

19 country will permit: *Provided*, That payment shall be made

20 in reasonable annual amounts over periods not to exceed

21 twenty years from the date of the last delivery of commod-

22 ities in each calendar year under the agreement, except that

23 the date for beginning such annual payment may be deferred

24 for a period not later than two years after such date of last

1 delivery. Interest shall be in dollars and at such rate as the
2 Secretary may determine but not less than the minimum rate
3 required by section 201 of the Foreign Assistance Act of
4 1961 for loans made under that section; interest shall be
5 computed from the date of last delivery. *In any event such*
6 *agreement shall be no less favorable to the United States than*
7 *for development loans made under section 201 of the Foreign*
8 *Assistance Act of 1961, as amended.*

9 “SEC. 107. (a) It is also the policy of the Congress to
10 stimulate and maximize the sale of United States agricul-
11 tural commodities for dollars through the private trade and
12 to further the use of private enterprise to the maximum,
13 thereby strengthening the development and expansion of
14 foreign commercial markets for United States agricultural
15 commodities. In furtherance of this policy, the Secretary of
16 Agriculture is authorized, notwithstanding any other pro-
17 vision of law, to enter into agreements with foreign and
18 United States private trade for financing the sale of agricul-
19 tural commodities for export over such periods of time and
20 on such credit terms as the Secretary determines will accom-
21 plish the objectives of this section. Any agreement entered
22 into under this section shall provide for the development and
23 execution of projects which will result in the establishment
24 of facilities designed to improve the storage or marketing
25 of agricultural commodities, or which will otherwise stimu-

late and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable ~~to be~~ equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the term of credit longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

“(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

“(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

1 “(d) In carrying out this Act, the provisions of sections
2 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108,
3 402, 403, 407, 408, and 409 shall be applicable to sales
4 under this section. Sections 102 and 403 shall also be ap-
5 plicable to sales made under the Commodity Credit Corpora-
6 tion export credit sales program.

7 “SEC. 108. The Commodity Credit Corporation may
8 bear the cost of ocean transportation incurred pursuant to
9 agreements entered into hereunder only to the extent that
10 such charges are higher (than would otherwise be the case)
11 by reason of a requirement that the commodities be trans-
12 ported in United States-flag vessels. The balance of such
13 charges for transportation in United States vessels shall be
14 required to be paid in dollars by the nations or organizations
15 with whom the international agreement is entered into, and
16 dollar credit terms may be extended therefor on the same
17 terms as those provided in section 106 for dollar credit sales.

18 “SEC. 109. Before entering into agreements with de-
19 veloping countries for the sale of United States agricultural
20 commodities on whatever terms, the President shall consider
21 the extent to which the recipient country is undertaking
22 wherever practicable self-help measures to increase per capita
23 production and improve the means for storage and distribu-
24 tion of agricultural commodities, including:

25 “(1) devoting land resources to the production of

1 needed food rather than to the production of nonfood
2 crops—especially nonfood crops in world surplus;

3 “(2) development of the agricultural chemical,
4 farm machinery and equipment, transportation and other
5 necessary industries through private enterprise;

6 “(3) training and instructing farmers in agricul-
7 tural methods and techniques;

8 “(4) constructing adequate storage facilities;

9 “(5) improving marketing and distribution systems;

10 “(6) creating a favorable environment for private
11 enterprise and investment, both domestic and foreign,
12 and utilizing available technical know-how;

13 “(7) establishing and maintaining Government
14 policies to insure adequate incentives to producers; and

15 “(8) allocating for these purposes sufficient national
16 budgetary and foreign exchange resources (including
17 those supplied by bilateral, multilateral and consortium
18 aid programs) and local currency resources (resulting
19 from loans or grants to recipient governments of the pro-
20 ceeds of local currency sales) : *Provided*, That notwith-
21 standing any other provisions of this Act, in agreements
22 with nations not engaged in armed conflict against Com-
23 munist forces or against nations with which the United
24 States has no diplomatic relations, not less than 20 per

centum of the foreign currencies set aside for purposes
other than those in sections 104 (a), (b), (e), and
(j) shall be allocated for the self-help measures set
forth in this section.

5 “SEC. 110. Agreements shall not be entered into under
6 this title during any calendar year which will call for an ap-
7 propriation to reimburse the Commodity Credit Corporation
8 in any amount in excess of \$2,500,000,000, plus any amount
9 by which agreements entered into in prior years have called
10 or will call for appropriations to reimburse the Commodity
11 Credit Corporation in amounts less than authorized for such
12 prior years.”

13 (C) By amending title II to read as follows:

14 "TITLE II

15 “SEC. 201. The President is authorized to determine
16 requirements and furnish agricultural commodities, on behalf
17 of the people of the United States of America, to meet
18 famine or other urgent or extraordinary relief requirements;
19 to combat malnutrition, especially in children; to promote
20 economic and community development in friendly develop-
21 ing areas; and to provide assistance for needy persons and
22 for nonprofit school lunch and preschool feeding programs
23 outside the United States. The Commodity Credit Corpora-
24 tion shall make available to the President such agricultural

1 commodities determined to be available under section 401
2 as he may request.

3 “SEC. 202. The President may furnish commodities for
4 the purposes set forth in section 201 through such friendly
5 governments and such agencies, private or public, includ-
6 ing intergovernmental organizations such as the world food
7 program and other multilateral organizations in such manner
8 and upon such terms and conditions as he deems appropriate.
9 The President shall, to the extent practicable, utilize non-
10 profit voluntary agencies registered with, and approved by,
11 the Advisory Committee on Voluntary Foreign Aid. Inso-
12 far as practicable, all commodities furnished hereunder shall
13 be clearly identified by appropriate marking on each package
14 or container in the language of the locality where they are
15 distributed as being furnished by the people of the United
16 States of America. The assistance to needy persons shall
17 insofar as practicable be directed toward community and
18 other self-help activities designed to alleviate the causes
19 of the need for such assistance. Except in the case of emer-
20 gency, the President shall take reasonable precaution to
21 assure that commodities furnished hereunder will not dis-
22 place or interfere with sales which might otherwise be made.

23 “SEC. 203. The Commodity Credit Corporation may,
24 in addition to the cost of acquisition, pay with respect to

1 commodities made available under this title costs for pack-
2 aging, enrichment, preservation, and fortification; processing,
3 transportation, handling, and other incidental costs up to the
4 time of their delivery free on board vessels in United States
5 ports; ocean freight charges from United States ports to desig-
6 nated ports of entry abroad, or, in the case of landlocked coun-
7 tries, transportation from United States ports to designated
8 points of entry abroad; and charges for general average con-
9 tributions arising out of the ocean transport of commodities
10 transferred pursuant thereto.

11 “SEC. 204. Programs of assistance shall not be under-
12 taken under this title during any calendar year which call
13 for an appropriation of more than \$800,000,000 to reim-
14 burse the Commodity Credit Corporation for all costs in-
15 curred in connection with such programs (including the
16 Corporation's investment in commodities made available)
17 plus any amount by which programs of assistance undertaken
18 in the preceding calendar year have called or will call for
19 appropriations to reimburse the Commodity Credit Corpora-
20 tion less than were authorized for such purpose during such
21 preceding year. In addition to other funds available for
22 such purposes under any other Act, funds made available
23 under this title may be used in an amount not exceeding
24 \$7,500,000 annually to purchase foreign currencies accruing
25 under title I of this Act in order to meet costs (except the

1 personnel and administrative costs of cooperating sponsors,
2 distributing agencies, and recipient agencies, and the costs
3 of construction or maintenance of any church owned or
4 operated edifice or any other edifices to be used for sectarian
5 purposes) designed to assure that commodities made avail-
6 able under this title are used to carry out effectively the
7 purposes for which such commodities are made available or
8 to promote community and other self-help activities designed
9 to alleviate the causes of the need for such assistance: *Pro-*
10 *vided, however,* That such funds shall be used only to supple-
11 ment and not substitute for funds normally available for such
12 purposes from other non-United States Government sources.”

13 (D) By changing the designation “TITLE III—GEN-
14 ERAL PROVISIONS” to “TITLE III” and by striking
15 out sections 304, 305, 306, 307, and 308.

16 (E) By amending title IV to read as follows:

17 “TITLE IV

18 “SEC. 401. After consulting with other agencies of the
19 Government affected and within policies laid down by the
20 President for implementing this Act, and after taking into
21 account productive capacity, domestic requirements, farm
22 and consumer price levels, commercial exports, and adequate
23 carryover, the Secretary of Agriculture shall determine the
24 agricultural commodities and quantities thereof available for
25 disposition under this Act, and the commodities and quan-

1 titles thereof which may be included in the negotiations with
2 each country.

3 “SEC. 402. The term ‘agricultural commodity’ as used
4 in this Act shall include any product of an agricultural com-
5 modity. Subject to the availability of appropriations there-
6 for, any domestically produced fishery product (not includ-
7 ing fish concentrate until approved by the Food and Drug
8 Administration) may be made available under this Act.

9 “SEC. 403. There are hereby authorized to be appro-
10 priated such sums as may be necessary to carry out this Act
11 including such amounts as may be required to make pay-
12 ments to the Commodity Credit Corporation, to the extent
13 the Commodity Credit Corporation is not reimbursed under
14 sections 104 (j) and 105, for its actual costs incurred or to
15 be incurred.

16 “SEC. 404. The programs of assistance undertaken pur-
17 suant to this Act shall be directed toward the attainment of
18 the humanitarian objectives and national interest of the
19 United States.

20 “SEC. 405. The authority and funds provided by this
21 Act shall be utilized in a manner that will assist friendly
22 countries that are determined to help themselves toward a
23 greater degree of self-reliance in providing enough food to
24 meet the needs of their people and in resolving their prob-
25 lems relative to population growth.

1 “SEC. 406. (a) In order to further assist friendly de-
2 veloping countries to become self-sufficient in food produc-
3 tion, the Secretary of Agriculture is authorized, notwith-
4 standing any other provision of law—

5 “(1) To establish and administer through existing agen-
6 cies of the Department of Agriculture a program of farmer-
7 to-farmer assistance between the United States and such
8 countries to help farmers in such countries in the practical
9 aspects of increasing food production and distribution and
10 improving the effectiveness of their farming operations;

11 “(2) To enter into contracts or other cooperative agree-
12 ments with, or make grants to, land-grant colleges and uni-
13 versities and other institutions of higher learning in the
14 United States to recruit persons who by reason of training,
15 education, or practical experience are knowledgeable in the
16 practical arts and sciences of agriculture and home economics,
17 and to train such persons in the practical techniques of trans-
18 mitting to farmers in such countries improved practices in
19 agriculture, and to participate in carrying out the program in
20 such countries including, where desirable, additional courses
21 for training or retraining in such countries;

22 “(3) To conduct research in tropical and subtropical
23 agriculture for the improvement and development of tropical
24 and subtropical food products for dissemination and cultiva-
25 tion in friendly countries.

1 “(4) To coordinate the program authorized in this sec-
2 tion with the activities of the Peace Corps, the Agency for
3 International Development, and other agencies of the United
4 States and to assign, upon agreement with such agencies,
5 such persons to work with and under the administration of
6 such agencies: *Provided*, That nothing in this section shall
7 be construed to infringe upon the powers or functions of the
8 Secretary of State;

9 “(5) To establish by such rules and regulations as he
10 deems necessary the conditions for eligibility and retention
11 in and dismissal from the program established in this section,
12 together with the terms, length and nature of service, com-
13 pensation, employee status, oaths of office, and security clear-
14 ances, and such persons shall be entitled to the benefits and
15 subject to the responsibilities applicable to persons serving
16 in the Peace Corps pursuant to the provisions of section 612,
17 volume 75 of the Statutes at Large, as amended; and

18 “(6) To the maximum extent practicable, to pay the
19 costs of such program through the use of foreign currencies
20 accruing from the sale of agricultural commodities under this
21 Act, as provided in section 104 (i) .

22 “(b) There are hereby authorized to be appropriated
23 not to exceed \$33,000,000 during any fiscal year for the
24 purpose of carrying out the provisions of this section.

25 “SEC. 407. There is hereby established an advisory

1 committee composed of the Secretary of Agriculture, the
2 Director of the Bureau of the Budget, the Administrator of
3 the Agency for International Development, the chairman,
4 the vice chairman and the two ranking minority members
5 of the House Committee on Agriculture, and the chairman,
6 the next ranking majority member and the two ranking
7 minority members of the Senate Committee on Agriculture
8 and Forestry. The advisory committee shall survey the
9 general policies relating to the administration of the Act,
10 including the manner of implementing the self-help provi-
11 sions, the uses to be made of foreign currencies which accrue
12 in connection with sales for foreign currencies under title I,
13 the amount of currencies to be reserved in sales agreements
14 for loans to private industry under section 104 (e), rates of
15 exchange, ~~and interest rates~~ *interest rates, and the terms*
16 *under which dollar credit sales are made*, and shall advise
17 the President with respect thereto.

18 “SEC. 408. The President shall make a report to Con-
19 gress with respect to the activities carried out under this
20 Act at least once each year.

21 “SEC. 409. No agreements to finance sales under title
22 I and no programs of assistance under title II shall be
23 entered into after December 31, 1968.

24 “SEC. 410. The provisions of section 620 (e) of the
25 Foreign Assistance Act of 1961, as amended (referring to

1 nationalization, expropriation, and related governmental Acts
2 affecting property owned by United States citizens), shall be
3 applicable to assistance provided under title I of this Act.”

4 SEC. 3. (a) Section 9 of the Act of September 6, 1958
5 (7 U.S.C. 1431b), is amended, effective January 1, 1967,
6 by deleting the symbol “(1)”, by changing the semicolon
7 to a period and by striking out all of the language in the
8 section after the semicolon.

9 (b) Section 709 of the Food and Agriculture Act of
10 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
11 1967, by striking out “foreign distribution”.

12 (c) Section 416 of the Agricultural Act of 1949, as
13 amended (7 U.S.C. 1431), is amended, effective January 1,
14 1967, by striking out the following: “and (4) to donate any
15 such food commodities in excess of anticipated disposition
16 under (1), (2), and (3) above to nonprofit voluntary
17 agencies registered with the Committee on Voluntary For-
18 eign Aid of the Foreign Operations Administration or other
19 appropriate department or agency of the Federal Govern-
20 ment and intergovernmental organizations for use in the
21 assistance of needy persons and in nonprofit school lunch
22 programs outside the United States”; and “and (4) above”;
23 “, in the case of commodities made available for use within
24 the United States, or their delivery free alongside ship or
25 free on board export carrier at point of export, in the case of

1 commodities made available for outside the United States”;
2 and “The assistance to needy persons provided in (4) above
3 shall, insofar as practicable be directed toward community
4 and other self-help activities designed to alleviate the causes
5 of the need for such assistance.”

6 (d) Section 8 of Public Law 85-931 (72 Stat. 1792)
7 is amended by amending the proviso to read as follows:
8 “*Provided*, That only those products may be financed in
9 which the raw cotton content accounts for a substantial por-
10 tion of the sales price.”

11 (e) (1) Notwithstanding any other provision of law, in
12 order to assure a continuous and adequate and stable supply
13 of food and fiber to meet all domestic and export require-
14 ments at fair and reasonable prices, the Secretary shall in the
15 formulation of any voluntary adjustment program for any
16 such commodity provide for the production of an adequate
17 supply of such commodity. Such production shall be not less
18 than that needed to assure that at the end of the marketing
19 year the carryover of such commodity will not be less than
20 25 per centum of the total estimated requirements for such
21 marketing year.

22 (2) Section 407 of the Agriculture Act of 1949, as
23 amended, is amended by striking the period at the end of the
24 third sentence thereof and adding the following: “: *Provided*,
25 That whenever the Secretary of Agriculture determines that

1 the carryover at the end of any marketing year of a price
2 supported agricultural commodity for which a voluntary ad-
3 justment program is in effect will be less than 25 per centum
4 of the estimated export and domestic consumption of such
5 commodity during such marketing year, the Commodity
6 Credit Corporation shall not sell any of its stocks of such
7 commodity during such year for unrestricted use at less than
8 115 per centum of the current price support loan plus reason-
9 able carrying charges.”

10 SEC. 4. The amendments made by this Act shall take
11 effect as of January 1, 1967.

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

By Mr. COOLEY

MAY 9, 1966

Referred to the Committee on Agriculture

MAY 27, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued June 3, 1966
For actions of June 2, 1966
89th-2nd; No. 91

CONTENTS

Acreage allotments.....38	Government operations...22	Public debt.....5
Adjournment.....13,14,29	Imports.....34	Public works.....36
Buildings.....3	Information.....39	Reclamation.....6
Contracts.....40	Investigation.....43	Recreation.....9
Dairy products.....34	Labeling.....18	Research.....16,24
Defense production.....3	Legislative program....13	Research animals.....28,32
Disaster relief.....7,26	Library services.....8	Saline water.....24
Education.....35	Loans.....21,30	School milk.....27
Electrification.....17	Military training.....42	Super grades.....4
Fisheries.....15	Natural resources.....25	Tobacco.....2,38
Food.....10	Packaging.....18	Transportation.....11,41
Food additives.....19	Parity prices.....1	Veterinary corps.....10
Food for freedom.....3	Participation sales....30	Water.....20
Food prices.....33	Personnel.....4	Wheat.....23
Foreign trade.....12,23	Poverty.....37	World food.....31

HIGHLIGHTS: Senate debated fair packaging-labeling bill. House Rules Committee cleared food-for-freedom bill and bill to increase number of supergrade positions. House committee reported bills to authorize Secretary "to estimate parity price for 1966" and to continue provision on notifying of tobacco-allotment leases.

HOUSE

1. PARITY PRICES. The Agriculture Committee reported without amendment H. R. 15089, "to authorize the Secretary of Agriculture to estimate parity price for 1966" (H. Rept. 1605). p. 11640
2. TOBACCO. The Agriculture Committee reported with amendments H. R. 15124, to continue the provision modifying the requirement that copies of tobacco-allotment leases be filed with the county committee within a certain time (H. Rept. 1606). p. 11640

3. RULES COMMITTEE reported resolutions for consideration of H. R. 14929, the food for-freedom bill; ~~H. R. 14019, to authorize additional foreign public build- ings; and H. R. 14025, to extend the Defense Production Act.~~ p. 11640
 4. PERSONNEL. The Post Office and Civil Service Committee reported with amend- ments S. 2393, to increase the number of positions authorized at GS-16, GS-17, and GS-18 (H. Rept. 1604). p. 11640
The Post Office and Civil Service Committee voted to report (but did not actually report) S. 1495, to permit variation of the 40-hour workweek of Fed- eral employees for educational purposes. p. D485
 5. PUBLIC DEBT. The Ways and Means Committee reported without amendment H. R. 15202, to provide for a temporary increase in the public debt limit (H. Rept. 1607). p. 11640
 6. RECLAMATION. The conferees on S. 602, to broaden the scope of the Small Recla- mation Projects Act, agreed to file a report on the bill. p. D486
 7. DISASTER RELIEF. House conferees were appointed on H. R. 15151, to permit the planting of alternate crops on acreage which is unplanted because of a natural disaster. p. 11550
 8. LIBRARY SERVICES. Passed, 336-2, as reported H. R. 14050, to extend and amend the Library Services and Construction Act. pp. 11554-84
 9. RECREATION. Rep. Tupper inserted an article, "The Great Joys of Camping." pp. 11597-8
 10. VETERINARY CORPS. Reps. Arends and Price commended the work of the Army Veteri- nary Corps, including its work on food, on its 50th anniversary. pp. 11598-9, 11637-8
 11. TRANSPORTATION. Rep. Younger inserted an article predicting that "containeriza- tion" will revolutionize the transportation industry. pp. 11599-60
 12. FOREIGN TRADE. Rep. Reuss inserted a speech by Secretary of the Treasury Fowler, "The Year 1966: Year of Decision and of Opportunity for International Economic Cooperation." pp. 11627-31
 13. LEGISLATIVE PROGRAM. Majority Leader Albert announced the program for next week: Mon., Consent Calendar and various bills on suspension of the rules, including statute of limitations, additional supergrades, and amendment of the Tort Claims Act; Tues., Private Calendar and legislative appropriation bill; Wed. and balance of week, debt-limit increase, defense-production extension, and food-for-freedom bill. Rep. Albert also said: "I would say...I think it is 99 percent at this time that when we adjourn on...Thursday, June 30, we will have a vacation to Monday, July 11." p. 11585
 14. ADJOURNED until Mon., June 6. p. 11639
- SENATE
15. FISHERIES. The Commerce Committee reported with amendments S. J. Res. 29, to direct the Bureau of Commercial Fisheries to conduct a survey of the marine

June 8, 1966

Passed without amendment H. R. 6646, to permit the Interior Department to enter into 25-year leases under the Recreation and Public Purposes Act, thereby permitting States and local governments to plan and develop Federal lands under lease to them with Federal participation as provided in the Land and Water Conservation Fund Act. (pp. 12034-5). This bill will now be sent to the President.

The Interior and Insular Affairs Committee reported without amendment H. R. 5984, to restore as eligible for indemnity selection lands that were utilized for some other purpose before title could pass to a State and to permit selections of unsurveyed lands to supply deficiencies in lands granted to a State (S. Rept. 1213). p. 12018

16. FOOD ADDITIVES. The Labor and Public Welfare Committee reported with amendment H. R. 7042, to permit candy manufacturers to use substances which are cleared for safety as food additives by the Food and Drug Administration, or which do not require such clearance, without regard to whether these additives are nutritive or not (S. Rept. 1217). p. 12018

HOUSE

17. FOOD FOR FREEDOM. Began and concluded general debate on H. R. 11929, the food for freedom bill. The bill is to be read for amendment today. pp. 11974-89

18. PUBLIC DEBT. Passed, 199-165, without amendment, H. R. 15202, to provide for a temporary increase in the public debt for the period beginning July 1, 1966, and ending June 30, 1967. pp. 11951-74, 11995

19. FARM LABOR. Rep. Gubser criticized the sending of Job Corps boys from Honolulu to Calif. to harvest asparagus. p. 11950

20. CONSERVATION. Rep. Walker, N. Mex., expressed pleasure with the steady progress in conservation programs, and commended this Department's awarding of a Superior Service Award to several SCS employees. p. 11989

Rep. Hall complimented his constituents for their management and development of soil and water resources. pp. 11994-5

21. FOOD PRICES. Rep. Purcell stated that most farmers are badly underpaid for their work and investment and should not be blamed for increased food costs. pp. 11991-2

22. INFORMATION. Rep. Edwards, Ala., expressed support for the freedom of information bill. pp. 11995-6

ITEMS IN APPENDIX

23. GREAT SOCIETY. Sen. Pell inserted an address by Joseph A. Califano, special assistant to the President, on the goals of the Great Society. pp. A3085-7

24. FARM LABOR. Extension of remarks of Rep. Gubser stating that "farm wages have been going steadily upward but that prices received by farmers and net income have gone steadily downward." p. A3096

BILLS INTRODUCED

25. APPROPRIATIONS. H. R. 15563 by Rep. Staggers, to authorize appropriations for the Department of Commerce to be available until expended or for periods in excess of 1 year; to Interstate and Foreign Commerce Committee.
H. Res. 886 by Rep. Pickle, to amend the Rules of the House of Representatives with respect to the consideration of appropriation bills; to Rules Committee.
26. IMPORTS. H. R. 15559 by Rep. Berry, to regulate imports of milk and dairy products; to Ways and Means Committee.
27. PERSONNEL. H. R. 15570 by Rep. Henderson, to amend section 1310 of the Supplemental Appropriation Act, 1952, as amended; to Post Office and Civil Service Committee.

COMMITTEE PRINTS RECEIVED IN THIS OFFICE

28. TAXATION. "Tax Changes for Shortrun Stabilization." This report summarizes the conclusions from hearings held in March on the use of prompt tax changes for countering inflation and unemployment. Jt. Economic Committee.
29. PROCUREMENT. "Economic Impact of Federal Procurement - 1966," dealing with the force of Federal procurement on the national economy and giving emphasis to the need for better management and utilization of supplies in Government warehouses. Jt. Economic Committee.

0

COMMITTEE HEARINGS JUNE 9:

Community development districts, H. Agriculture (Secretary Freeman to testify).
Cotton promotion bill, S. Agriculture (exec).
Economic opportunity amendments, H. Rules.

oOo

Third. By amending its regulations in order to require employers to transmit bi-monthly—instead of monthly—taxes withheld from their employees, the administration will pick up another \$1 billion for fiscal 1967.

Fourth. By using copper instead of silver for coins—the so-called phony money—the administration will realize a profit of almost \$1.6 billion on the currency minted in fiscal 1967.

Finally, through the refinancing of loans held by the Government—the so-called "participating sales"—and other direct sales of equipment and stockpile materials and Government property, the administration expects to realize \$5.7 billion in fiscal 1967, most of which does not show up in Federal receipts, but is applied as a reduction of Federal expenditures.

By resorting to these devices, the administration now figures that the budget will be within balance—or nearly so—for fiscal 1967. If it were not for these ingenious gimmicks, you would be looking at a deficit of \$12 to \$14 billion. For me, the question is simple. Stripped of all the window dressing, I would not—and will not—lend my support to a proposed Federal spending level which is \$12 to \$14 billion in excess of normal incomes at a time when Federal tax revenues are at record levels.

There has been no "short fall" in tax revenues. In fact, latest estimates indicate that revenues for 1967 may be \$5 to \$6 billion more than was estimated in January of this year. Employment is at record levels. With all of this, we hear talk of increasing taxes to cut off the purchasing power of the people, in order to let the Government spend more. It is this policy of the administration to which I am unalterably opposed. That is why I will vote "no" on passage of the bill today.

A "no" vote will be a vote for the widows and the aged living on fixed incomes for whom the President claims such great concern. It will be a vote for our unorganized white collar workers who do not have powerful labor unions to get them wage increases to keep abreast of the rising cost of living.

A "no" vote will be a vote for the housewife who finds that she is spending more and more and getting less and less for her family. The administration seems to be more concerned about the size of the package—the so-called "truth in packaging"—than about the price of the package. Let us get the price of the package down. And, the best way to get the price of the package down is to take the Government out of the market. It is time that Congress put a brake on the administration's spending policies. We can make a start by voting "no" on this bill, as a protest against the spending policies of this administration.

Mr. MILLS. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment.

The bill is as follows:

H.R. 15202

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That, during the period beginning on July 1, 1966, and ending on June 30, 1967, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), shall be temporarily increased to \$330,000,000,000.

The CHAIRMAN. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

Mr. MILLS. Mr. Chairman, there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. GILBERT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15202) to provide, for the period beginning on July 1, 1966, and ending on June 30, 1967, a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act, pursuant to House Resolution 882, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

MOTION TO RECOMMIT

Mr. CURTIS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CURTIS. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CURTIS moves to recommit the bill H.R. 15202 to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. CURTIS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 199, nays 165, not voting 67, as follows:

[Roll No. 131]

YEAS—199

Adams	Barrett	Brooks
Addabbo	Beckworth	Burke
Albert	Bennett	Byrne, Pa.
Anderson,	Bingham	Cabell
Tenn.	Boggs	Callan
Aspinall	Boland	Carey
Bandstra	Brademas	Celler

Chelf	Helstoski	Patten
Clark	Herlong	Pepper
Clevenger	Hicks	Perkins
Cooley	Holland	Philbin
Corman	Howard	Pickle
Craley	Hull	Pike
Culver	Huot	Price
Daddario	Irwin	Pucinski
Daniels	Jacobs	Purcell
Davis, Ga.	Jarman	Race
Dawson	Jennings	Randall
Delaney	Joelson	Redlin
Dent	Johnson, Calif.	Resnick
Denton	Johnson, Okla.	Reuss
Diggs	Jones, Ala.	Rhodes, Pa.
Dingell	Karsten	Rivers, Alaska
Downing	Karth	Roberts
Dulski	Kelly	Rodino
Duncan, Ore.	Keogh	Rogers, Colo.
Edmondson	King, Calif.	Ronan
Edwards, Calif.	Kirwan	Rooney, Pa.
Edwards, La.	Kluczynski	Rosenthal
Evans, Colo.	Krebs	Rostenkowski
Everett	Long, Md.	Roush
Fallon	Love	Roybal
Farbstein	McCarthy	Ryan
Farnsley	McDowell	St Germain
Farnum	McFall	St. Onge
Fascell	McGrath	Scheuer
Feighan	McVicker	Shipley
Flood	Macdonald	Sickles
Fogarty	Machen	Sikes
Foley	Mackay	Sisk
Ford,	Mackie	Slack
William D.	Madden	Smith, Iowa
Fraser	Mahon	Staggers
Friedel	Martin, Mass.	Stalbaum
Fulton, Tenn.	Matthews	Steed
Fuqua	Meeds	Stratton
Gallagher	Mills	Stubblefield
Garmatz	Minish	Sullivan
Gialmo	Mink	Tenzer
Gibbons	Monagan	Thomas
Gilbert	Moorhead	Thompson, Tex.
Gonzalez	Morgan	Tunney
Grabowski	Morris	Tuten
Green, Ore.	Multer	Udall
Green, Pa.	Murphy, Ill.	Ullman
Greigg	Murphy, N.Y.	Van Deerlin
Grider	Natcher	Vanik
Griffiths	Nedzi	Vigorito
Hagen, Calif.	Nix	Vivian
Hamilton	O'Brien	Watts
Hanley	O'Hara, Ill.	Weltner
Hansen, Iowa	O'Hara, Mich.	White, Idaho
Hansen, Wash.	Olsen, Mont.	White, Tex.
Hardy	Olson, Minn.	Wright
Hathaway	O'Neill, Mass.	Yates
Hawkins	Ottiger	Young
Hechler	Patman	Zablocki

NAYS—165

Abbott	Cunningham	Jones, Mo.
Abernethy	Curtin	Jones, N.C.
Adair	Curtis	Kastenmeier
Anderson, Ill.	Dague	Keith
Andrews,	Davis, Wis.	King, N.Y.
George W.	Derwinski	King, Utah
Andrews,	Devine	Kornegay
Glenn	Dickinson	Kunkel
Andrews,	Dole	Kupferman
N. Dak.	Dorn	Laird
Arends	Dowdy	Langen
Ashbrook	Duncan, Tenn.	Latta
Ashmore	Dwyer	Lenmon
Ayres	Edwards, Ala.	Lipscomb
Bates	Erlenborn	Long, La.
Battin	Findley	McClory
Belcher	Fino	McCulloch
Berry	Fisher	McDade
Betts	Ford, Gerald R.	McEwen
Bow	Fountain	MacGregor
Bray	Frelinghuysen	Mailliard
Brock	Fulton, Pa.	Marsh
Broomfield	Gathings	Mathias
Brown, Clarence J., Jr.	Goodell	May
Broyhill, N.C.	Gross	Michel
Broyhill, Va.	Grover	Minshall
Buchanan	Gubser	Mize
Burleson	Gurney	Moeller
Byrnes, Wis.	Haley	Moore
Cahill	Hall	Morse
Callaway	Halleck	Mosher
Carter	Halpern	Nelsen
Casey	Hansen, Idaho	O'Konski
Cederberg	Harsha	O'Neal, Ga.
Chamberlain	Harvey, Mich.	Passman
Clancy	Henderson	Pirnie
Cleveland	Horton	Poage
Conable	Hungate	Poff
Conte	Hutchinson	Pool
Corbett	Ichord	Quie
Cramer	Johnson, Pa.	Quillen
	Jonas	Reid, Ill.

Reld, N.Y.	Secrest	Tuck
Rohlf	Selden	Utt
Rhodes, Ariz.	Shriver	Walker, Miss.
Robison	Skubitz	Watkins
Rogers, Fla.	Smith, Calif.	Watson
Rogers, Tex.	Smith, N.Y.	Whalley
Roncalio	Smith, Va.	Whitener
Roudebush	Springer	Whitten
Rumsfeld	Stafford	Widnall
Satterfield	Stanton	Wilson, Bob
Saylor	Taylor	Wolf
Schisler	Teague, Calif.	Wydler
Schmidhauser	Teague, Tex.	Younger
Schneebeli	Thomson, Wis.	
Schweiker	Todd	

NOT VOTING—67

Annunzio	Evins, Tenn.	Murray
Ashley	Flynt	Pelly
Baring	Gettys	Powell
Bell	Gilligan	Rees
Blatnik	Gray	Reinecke
Bolling	Hagan, Ga.	Rivers, S.C.
Bolton	Hanna	Rooney, N.Y.
Brown, Calif.	Harvey, Ind.	Scott
Burton, Calif.	Hays	Senner
Burton, Utah	Hébert	Stephens
Cameron	Holifield	Sweeney
Clausen,	Hosmer	Talcott
Don H.	Kee	Thompson, N.J.
Clawson, Del.	Landrum	Toll
Cohelan	Leggett	Trimble
Collier	McMillan	Tupper
Colmer	Martin, Ala.	Waggonner
Conyers	Martin, Nebr.	Walker, N. Mex.
de la Garza	Matsunaga	Williams
Donohue	Miller	Willis
Dow	Morrison	Wilson,
Dyal	Morton	Charles H.
Ellsworth	Moss	Wyatt

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Rooney of New York for, with Mr. Brown of California against.
 Mr. Kee for, with Mr. Baring against.
 Mr. Miller for, with Mr. Gettys against.
 Mr. Thompson of New Jersey for, with Mr. Scott against.
 Mr. Evins of Tennessee for, with Mr. Hagan of Georgia against.
 Mr. Annunzio for, with Mr. Pelly against.
 Mr. Sweeney for, with Mr. Wyatt against.
 Mr. Holifield for, with Mr. Hosmer against.
 Mr. Trimble for, with Mr. Collier against.
 Mr. Hébert for, with Mrs. Bolton against.
 Mr. Hays for, with Mr. Martin of Nebraska against.
 Mr. Donohue for, with Mr. Del Clawson against.
 Mr. Dyal for, with Mr. Bell against.
 Mr. Moss for, with Mr. Morton against.
 Mr. Charles H. Wilson for, with Mr. Don H. Clausen against.
 Mr. Burton of California for, with Mr. Burton of Utah against.
 Mr. Cohelan for, with Mr. Talcott against.
 Mr. Rees for, with Mr. Reinecke against.
 Mr. Leggett for, with Mr. Martin of Alabama against.
 Mr. Matsunaga for, with Mr. Ellsworth against.
 Mr. Powell for, with Mr. Tupper against.
 Mr. Hanna for, with Mr. Harvey of Indiana against.
 Mr. Blatnik for, with Mr. McMillan against.

Until further notice:

Mr. Gilligan with Mr. Colmer.
 Mr. Senner with Mr. Dow.
 Mr. Toll with Mr. Stephens.
 Mr. Conyers with Mr. Williams.
 Mr. Ashley with Mr. Cameron.
 Mr. Waggonner with Mr. Flynt.
 Mr. Landrum with Mr. Rivers of South Carolina.
 Mr. Gray with Mr. Willis.
 Mr. Morrison with Mr. de la Garza.

The results of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so be permitted to extend their remarks on the bill just passed during the course of general debate thereon and that they may have 5 legislative days in which to do so.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

TO EXTEND THE PROVISIONS OF TITLE XIII OF THE FEDERAL AVIATION ACT OF 1958, RELATING TO WAR RISK INSURANCE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2267) to extend the provisions of title XIII of the Federal Aviation Act of 1958, relating to war risk insurance.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2267

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1312 of title XIII of the Federal Aviation Act of 1958 (49 U.S.C. 1542) is hereby amended by striking out "June 18, 1966" and inserting "September 7, 1970" in lieu thereof.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AN ACT TO DECLARE THAT CERTAIN FEDERALLY OWNED LAND IS HELD BY THE UNITED STATES IN TRUST FOR THE MINNESOTA CHIPPEWA TRIBE

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10431) to declare that certain federally owned land is held by the United States in trust for the Minnesota Chippewa Tribe, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That all right, title, and interest of the United States in land heretofore used in connection with the White Earth Indian Boarding School described as the southwest quarter northeast quarter section 23, township 142 north, range 41 west, fifth principal meridian, Becker County, Minnesota, comprising 40 acres, excepting all improvements thereon that are the property of individual tribal members, are hereby declared to be held by the United States in trust for the Minnesota Chippewa Tribe.

"SEC. 2. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any

claim against the United States determined by the Commission."

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THE FOOD FOR FREEDOM ACT OF 1966

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 878 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 878

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore (Mr. ALBERT). The gentleman from California [Mr. SISK] is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. LATTA], and, pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 878 provides an open rule, waiving points of order, with 4 hours of general debate for consideration of H.R. 14929, a bill to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

H.R. 14929 amends Public Law 480 and extends it for 2 years—through December 31, 1968.

A change is made in the concept of "surplus" to "available" farm commodities for various local currency sales, long-term dollar credit sales, and donation programs overseas.

Increased emphasis is placed upon and a number of criteria are established for encouraging and promoting expanded farm production overseas to meet rising world food needs.

Basic provisions of present law are retained in regard to nations eligible for this program and new restrictions are added in regard to nations dealing with North Vietnam and Cuba. Russia, Red China, or countries or areas under their domination or control would be ineligible for local currency sales and long-term dollar credit sales. Any Communist

country would be ineligible for local currency sales. Any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from North Vietnam or Cuba—excluding U.S. installations in Cuba—any equipment, materials, or commodities, so long as they are governed by a Communist regime, would be ineligible for local currency sales or long-term dollar credit sales.

Use of foreign currencies is authorized in certain instances.

The bill authorizes total expenditure of \$2.5 billion per year on local currency and long-term-dollar-credit transactions and \$800 million on donations. Total for the bill is \$3.333 billion per year including farmer-to-farmer program.

Mr. Speaker, I urge the adoption of House Resolution 878 in order that H.R. 14929 may be considered.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. SISK. I am glad to yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, I want to make my usual request and ask the gentleman of the Committee on Rules to explain why points of order against this bill and particularly this bill are waived.

Mr. SISK. Again the Committee on Rules found itself in a situation where we felt that justification was made. This particular bill, as I am sure my friend, the gentleman from Missouri, knows, deals with what amounts to appropriations by the very nature of the method by which commodities under Public Law 480 are handled, in which these commodities are shipped to various countries and, of course, payment is made in the local currency. The local currency is held there for certain uses. Naturally the bill would be subject to a point of order because it does deal with funds and the appropriation of funds.

I will add just this one further thought, it is my understanding again that it has always been the procedure to waive points of order in dealing with the extension of Public Law 480. I believe the gentleman will agree with me, where funds are handled, that this procedure is necessary, otherwise it would be subject to a point of order.

I want to say further, the gentleman from Missouri has been examining these resolutions rather carefully. This is the second time today that I have had to call up a resolution waiving points of order, and in this case I simply know of no other way that this could have been handled.

Mr. HALL. Mr. Speaker, I thank the gentleman for his explanation. It does not quite satisfy me in my heart. I am glad the gentleman is continuing to look at it. I rather resent the fact that this is called an open bill when we do waive points of order. I am sure what the gentleman means is that under clause 4, rule XXI would make it inviolate under Public Law 480 insofar as the money that we are storing overseas is concerned, the so-called counterpart funds.

Mr. SISK. When the gentleman says it is an open rule, he is right of course—it is an open rule in the sense that any part of the bill would be subject to amendment or to the offering of amendments.

So these items can be amended or even stricken from the bill under the procedure which the bill will be considered. I again agree with the gentleman—I hesitate from time to time to have to come to the floor under this procedure, waiving points of order. Again it is an instance in which this has been normal procedure, and we simply knew of no other way to get around it.

Mr. HALL. The gentleman's assurance is perfect as far as I am concerned. I hope we do not wear the explanation out too long as the Rules Committee deliberates further and further on these exceptions. I thank the gentleman.

Mr. SISK. I thank the gentleman from Missouri.

Mr. Speaker, I reserve the balance of my time.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, I would like very hastily to point out to the Members who are wondering about the title of this bill, "Food for Freedom Act of 1966," that they should not be concerned that they are enacting brandnew legislation. You are not. Turn to page 2 of the report, and the very first line reads as follows:

The bill, approved by the committee, 32 to 2, as an amendment and extension of Public Law 480—

So, actually, notwithstanding the very glorified title of "Food for Freedom Act of 1966," this bill is merely an extension of Public Law 480, which was enacted during the 83d Republican Congress, if you please, in 1954, under the Eisenhower administration.

This bill does have and has had wide bipartisan support in the Congress and should not be considered as a new Great Society program. I have supported it ever since I came to Congress. I wish to commend the Committee on Agriculture for the many amendments and refinements that it made in this bill after it was sent here by the administration.

One of the first things I want to commend the committee for doing, was reinserting a provision limiting shipments of commodities to "friendly nations." Lo and behold, this bill, as sent down here by the administration would have permitted the shipping of farm commodities to Communist nations. Ponder this fact for a moment when we are fighting communism in Vietnam. The committee on Agriculture rejected this administration approach. The committee did amend the "friendly nations" provision from what it was last year, and they made some refinements in it in view of the present world situation. To those individuals who were concerned, as I was, that they were eliminating the provisions dealing with "friendly nations," I can say that the committee has done a good job in drafting language to protect against such shipments. Some of the other committee amendments are as follows:

To provide continuing congressional review of the operation and administration of the program by limiting the extension to 2 years. This is a 2-year bill;

To retain the basic concept, as I mentioned, of friendly nations;

To strengthen our national efforts to halt the supplying of hostile Communist regimes in Cuba and North Vietnam;

To improve the effectiveness of the Joint Congressional-Executive Advisory Committee;

To insist, when possible upon a 5-percent cash payment in title I sales agreements;

To place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose;

To require, insofar as practicable, the identification of food sold for foreign currencies as being provided through the generosity of the American people;

And to include a revised version of the "Bread and Butter Corps" offered in a sincere effort to improve this bill.

These certainly were worthwhile amendments put into this bill by the Committee on Agriculture, and I think that the committee should be commended by the House membership for the outstanding job that it has done in this regard.

While we are discussing this subject, I think we ought to put out a word of caution to the administrator of this program. I have reference particularly to the Secretary of Agriculture, Mr. Orville Freeman. You know, we have distributed many million bushels of wheat around the world in the last few years.

In fact, just 3 short years ago we had almost 1,400 million bushels of wheat reserves. According to the latest statement by the Secretary of Agriculture we may soon be down to approximately 350 million bushels, which is about 250 million bushels below the minimum of 600 million bushels the Department of Agriculture has said is absolutely necessary to protect us against short supplies in this country.

There is a bottom to this barrel from which we have been dipping. It behooves this administration and Mr. Orville Freeman to pay some attention to this fact as he administers these programs, and particularly Public Law 480. We certainly believe these individuals should protect the interests of the people of America when they are making these commitments, and that they should give early, full, and earnest consideration to lifting some of the controls on our wheat farmers, so that we can build back some of the reserves that we need. We are apparently going to continue these help-the-needy-nations programs, so we had better be prepared for the future.

Certainly the action by the Secretary of Agriculture and the President, in increasing the allotments for 1967 by 15 percent, is a step in the right direction—but only a step. It certainly is not sufficient to do the job that is going to be necessary if we are going to dip into this barrel forever. I believe the Committee on Agriculture should forthwith give serious thought to legislation relaxing some of these controls on our wheat farmers.

I agree with the statements that have been made by my colleague from California [Mr. SISK] that there is a need for waiving points of order on this bill. To

my knowledge there is absolutely no objection to the granting of this rule.

Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question.

The SPEAKER. The previous question is ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

(Mr. WALKER of New Mexico asked and was given permission to revise and extend his remarks.)

Mr. WALKER of New Mexico. Mr. Speaker, I was unavoidably detained on the last vote on H.R. 15202. Had I been present I would have voted "nay." I would like to show that in the RECORD.

THE FOOD FOR FREEDOM ACT OF 1966

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14929, with Mr. MOORHEAD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 2 hours, and the gentleman from Pennsylvania [Mr. DAGUE] will be recognized for 2 hours.

The Chair recognizes the gentleman from North Carolina.

Mr. COOLEY. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I want promptly to congratulate and commend the members of the House Committee on Agriculture for their long and hard work on this measure which is now before you. I do not know of any bill that has been considered in our committee room more carefully than the bill we are now presenting.

I am glad that in our deliberations we considered the bill over and above the realm of partisan politics. I do not believe that partisan politics lifted its ugly head in our committee room once during the hearings, or in executive sessions.

Mr. Chairman, two-thirds of the world is undernourished. Thousands of persons die each day as the result of malnutrition. The specter of famine and mass starvation, in the near years ahead, hangs over great areas of the world

where populations are exploding. Hunger blocks the path to world peace.

H.R. 14929—the new Food-for-Freedom Act which I present here—sets in motion a policy and a program which in times to come, with the active participation of other nations, may be heralded as one of history's greatest steps forward.

This is a world war on hunger.

I know that we have never had a more distinguished array of witnesses in our committee room than those who appeared there to testify in behalf of this measure.

We heard people of world importance, I suppose the best qualified people on earth, and certainly the best qualified in this country. They came from Harvard, from Princeton University, from the Massachusetts Institute of Technology, from Columbia University, from the State University of New York, from the University of Chicago, from Purdue, from the Rockefeller Foundation, from the Ford Foundation, and from other centers of study.

We had 6 weeks of hearings, and the committee sessions were well attended.

The people I have mentioned came here without regard to politics, merely because of their interest in the subject with which we were dealing, the world population explosion and the world food crisis.

TESTIMONY PRESENTED

The committee was told that—

The increase of the world's population is so awesome as to seem unreal.

The future of mankind is now being ground out in India, that continuation of present trends in India will mean population increase there from 432 million in 1960 to 1,233 million by the year 2000, that if there is no solution all the world will live like India does now.

In 1980, some 15 years from now, world population will probably increase by 1.2 billion, from 3.4 billion to 4.6 billion, and by the year 2030, world population will reach 14 billion, if present trends continue, and mass starvation will inevitably result on a scale never before experienced.

Even now two-thirds of the world goes hungry while one-third is overfed.

A livable world cannot exist in these conditions.

Unless family planning is accorded a priority, populations controlled, there is little if any for a solution.

A gigantic effort must be made to improve agricultural production in the underdeveloped areas of the world, with American know-how and show-how.

America must share its abundance of food, while the agriculture of other nations is developing—and this may be a matter of years to come.

I have said on this floor previously that there are two magic words in all the languages of this earth—"food" and "raiment." In America, fortunately, we have an abundance of both.

OUR BROTHER'S KEEPER

No other nation in all the history of mankind has ever embraced programs more magnanimous or programs of greater magnitude than the programs we have had in operation dealing with the

abundance which we have harvested from our fields. More than 100 million people in 100 nations of the earth have shared in this abundance which we have harvested from our fields.

We have relieved hunger, but the fact remains that two-thirds of the people of the earth are now underfed, while one-third of the people of this world are overfed. We happen to live in that area of the world blessed with abundance.

We face a cruel situation existing in the world in which we live. It is a cruel situation because men, women, and children are now starving to death. Our friends across the seas by the thousands and by the millions are dying as the results of malnutrition.

It is easy for us to be selfish and to close our eyes and say, "That is not our problem," but, after all, we are our brother's keeper. I believe the world has a right to look to us not only for leadership but also for help.

In this measure now before the committee we provide for help and we provide for leadership.

FERTILE ACRES RETIRED

Here we are with all this abundance, and I do not believe that this Nation of ours has a moral right to leave uncultivated and to retire from production millions and tens of millions of acres of land while other people are starving. That is the actual situation in America. We have already retired from production more than 60 million acres of fertile farmland. We were about to embark upon a program which contemplated the retirement of additional millions of acres in a new cropland adjustment program. When we came up with this new food-for-freedom program I think that the administration changed its views on taking more millions of acres out of production.

ACTION BEGINS

On January 19, I introduced a bill which called for a world war on hunger. Then I laid that bill aside and waited for the administration to come forward with the President's message on food. When the administration's food-for-freedom bill was transmitted to me by executive communication, I introduced that, on February 14. Both bills were before the committee during our hearings and deliberations. Our committee amended and refined the legislation before us. We approved the bill presented here today by a 32 to 2 vote.

In the interest of time I will read a brief summary of the provisions as to what we have authorized and how we have authorized the use of foreign currencies which will be generated in the operation of this program:

BRIEF SUMMARY

The bill, as an amendment and extension of Public Law 480, contains the following major provisions:

1. *Time of extension.*—Two years (through December 31, 1968).
2. *"Available" commodities.*—A change made in the concept of "surplus" to "available" farm commodities for various local currency sales, long-term dollar credit sales, and donation programs overseas.
3. *Self-help emphasis.*—Increased emphasis is placed upon and a number of criteria are established for encouraging and promot-

ing expanded farm production overseas to meet rising world food needs.

4. *Friendly countries.*—Retains basic provisions of present law in regard to nations eligible for this program and adds new restrictions in regard to nations dealing with North Vietnam and Cuba. Russia, Red China, or countries or areas under their domination or control would be *ineligible* for local currency sales and long-term dollar credit sales. Any Communist country would be *ineligible* for local currency sales. Any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from North Vietnam or Cuba (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime, would be *ineligible* for local currency sales or long-term dollar credit sales. Aggressor nations or nations acting in a manner inimical to U.S. foreign policy would be *ineligible* for local currency sales or long-term dollar credit sales. Nations not in diplomatic relations with the United States would be *ineligible* for local currency sales or long-term dollar credit sales.

5. *Use of foreign currencies.*—Authorized uses include:

- (1) To pay U.S. obligations.
- (2) Market development for U.S. farm commodities.
- (3) Education and cultural exchange.
- (4) Collection, translation, etc., of scientific information and conduct of overseas research, cultural, educational, family planning, health, nutrition, and sanitation programs.
- (5) Purchase lease and rental of overseas real estate.
- (6) Translation, analysis, etc., of foreign books, periodicals, and other materials under the direction of the Library of Congress.
- (7) Common defense activities.
- (8) Emergency relief activities.
- (9) Loans to United States and foreign businesses and co-ops. (Cooley loans.)
- (10) Promotion of trade and economic development including emphasis upon storage, handling and food distribution facilities.
- (11) Goods or services for other friendly countries.
- (12) Maternal welfare, child health and nutrition, and voluntary population programs.
- (13) To pay expenses of new farmer to farmer program.
- (14) Sales of local currencies for dollars to U.S. tourists, other U.S. citizens or nonprofit organizations.

6. *Long-term-dollar-credit sales.*—Permitted on government or private trade basis with repayment periods up to 40 years with interest at rates comparable to foreign assistance loans and grace periods of up to 10 years.

7. *Convertibility.*—Requires *insofar as practicable* that at least 5 percent of local currency or long-term-dollar-credit sales be paid in dollars or hard currency at time of sale.

8. *Marking of food.*—Requires *insofar as practicable* that food sold for local currency be marked or identified as being acquired on a concessional basis through the generosity of the American people.

9. *Cost.*—Authorizes total expenditure of \$2.5 billion per year on local currency and long-term-dollar-credit transactions and \$800 million on donations (either government to government or through voluntary agencies.) Total for bill \$3.333 billion per year including farmer-to-farmer program.

10. *Commodities included.*—Any agricultural commodity or product thereof and domestically produced fishery product (except fish concentrate until approved by Food and Drug Administration for U.S. consumption).

11. *Advisory Committee.*—Establishes Joint Congressional-Executive Advisory Committee consisting of senior members of House and

Senate Agriculture Committees, Administrator of AID, Budget Bureau Director, and Secretary of Agriculture.

12. *Farmer-to-farmer program.*—Authorizes appropriations of \$33 million annually for the Department of Agriculture to administer in cooperation with the various land grant and other colleges a program emphasizing the use of American farm know-how and show-how to help developing countries meet rising world food needs.

13. *Expropriation of U.S. property.*—Prohibits any concessional sales under this act to nations which have expropriated property of American citizens without payment of just compensation or appropriate action upon a judgment in favor of such U.S. citizens.

14. *Cotton textiles.*—Provides that cotton textiles may be financed under title I of the act if the raw cotton content accounts for a substantial portion of the sales price.

15. *Release prices and reserves.*—Directs the Secretary to adjust production of commodities covered by voluntary adjustment programs so that the carryover will be not less than 25 percent of total annual estimated requirements. Whenever carryover is less than 25 percent of annual estimated requirements, CCC release price for unrestricted domestic sales of any such commodities would be not less than 115 percent of the current loan level plus carrying charges.

EXPLANATION OF BILL

Mr. Chairman, H.R. 14929 authorizes a broad expansion of the old food-for-peace program. This new legislation, amending Public Law 480—

Permits deliberate production of food in the United States to feed hungry people in other nations. Heretofore our food shipments under the food-for-peace program have been limited to surpluses accumulated under various farm programs.

Places emphasis particularly on aid to those friendly countries helping themselves toward self-reliance in producing sufficient food to meet the needs of their own people.

Recognizes for the first time, as a matter of U.S. policy, the world population explosion relationship to the world food crisis, providing that the new food-for-freedom program shall make available resources to promote voluntary activities in other countries dealing with the problem of population growth and family planning. The bill establishes as one of the criteria for the President to consider in carrying out the provisions of the act the efforts of friendly countries related to the problems of population growth and the resources devoted by these countries to meet this growing problem. The bill also provides that foreign currencies generated by the sale of U.S. commodities may be used, when requested by the recipient country, to finance programs related to these problems of population growth.

Takes into account the need for clothing among impoverished peoples, by authorizing the shipment through this program of textiles where raw cotton accounts for a substantial portion of the cost.

Establishes a farmer-to-farmer program by which the Department of Agriculture would administer in cooperation with the various land-grant and other colleges the use of American farm "know-

how and show-how" to help developing countries meet rising food needs.

Protects normal trade and commerce. Strengthens provisions of the present food-for-peace law restricting aid to Communist dominated countries.

Food sales for local currencies or long-term dollar credit would be denied those nations which sell or furnish, or permit ships or aircraft under their registry to supply North Vietnam or Cuba with any equipment, materials, or commodities. These concessional sales would also be denied nations which have expropriated property of American citizens without payment of just compensation or have not taken appropriate action upon a judgment in favor of such U.S. citizens.

The new program will encourage the development of free enterprise in the recipient developing countries. It expands the Cooley loan program through which foreign currencies accumulated under the program are made available for loans to U.S. firms and their affiliates for business development and trade expansion in the recipient countries.

Basically, H.R. 14929 amends Public Law 480, under which the food-for-peace program supplies food to hungry peoples, first, through sales for the currencies of other nations; second, long-term dollar credit sales; and third, by donations. Public law 480, as amended, is extended for 2 years, to December 31, 1968.

Expenditures amounting to \$3.3 billion annually would be authorized for the new program. Approximately \$2 billion now is being expended under the food-for-peace program.

FREE ENTERPRISE—SELF-HELP

Mr. Chairman, while the Committee on Agriculture does not expect the accomplishment of instant miracles in the world war on hunger, it is convinced that, assuming reasonable cooperation by the people of other nations, in population planning, education and health measures, and in attitudes, the crisis can be checked and restrained, and millions of lives may be saved. Therefore, H.R. 14929 is presented here as the first great stride in the exercise of the unavoidable obligation of the one nation capable of leading the world through the crisis that impends.

Success in this undertaking will rest ultimately upon the measure of cooperation of other nations, particularly in the underdeveloped areas of the world, in self-help, in developing free enterprise, and in population planning.

Illiteracy, taboos, and social customs will be factors. Individual incentive must be developed among millions of people, or the program will fail.

The committee has taken these factors in consideration, in placing emphasis upon providing food for those countries where the governments and people are trying to improve themselves, particularly in achieving self-sufficiency in food production. The committee feels that the United States would do a disservice to nations and to people by encouraging a belief that America can supply limitless amounts of food and fiber in all the years ahead, without any effort on their part.

Testimony was presented to the committee that, because of shortages of ships, poor unloading facilities in the ports of underdeveloped countries, lack of storage and inland transportation, along with the illiteracy, taboos, and custom factors, we cannot reach many millions who are hungry, that we must move slowly. These difficulties are real. Extensive local cooperation and participation will be needed to deal with these difficulties.

THE FARMER

Mr. Chairman, American agriculture is the greatest success story in all the world. Our farmers have mastered the arts of abundance. One farmer feeds himself and 36 other persons. In many parts of the world one farmer cannot produce sufficient food for himself and his family.

While other people are underfed, America's problem has been overabundance.

We now have 60 million acres of farmland in retirement, bedded down under various farm programs. These programs came into being as a means of preventing our agriculture from suffocation under an avalanche of surplus food and fiber.

In an all-out world war on hunger, we may bring these acres out of retirement, to produce enough food, if it could be delivered to the underdeveloped countries, to drive hunger and starvation out of the free world while these countries are building up their own agricultural production. We already have expanded our 1967 wheat acreage, in the largest increase in projected peacetime production of a major crop since 1933.

Of course, the United States must continue to maintain farm production adjustment programs, to prevent new market gluts and depressing surpluses. To suddenly end our production adjustment programs would bring havoc to our own farmers. It is my hope, however, that millions of idle acres may be brought back into production. This must be done in an orderly manner, with full price protection to our farmers, as we progress in the war on hunger.

An expanding agriculture should cause rural America to flourish. This should support on our farms many thousands of people who otherwise would be crowded into our cities. Greater activity in rural America should give new strength to the economy of the whole Nation.

INDUSTRY

Mr. Chairman, opportunities for industry and business, as well as for agriculture, are virtually limitless in this new undertaking.

If total exports were to rise by 50 percent, in the war on hunger, this would mean substantial additional inputs of fertilizer, of machinery, of all the materials that go into the production of crops and livestock.

This would create new markets for industry and business.

This should be accompanied by a new surge in foreign trade as Asia, South America, and Africa, where the great population explosions are occurring, build up their own food-producing capacity and general economics, and develop transportation and distribution systems

capable of getting food, and manufactured goods as well, to their people.

The agricultural development of underdeveloped nations affords this country perhaps its best opportunity in all history to expand the foreign markets for American products. New billions of dollars' worth of manufactured goods should cross the seas. All the facts and statistics show that the faster another nation improves its agriculture, the stronger its economy becomes, and the greater the volume of our commercial markets in that country.

COSTS

Mr. Chairman, the United States should recover the costs of financing its leadership in the world war on hunger.

There should be no great cost in bringing retired farmlands back into production, in an orderly manner as needed. It has been shown to our committee that to produce and ship abroad a bushel of grain under Public Law 480 is not much more costly than to persuade the farmer, by payments, to refrain from producing that bushel.

The \$3.3 billion authorization in this legislation for each of the next 2 years is \$1.3 billion larger than the \$2 billion now being used annually in the food-for-peace program.

Of the \$3.3 billion authorization herein, \$2.5 billion is for delivery of food and fiber for local currency payments or long-term dollar credits. The local currencies will finance many U.S. operations abroad, where dollars from the Treasury otherwise would be required. The credit sales should return dollars to the Treasury. Under H.R. 14929, the program moves gradually away from the local currency sales toward dollar sales.

The bill also authorizes \$800 million in each of the next 2 years in food donations to other nations, to feed hungry people, and to develop the agriculture and general economies of these countries.

As heretofore mentioned, the war on hunger should stimulate economic activity in rural America, create new markets for industry and business, and invigorate foreign commerce. These activities should be reflected in substantial increases in the revenues of the United States.

Mr. Chairman, in conclusion let me say that a hungry world is a dangerous world. It is a world fruitful to communism. But communism cannot feed the people it enslaves. The genius of America's farmers and the American system of free enterprise can save mankind from famine and mass starvation if implanted and accepted in the far corners of the earth.

We are planning a new war, a new kind of war. The President has said there should be only victors, no vanquished.

Mr. Chairman, without trespassing upon the patience of the Members of the Committee any further, I urge the adoption of this bill in the hope that it may be fairly, frankly and forthrightly debated and clearly understood by the membership before the final vote is taken.

Mr. DAGUE. Mr. Chairman, I yield 15 minutes to the gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Chairman and Members of the Committee as our distinguished chairman of the House Committee on Agriculture has told you, our committee has been at work on this very important piece of legislation for 4 months now. It has been a very instructive and interesting period, I feel, for all of the Members, because in that time we have heard from some of the most outstanding experts on food problems internationally, and have had testimony from a large and heterogeneous groups of organizations and individuals, all of whom supported this Food for Peace approach, or a strengthening of Public Law 480 in this area.

Now, Mr. Chairman, as our chairman has told the members of the committee, the bill H.R. 14929 will permit deliberate production of food in the United States for this new war on hunger. As we all know, until now our food shipments under the Food for Peace Program have been limited to surplus food and fibers accumulated under the various programs. But this new bill which is now pending before us places emphasis particularly upon aid to those friendly countries helping themselves toward a greater degree of self-reliance and for the first time it recognizes the world population explosion relationship to the world food crisis. It provides that the new food for freedom program will assist those activities undertaken by recipient countries relating to the problem of population growth.

Also, Mr. Chairman, in this bill there has been established a farmer-to-farmer program which the Department of Agriculture would administer, in cooperation with the various land grant and other colleges, for the use of our own American farm know-how and show-how to help developing countries meet rising food needs.

Mr. Chairman, as the debate develops on this legislation, I am sure the Members of the committee here will hear in detail about the particular amendment to the bill that was offered by my colleague, the gentleman from Kansas [Mr. DOLE], and supported on a bipartisan basis in the committee.

Also, Mr. Chairman, I am pleased that this bill strengthens the provisions of the present food-for-peace law in restricting aid to Communist countries and forbids food sales for local currencies of long-term dollar credit to those nations who sell, furnish or permit the use of their ships or aircraft to supply North Vietnam or Cuba with equipment, materials or commodities.

Mr. Chairman, our committee rejected an amendment that had been backed by the Department of State, which probably would have weakened, perhaps, all food sales to countries doing business or trade with North Vietnam or Cuba.

I will say, however, our committee did accept one amendment which did not have my support which authorizes dollar

credit sales for up to 40 years instead of the 20-year limitation, which I favor.

Mr. Chairman, in the development of our debate, an amendment will be offered later whereby we hope to restore this basic principle which we believe is so important to the bill.

All in all, however, Mr. Chairman, it certainly has been a carefully considered piece of legislation and I am very proud of the part that I have been able to play as a Member of this committee, and certainly offer commendation to the leadership of our committee chairman and our ranking minority Member through these past months.

I do certainly agree with our chairman, the gentleman from North Carolina [Mr. COOLEY] when he said that the challenge and the opportunities in this new program are limitless. I think we all share the hope that in this new program we may bring millions of our fertile acres out of retirement and back into production to feed the hungry peoples of other nations and at the same time, of course, stimulate new economic activity in our rural areas and bring about a surge in commercial trade around the world as developing countries improve their own economies.

Mr. Chairman, I referred earlier to the fact that we heard a great deal of interesting testimony on many, many facets of this legislation from many different people.

Our committee staff has prepared a summary of a great deal of the testimony that was presented by public witnesses at our hearings, and I commend this to my colleagues for their reading.

Today I would like to quote from the testimony of one particular witness who appeared before us, because I think his testimony puts in better perspective for us the problem that we are trying to meet in our world today concerning food. The gentleman who appeared before us, and from whom I am going to quote, is John J. Haggerty, who is the vice president and research director of AGRI Research, Inc., Manhattan, Kans.

Among other things in his testimony before us, he said, and I quote him:

The challenge that faces us, really, is to duplicate on a world scale, in terms of food production, within the next 35 or 40 years, everything that mankind has learned how to do in this regard since the beginning of time, and that is quite a large order.

The key word in this challenge is, of course, time. We are engaged in a race with time.

Of course very basic questions arise on this whole matter. Do we have enough soil in the world to grow food for 6 to 7 billion people? Where is it? What is it going to take to bring it into production? This is one of the basics of the legislation before us.

Here are some statistics that are pretty startling in answer to some of these questions as presented by Mr. Haggerty:

First, There are now some 3.5 billion acres of cropland in this world. This includes all tree crops—regular, fallow, rotational pasture—and about 1 acre per person today.

The U.S. Department of Agriculture and FAO estimated that the potential

arable land in the world—including the present cropland—which is now under harvest—the potential would be 6.6 billion acres.

It would be a massive task to reclaim substantial new lands. The cost would be fantastic. The estimated cost was nearly half a trillion dollars, or \$450 billion to reclaim substantially new lands.

For example, this witness cited the Aswan Dam in Egypt, which will increase agricultural land by 30 percent at the cost of \$1 billion. But the population by 1980 will be up 35 percent. Thus, Egypt is going to be running an exhaustive race just to stay substantially in the same place.

Then in this testimony the committee heard from Mr. Haggerty an excellent discussion on "An Agricultural Look at the Globe" in which he brought out a number of very important points.

Successful agriculture as we all know is concentrated in the northern temperate zones. Most of the Southern Hemisphere consists of water. Likewise most of our agricultural research and practical farming experience is in the temperate zone while the vast bulk of undeveloped land is in the tropics. If you break that land down you come up with the fact that about 70 percent of the earth's surface is water and the remaining 30 percent of the earth is land, some 33 billion acres; and then you break that down and one-twentieth of that is under polar ice or tundra, one-fifth is in mountain chains like the the Rockies, the Andes, the Alps, the Atlas, the Carpathians, the Caucasus, and the Himalayas. Great land masses are in sub-polar regions of Canada, Alaska and Russia; possibly 10 percent would be potential agricultural areas. One-fourth of this remaining land is desert, usually in the 20° to 40° latitude, which includes the heart of Australia, the Kalahari and Sahara in Africa, the Atacama and Patagonian Deserts in South America, the Sonora in North America, the Arabian, the Thar of India, and the Turkestan and Gobi Deserts of Asia.

It is possible for perhaps 20 percent—or 800 million acres—of savannah lands—between deserts and tropical rain forests—to be developed. These includes the Llanos and Campos Cerrados of South America, the Sudan and Veldt in Africa, Northern Australia, and the "monsoon savannahs" of Java, East India, Vietnam, and so forth.

And, almost empty of people, the world's great remaining land resource is the tropical rain forest belt—Amazon Basin, Central America, the Congo region, Indonesia, and Malaysia—and this area accounts for 2.8 billion acres of the original 33 billion on which we are making this breakdown, and that 2.8 billion acres has a potential of only 35 percent being arable. However, for these areas which represent three-quarters of the earth's potential new cropland, more research is needed before we even know how to farm them or to develop them for farms.

So the inescapable conclusion here, as reached by this witness and agreed to certainly by all of us, is that, in view of the practical problems, increased food

production must be obtained for the most part by enhancing the productivity of soil already under cultivation, and a campaign to maximize world food production must be undertaken without delay if a common human disaster is not to overtake us all—if it is not indeed already too late, at least for some countries and some people.

An essential precondition for food aid would seem to be that each country adopt policies and assure economic growth in the shortest possible time. In addition to food, we know that our America has an enormous contribution to make in know-how and show-how to increase production.

Mr. Chairman, that concludes my references to, and quotes from, just one statement before our committee of many interesting ones.

And I would again like to reiterate I think it would be well worth your while, and you will find very interesting, reading the summaries of the testimony of these many public witnesses that we have.

A final word on this bill, Mr. Chairman. I would like to read to you the Republican Policy Committee's statement.

I read for the RECORD the Republican Policy Committee's statement on the Food for Freedom Act of 1966, which was supplied to us just today for the RECORD:

The Republican Policy Committee supports the extension and amendment of Public Law 480 which was enacted under the leadership of President Eisenhower and by a Republican Congress in 1954. This is the cornerstone of "Food for Peace." It has meant the difference between life and death for millions of people in a world where much of the population is engaged in a race between food production and population growth. At the same time, our farm export markets have grown enormously due to the foresight embodied in the original law.

We commend the Republican members of the Committee on Agriculture for adding a number of amendments that improve this legislation. These amendments would:

(a) provide continuing Congressional review of the operation and administration of the program by limiting the extension to 2 years,

(b) retain the basic concept of friendly countries,

(c) strengthen our national efforts to halt the supplying of hostile Communist regimes in Cuba and North Vietnam,

(d) improve the effectiveness of the P.L. 480 Joint Congressional-Executive Advisory Committee,

(e) insist, when possible, upon a 5-percent cash payment in title I sales agreements,

(f) place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose,

(g) require, insofar as practicable, the identification of food sold for foreign currencies as being provided through the generosity of the American people, and

(h) expanded technical assistance in friendly developing countries through a farmer to farmer program.

It is unfortunate that during the entire consideration of this bill, the Johnson-Humphrey Administration labored to discard the statutory concept of "friendly" countries that has been in P.L. 480 for many years. Under this concept, such countries have obtained subsidized sales from our government.

We believe that any nation that either sells or furnishes or allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba should not be deemed to be a friendly country entitled to subsidized sales. Moreover, any nation now carrying on commercial activities with Hanoi and Havana need only refrain from doing so if it wishes to acquire U.S. farm products for its own currency or on a long-term dollar-credit basis. Certainly, when we are asking Americans to fight and die in the defense of freedom, nations receiving special treatment from this country should not trade with our enemies.

While H.R. 14929 now represents a distinct improvement over the original proposals submitted by the Administration, we believe that it should be further amended and changed to make the Food for Peace program even more effective.

We oppose the Committee amendment which would permit long-term dollar-credit sales being made for 40-year repayment periods with grace periods of up to 10 years. The impact on the balance-of-payments problem, the distinction between loans for food and loans for permanent structures, and the uncertainty of any substantial repayment of such long-term loans all demand that the present law which limits dollar credit sales to 20 years with 2-year grace periods be retained.

We are pleased that H.R. 14929 does not contain the Johnson-Humphrey Administration's request that would have given the Secretary of Agriculture new and unprecedented authority to manipulate market prices for a host of agricultural commodities. The granting of such power is both unwise and unnecessary. Unfortunately, the bill contains a completely ineffective and inoperative provision relating to government sales of grains into the domestic market. An amendment was offered by the Republican members of the Committee which would prevent large-scale dumping of grains by the Secretary of Agriculture in order to depress market prices for corn, sorghum, other feed grains and wheat. However, it was rejected. Such an amendment will be offered on the Floor of the House in order to prevent the Secretary of Agriculture from selling government stocks of grain at less than 80 percent of parity plus carrying charges. This amendment also would improve market prices for grain producers.

Without question, there is a growing world food and population crisis. This crisis has a vital impact on American agriculture and the American people. A program to meet the challenges and needs of the future must be enacted. With appropriate amendments, H.R. 14929 is a right step in the right direction.

That, Mr. Chairman, completes the Republican policy committee statement on the Food for Freedom Act of 1966.

I say again, I have risen today in support of the bill, and I shall be speaking during further debate on amendments which will be offered.

Mr. POAGE. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. CALLAN].

(Mr. CALLAN asked and was given permission to revise and extend his remarks.)

Mr. CALLAN. Mr. Chairman, section 3, subsection e of H.R. 14929, the Food for Freedom Act of 1966, provides that any voluntary adjustment program for a commodity shall provide for the production of a supply of such commodity that will assure a carryover of at least 25 percent of the total estimated requirements for the year.

It also provides that, whenever the Secretary determines that the carryover at the end of any marketing year of a price-supported commodity for which a voluntary adjustment program is in effect will be less than 25 percent of the estimated requirements, the CCC minimum sales price for unrestricted use shall be 115 percent of the current loan level.

The Republican members of the Agriculture Committee, in a statement of "Additional Views" in House Report 1558, assert that the section of the bill is ineffective.

They report that they had suggested that the statutory release price for unrestricted domestic sales of both wheat and feed grains be set at 125 percent of the loan level plus reasonable carrying charges, while closing various loopholes in present law such as present authorization of sales of payment-in-kind certificates by sales at the loan level, "which now permit Government grain sales to hold down market prices."

They conclude:

Carryover into the next crop year will be 40 to 45 percent for wheat, 28 percent for corn, 85 percent for grain sorghum, and 130 percent for cotton, of the estimated requirements for the next marketing year. Thus, the use of 25 percent requirement is meaningless.

It is clear that those who object to the reserve provisions of H.R. 14929 would like to increase the minimum CCC resale price on all commodities to 125 percent of the loan value. This is an issue which has been debated in Congress for the past 4 years. If adopted it would wreck the voluntary wheat and feed grains adjustment programs.

My good friends on the other side of the aisle have been misled. It is the voluntary adjustment programs which have been supporting market prices for both wheat and feed grains in recent years. Market prices for corn are 20 to 30 cents a bushel higher than they would be in the absence of a program. If the minimum resale price were raised to 125 percent of the loan value, the Secretary of Agriculture, because of budgetary limitations, would be forced to lower the Government loan level on feed grains and wheat, at least 10 to 15 cents a bushel.

Participation in the voluntary program would drop and market prices for feed grains would be lower than at present. This has been explained to the Members of this body several times and I will not spend more time on it.

The second objection to these reserves provisions in the Food for Freedom Act of 1966 is that they are alleged to be meaningless. This simply is not true.

They are of great significance, especially to the producers and consumers of wheat. If this section were not included in H.R. 14929 the carryover provisions of the Agricultural Adjustment Act of 1938 would be in force. It provides that the Secretary of Agriculture in setting wheat acreage allotments shall plan for a carryover of 20 percent of estimated requirements.

The provisions in H.R. 14929 increase the planned wheat carryover or reserves

by one-fourth. This is a much needed protection for our domestic consumers.

I believe we should use our food supplies to relieve hunger to the extent that we can. But I believe our own consumers should be protected against a shortage in supplies even though we should experience an unfavorable wheat growing season. Ample reserves are a much needed protection against a poor crop year.

It is true that feed grain and cotton stocks are so large that they are not likely to drop to the 25-percent level in the next few years. But that is not true for wheat.

It is highly probable that wheat reserves will drop below the 25-percent level at the close of the 1966-67 wheat marketing year. The 1968 wheat acreage allotments should be large enough to provide a carryover at the close of the 1968-69 marketing year of 25 percent of the estimated requirements.

If subsection e of section 3 of H.R. 14929 is approved by the Congress and approved by the President, as soon as the estimated carryover drops below 25 percent of requirements, the minimum CCC resale price for wheat will be increased from its present minimum of 105 percent of the loan level, to 115 percent of the loan level, plus carrying charges. This is added price protection for producers.

Mr. Chairman, the section of H.R. 14929 dealing with reserves is not a meaningless part of the bill. It gives added protection to both the consumers and the producers of wheat. This added protection will come into operation within the next two years.

At some future time it may become equally important to the consumers and the producers of feed grains and cotton.

It strengthens rather than weakens the voluntary adjustment programs. It is an important part of H.R. 14929.

Mr. DOLE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, this is the first major bill in my memory which has come from the Committee on Agriculture with so little controversy about it. I believe this is gratifying to all concerned.

This is, I would say, still a little-understood program. Even though the food-for-peace program has been on the books for a number of years, there are many misconceptions about it.

First, it is truly a foreign aid program. It has been all the way through, perhaps to a lesser extent than would be provided in this legislation, but it can properly be termed a foreign aid program, just as the legislation now under consideration in the Foreign Affairs Committee of the House is a foreign aid program.

It may come as a surprise to some of the Members to realize that the magnitude of this program parallels the size of the much more publicized foreign aid program which is before the Foreign Affairs Committee. That bill, I believe, carries a dollar estimate of about \$3.4 billion. This bill is in the range of \$3

billion—\$2.8 billion for the soft currency sales and a \$800 million limit for the donation part of the program. The soft currency transactions, of course, to a great extent are gifts. It is a little hard to estimate precisely the value of the gift feature of these transactions, but I believe it would be fair to say that this is approximately a \$3 billion a year foreign aid program, so it clearly is in the same range as to dollars as the bill before the Foreign Affairs Committee.

I am sure that many Americans are still under the impression that the grain that is distributed under this program is made available at no charge to hungry people abroad. This is not the case. A portion of the grain but actually a small portion of the grain which is disposed of under this program made available to various foreign countries is indeed provided without cost to destitute people. For example, in the case of India, the Indian Government in the past 5 years has received between \$2.5 and \$3 billion worth of grain. Of this grain, 95 percent has been under the soft currency sale and only 5 percent under the donation program.

I have asked several questions about the way in which the grain acquired under the soft currency features of the program is disposed of in India. To the best of my knowledge and belief, every bushel of grain acquired by the Government of India under the soft currency approach is in turn sold to the people of India. Not one bushel of it is made available without charge to destitute people. There is some American grain distributed without charge to these destitute people, that being the grain provided under the direct donation authority of this program.

However, as we evaluate this foreign aid program we should realize that it is not really a "feed the destitute" program, which many people believe it to be. In one respect besides the dollar value it is similar to the foreign aid bill which is handled by the Committee on Foreign Affairs. I say that because the grain is given to the government. The government in turn converts it to cash that is paid by the local people. So it is in reality the equivalent of a cash gift to the government involved. On that basis I feel it resembles very closely the foreign aid program. This is not to say it is a bad program at all, because I did vote to report it to the House and I will vote for it on final passage, I am sure. I feel the use of our surplus agricultural productivity for meeting problems of developing countries is very much in the interests of the United States as well as in the interests of the other countries.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DAGUE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FINDLEY. Mr. Chairman, there is one aspect of this bill which was given some consideration by the committee and which I believe deserves additional consideration. The committee voted to authorize 40-year credit for these consumable or you might say perishable commodities. The effect of the amendment is to put it on a 40-year basis assuming

that the other foreign aid program contains this same yardstick. Now, 40 years is a long time, especially when you deal with foodstuffs. If there is any justification for a 40-year credit on capital goods, it seems unlikely to me that the same justification could be made to apply to sales of food which theoretically would be consumed very quickly. An effort was made to limit this to 20-year credit, which seems to me to be excessive, too, but a step in the right direction. This effort was defeated and, as a result of committee amendment, the legislation now before us does authorize 40-year dollar sales at very attractive rates. Included in the countries eligible for this long-term credit appear two Communist countries, Poland and Yugoslavia. Both of these countries are ineligible for the soft currency sales, but they are eligible for the long-term dollar credits.

Mr. Chairman, as now provided in the legislation, provided by a committee amendment, dollar sales permit interest as low as 1 percent for the first 10 years.

Mr. Chairman, when we consider that the cost of money to the Government now is about 4 percent, to me it seems very strange, if not utterly ridiculous, for us to even contemplate granting interest rates of 1 percent a year to any Communist government, no matter how friendly our State Department might determine them to be.

Now, Mr. Chairman, beyond the 10-year period, it authorizes a 2.5-percent interest rate for the balance, up to 30 years.

Our committee is now considering a proposal to establish an electric bank for the financing of the needs of rural electric cooperatives. The main reason that this bill is pending before our committee is the growing public criticism of 2-percent loans to American rural electric cooperatives.

Here, the effect of this legislation, as amended by the committee, would enable two Communist governments to have 1-percent credit terms for 10 years and 2.5-percent credit terms for the balance of the 40-year period. To me that is utter nonsense and I hope that, when the time for consideration of amendments comes, the committee will act favorably upon an amendment to eliminate the credit terms for Communist governments.

Mr. Chairman, one may say, "Well, Poland and Yugoslavia are in the category of very friendly cooperative governments."

However, Mr. Chairman, I recall a news item in April which stated that the Polish Government had filed a claim against the United States claiming damage to one of its transport ships which it alleged was damaged by bombing while it was being unloaded near Haiphong Harbor in North Vietnam.

Mr. Chairman, I cannot imagine any clearer evidence that Poland is actually shipping goods to North Vietnam than this indication, and, for us to keep the door open to a government which might be engaged in such trade, to me is unthinkable.

Mr. Chairman, I realize that another provision of the bill does automatically

shut off occasional sales, however, to any such government; but, on the face of it, to me it seems unwise and not in the public interest to authorize credit in such attractive terms to any Communist government.

Mr. Chairman, I yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota [Mr. OLSON].

(Mr. OLSON of Minnesota asked and was given permission to revise and extend his remarks.)

Mr. OLSON of Minnesota. Mr. Chairman, I thank the chairman of the Committee on Agriculture for yielding to me and I rise in support of H.R. 14929, the food-for-freedom bill. This legislation does not merely extend the food-for-peace program that has done so much in recent years to feed the world's hungry. The utilization of surplus foods has done much to control the food imbalance in the world.

I believe that a world in which more people are starved than well-fed cannot achieve a lasting peace. We all know that it is on this premise that the new food-for-freedom program has been proposed, and I am confident that it will be passed into law.

Food for peace has been effective; so much so that it has replaced despair with hope in the total world food picture. We have gained the knowledge that, with the proper use of agricultural resources, we can transform the whole economies of developing nations.

Mr. Chairman, our efforts in this area have dispelled any differences of opinion regarding how the developing nations can best achieve their goals. I have visited at length with many representatives of these nations and, without exception, they have confirmed my belief that improvement of agriculture is their most pressing need.

The hopes and aspirations of people the world over differ very little. Every man wants a decent standard of living including an adequate diet, housing and a better education for his children. He also longs for the individual dignity that a better standard of living brings.

The legislation we are considering today offers more promise of meeting these goals than any other legislation which will come before this Congress. Primarily, we must be concerned that thousands of our neighbors in the world starve to death daily who could have an adequate diet if they could be taught the agricultural know-how that exists today. But we must also be concerned that, if we do not accept the responsibility to help the developing nations to help themselves and, consequently, overcome the imbalance of resources in the world, we must share the responsibility for the shadow which this problem casts over the peace of the world.

The world does have the potential to produce enough to feed its hungry, but agricultural know-how lags behind a century or more in many areas. Food for freedom recognizes not only a nation's responsibility to share its abundance with the less fortunate, but it recognizes as well, the responsibility to

share the knowledge which has helped perfect the science of agricultural production. The emphasis, therefore, will be on self-help, as well as on gifts of food surplus to our needs.

Mr. COOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. STALBAUM].

(Mr. STALBAUM asked and was given permission to revise and extend his remarks.)

Mr. STALBAUM. Mr. Chairman, I, too, rise in support of H.R. 14929.

[Mr. STALBAUM addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. COOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from North Dakota [Mr. REDLIN].

(Mr. REDLIN asked and was given permission to revise and extend his remarks.)

Mr. REDLIN. Mr. Chairman, I rise in support of this food-for-freedom bill, H.R. 14929. I believe it is a most important bill, moving in a new direction to engage in added production for the specific purpose of relieving world hunger.

Mr. Chairman, I am indeed grateful to the distinguished chairman of the Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY], for the excellently conducted and thorough hearings which were held on this bill and the fair and expeditious manner in which he has brought it to the floor of this House for consideration.

Mr. Chairman, in this expanded food for peace and freedom program, we will no longer be offering to nations with hunger problems only that which spills from our table of surplus. We will be deliberately producing for that purpose, giving new responsibilities to the farm producers of America in building a more stable, peaceful world. As a witness before the House Agriculture Committee put it, such a world is impossible when two-thirds of the people are hungry and one-third are overfed.

In strengthening our production efforts for food for peace and freedom, not only agricultural producers but also the people of urban America stand to benefit from the additional business that will be generated, because our farmers will need more farm equipment, more gasoline and oil, more trucks, more lumber and other building supplies, as well as many other items.

Appropriate to the idealism in this legislation is a farm corps, a farmer-to-farmer program to permit transfer of practical knowledge from the United States to the farmers of nations desperately striving to increase their food production to meet the demands of soaring population. I see much potential in this imaginative new program.

Mr. Chairman, I am proud to have had a role as a member of the House Committee on Agriculture in developing this far-reaching measure, and I invite the support of all members.

Mr. COOLEY. Mr. Chairman, I yield as much time as he may desire to the

gentleman from Michigan [Mr. TODD].

(Mr. TODD asked and was given permission to revise and extend his remarks.)

Mr. TODD. Mr. Chairman, I believe the bill before us today is a very important and significant piece of legislation, for two principal reasons:

First. It establishes, for the first time, congressional policy dealing with family planning and its relation to the well-being of both the family and the society as a whole. It says, clearly, and without reservation, that it is the duty of government to assist individuals in acquiring and utilizing information which will allow them to determine the numbers and spacing of their children.

Second. The legislation clearly recognizes that the capabilities of the United States are not inexhaustible, and that both our resources available to and our responsibilities for other nations are limited. Because of this upper limit to our capacity to provide assistance, the legislation clearly directs that our assistance be given where it will help break through the barrier of chronic starvation to a richer and fuller life for present and future generations.

These principles are incorporated in section 103(a), which states:

SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, their activities related to the problems of population growth, and the resources required to attain such objectives;

The linking of action on population control and improvement in agricultural productivity in the criteria for evaluating the probability that assistance will provide permanent benefit is based on a conclusion developed both in the hearings before the Committee on Agriculture and in the hearings before Senator GRUENING's committee investigating the population crises. These hearings have developed conclusive evidence, from experts representing many disciplines, interests, and national backgrounds, that unless a rapid reduction is made now in the rate of world population growth, by birth control, we are headed for a stabilization of population by death control resulting from famine. Indeed, population control by death control is occurring in many countries now, because of high infant mortality rates due to protein deficiencies. There is, in the world today, an actual shortage of protein, and there is little prospect of this deficiency being overcome within the next few years.

Just as conclusively, the hearings have shown that the United States does not have sufficient reserve capacity to provide adequate dietary supplements to the world's undernourished populations, and that if these people are to be fed well, they must develop their own agricultural productivity at a rapid rate. This is an equally urgent objective, promoted by the bill.

Thus, this legislation provides assistance to nations willing to take steps to meet their own food requirements by

raising their agricultural capacity and by reducing their rates of population growth to a level supportable by that particular nation. Unless the nation is willing to do both, our assistance will be wasted, and, indeed, lead to a permanent deterioration of the situation once it is withdrawn.

When we establish these criteria for our assistance, we are being neither presumptuous nor self-righteous. We are simply saying that there are clear and near limits to the total assistance which we can provide, and that we want to give it where it will do the most good. We do not have the capacity to feed all the hungry mouths which will be here 10 years from today unless our criteria are met. And we do not want to mislead anyone into false expectations. Without massive efforts at population control, we will not be able to alleviate famine 10 years from today. We do not want to be held responsible for misleading others with impossible promises or false hopes. Let it be clearly understood that food for freedom is a self-help program—to help others get over the hump. And to do this, time cannot be wasted. For the hump becomes higher every day.

Section 104(h), which authorizes the use of currencies received from food sales for programs of maternal and child health and nutrition, and family planning, indicates our belief that birth control, when voluntarily used, will assist in making families a happier and healthier group. It is as appropriate to provide families information and assistance on this subject as on means of improving the health of mothers and their children. In fact, it is entirely reasonable to provide all services in the same setting—for they all are medically oriented, and in practice primarily the responsibility of the mother.

Just as we have seen convincing proof that large numbers of women in the United States welcome birth control information and assistance when it is made available to them, it has been the experience of many foreign governments that their citizens also welcome and utilize such information and assistance. It is certainly as appropriate that we assist other governments in making family planning available to their people as it is that we make it available for our own citizens. To refrain from assistance in family planning, while offering help on other programs, would imply that we think less of the well-being of their family units than we do of our own. And this is certainly not the case. For the family is the foundation of strength in all societies.

Mr. Chairman, during the months which have elapsed since a number of us introduced bills on the subject of the population explosion a little more than a year ago, a transformation in public awareness and attitudes on this subject has taken place. I believe the passage of this legislation will signify the beginning of a new era, in which freedom from disease, hunger, and family dislocation will be attainable for mankind. The Committee on Agriculture is to be congratulated for its leadership and achievement in creating a policy which will be

of unlimited benefit to our citizens at home, and to our friends beyond our borders. Their breakthrough will be remembered in history.

Mr. DAGUE. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. QUIE].

Mr. QUIE. Mr. Chairman, we seem to have a little difficulty in finding enough speakers on this bill. At this hour with all the time we have for debate, this is not the usual situation. Usually we wish we had more time. I think it is indicative of the fact that the committee was pretty well in agreement when the bill came out.

There are only two areas on which I would be in disagreement, but even with those disagreements I am for the bill. I think that the work the committee did on the draft of the food for freedom sent to us by the administration for the most part was extremely good. I think we have a much stronger piece of legislation now than Public Law 480 or the food-for-peace program that we have been operating under at the present time.

The most significant factor is that we can plan for our food needs to go to other countries under Public Law 480 in the future and not depend only on the fact that the commodities have been established to be in surplus.

This will enable the other countries of the world that need our food to plan for longer periods of time. I think this is more important than any controversy that we might get into about whether a 2-year extension of the program is long enough or not because each year they must go through this process and they can be confident that we will be planning for the future to have sufficient amounts of food.

The amendment that I do not approve of is the one the committee adopted. It will come before us in the form of a committee amendment, and therefore can be considered on its own merits. When the bill is read for amendment, it will be coming up first.

I am referring to the question of providing for 40-year loans on food. I think it is unwise even if we accept the fact that under AID, 40-year loans are permissible at the present time. Here we are lending money for goods that will be consumed quite speedily. It is not durable goods. We did not adopt the committee amendment but in the bill we provide for 20-year loans. This is about one generation and one never knows what is going to happen in an entire country at the end of a generation. A generation could have changed a number of times but in the speed with which governments change and the revolutions in the world, we can expect that with over 100 countries in the world that in a substantial number of them there will be revolutions by that time.

If there are loans for durable goods, let us say, for a plant of some kind or for highways, they can utilize these facilities no matter which government has control of the country. However, once the food is consumed it is very unlikely that an uncooperative or unfriendly government would ever be willing to pay

back the loan that we have become a party to.

Also the question of transfer in 5 years from sale for foreign currencies entirely to the soft loans may not be wise. Now we venture to think that that is the trend we should go into but as we function under the new concept, we may come to the conclusion that this is not wise. But there is more likelihood they will reach that conclusion with a 20-year loan than with a 40-year loan.

So I would hope that the House will vote down the committee amendment and leave the bill intact, with a 20-year loan. This would be a sufficient length of time. And also there are those who talk about the fact that AID loans of 40 years are too long and that we would have set the precedent again in the Committee on Agriculture and on the agriculture bill. We feel this is a long enough period of time.

The second amendment that I would be interested in would be the one to make the resale formula more effective. The gentleman from Nebraska [Mr. CALLAN] has an amendment in the bill which is going in the right direction. But the fact that it does not trigger it soon enough, to me, makes it not effective enough in nature to give the help to the farmers that they ought to have at the present time.

But rather than take the time of the Committee any further at this time, to explain the amendments and to talk about the bill, I shall wait until tomorrow, when the bill will be read for amendment under the 5-minute rule, in order that we might expedite matters.

Mr. CHAMBERLAIN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. CHAMBERLAIN. Mr. Chairman, I rise to commend the members of the Committee on Agriculture who, over the objections of their chairman and the present administration, have insisted upon denying sales of agriculture commodities under title I of the food-for-freedom bill to any country which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam any material strategic or otherwise so long as they are governed by a Communist regime.

As one who has been concerned for many months over the aid and comfort being given North Vietnam by free world ships I believe that such language is absolutely necessary. I think there is little doubt that the actions taken by the House in recent months to prohibit either foreign aid or Public Law 480 benefits to countries who are involved in this traffic with our enemy have been instrumental in bringing about a reduction in this trade. Nevertheless this trade still exists and it is still of vital importance that Congress should continue to put the world on notice that so long as one free world ship docks at Haiphong the American people will not be satisfied.

Today, however, I wish to raise the question as to whether free world trade with Cambodia should not also warrant action by Congress. Mr. Chairman, I have in recent weeks sought to bring

to the attention of the House a number of reports which clearly substantiate the recurring allegations that the Vietcong derives aid and comfort from Cambodia soil. I do not at this time wish to review all these reports except to underscore again that this back-door aid has been facilitated by free world shipping entering Cambodia by means of the Mekong River. The threat posed by this Ho Chi Minh Trail—South—in fact prompted the South Vietnamese Government in late 1964 to close the Mekong to all Communist cargoes bound for Cambodia. Even so reports persist that contraband bound ultimately for the Vietcong is being carried by free world ships. While in South Vietnam, just a few weeks ago, I learned from an informed naval officer that we do not have any effective control over this river traffic. This is a situation which I believe is intolerable because it is quite evident that unless we can choke off the enemy's sources of supply we face a much longer and larger struggle against the Vietcong.

I have therefore called upon the President to urge the Government of South Vietnam to close the river to all Cambodian traffic—first of all to stop the flow of contraband and, second, to prod the Cambodian Government into making greater efforts to live up to their alleged policy of strict neutrality. So far this recommendation has been met with only the customarily evasive response from the State Department.

The question presents itself, therefore, if our Government is not going to take effective action in this area, should not Congress take the initiative as it has taken the initiative with respect to trade with Cuba and North Vietnam. The cases are similar if not identical. Congress has sought to stop the free world aid to the North Vietnamese war economy to directly and indirectly cut off a source of supply to the Vietcong. We know that the Vietcong does derive aid and comfort from Cambodia either officially or unofficially, either with or without the complete knowledge and consent of the Cambodian Government, and that free world trade to Cambodia is a factor in it.

I note from the press reports that the Vice President has sent a letter accepting Prince Sihanouk's invitation for a Senate delegation to come to Cambodia to verify Cambodian denials that they are aiding the enemies of South Vietnam. I think it is well that the invitation has been accepted for I believe every reasonable means should be used that might promote a genuine neutralism on the part of Cambodia. However, I also feel that a word of caution should be entered since a New York Times correspondent, who also had gone to Phnom-penh and also had received the same assurances from the Cambodian Government, later inspected the border areas himself and just a few weeks ago concluded:

I have reversed my previous impression and concluded that Cambodia is indeed a sanctuary and supply source for the Vietcong on such a scale that the Phnompenh Government must know it. From the ex-

treme south to Laos in the north, Cambodia is violating its proclaimed neutrality

I was wrong in what I wrote a fortnight ago from Phnompenh and western diplomats and military attachés there are being fooled. Cambodia isn't acting in the least bit neutral, no matter what it pretends.

I would certainly recommend therefore that any delegation looking into this question should certainly include a tour of the border areas in question conducted by our own military people.

Mr. Chairman, I note it is the opinion of the majority leader of the other body that whatever use the Vietcong has made of Cambodian territory has been done without the knowledge or support of Prince Sihanouk. To a large extent that may well be true but it does not deny existence of such aid and support. Nevertheless, the fact cannot be ignored that in addition to a steady stream of verbal attacks on the United States and South Vietnam, Prince Sihanouk has reportedly personally given in public ceremonies tons of food to Vietcong delegations and in addition has spoken of other aid which was permitted the enemies of South Vietnam by having the Cambodian Government simply "close its eyes" to what was going on. It is said that the Prince's actions are predicated on his belief that the Vietcong will win in South Vietnam and consequently that his country's survival depends therefore on the good will of North Vietnam and Communist China. A year ago, before the U.S. military buildup, such an appraisal was perhaps not unrealistic, but today the military situation is markedly different and it should be increasingly clear that the Vietcong will not be permitted to win. I believe that forthright action by our Government against the supply routes of the Vietcong would serve as additional evidence of our determination to stop Communist aggression and subversion.

No one wants the war to be enlarged whether into Cambodia or elsewhere. Neither does anyone want the war kept going by the virtue of the enemy's ability to use Cambodian soil as a sanctuary and as a logistical base of support. The Cambodian interpretation and implementation of neutralism, whatever its intentions, clearly is being exploited by the enemies of South Vietnam. Unless a change in the situation in Cambodia is soon discerned, I believe that efforts to bring economic pressure should be undertaken until Cambodia takes more effective action to eliminate the use of its territory by the enemies of its eastern neighbor. If the administration does not take the necessary corrective action, then, just as in the case of free world trade with North Vietnam, Congress will have to.

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. ALBERT], the distinguished majority leader.

Mr. ALBERT. Mr. Chairman, I want to take this time to commend the Committee on Agriculture for bringing this legislation to the floor of the House for our consideration and for the fine and constructive job the committee has done.

I think it is extraordinary for a bill to

come out at this hour and to show such unanimity and such general appreciation of the subject on the part of Members.

Mr. Chairman, I want to commend the distinguished chairman of the committee for the effective leadership he has given in this field. He is one of the most constructive and effective Members of the House.

I yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

Mr. DAGUE. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma.

(Mr. BELCHER asked and was given permission to revise and extend his remarks.)

Mr. BELCHER. Mr. Chairman, this is the way that I have hoped for years an agriculture bill would actually come to the floor. I have always felt that we should thresh out our differences in the committee and come to the floor of the House with solid unanimity.

I think one of the reasons why it is so hard to get people to take time in the general debate is because the bill was thoroughly considered in the committee. We had many, many witnesses. We had long hours of discussion in executive session. The Members on both sides of the aisle showed an inclination to compromise their differences. Until the time the bill finally came to the floor, there were only two of us that voted against it, and I was not particularly unhappy with the final result. I think the final result was as good as could be expected. Personally I was against the change in the concept of Public Law 480 from an agricultural disposal bill for the benefit of the farmers of this country into a foreign aid bill for the benefit of the peoples of the world and, you might say, a supplement to the general foreign aid proposal. I was against the theory of charging foreign aid to this great extent up to the farmers of the country when it should be charged up in the general foreign aid bill.

So I would like to stress the fact that when the next agriculture bill comes to the floor, and if somebody points to the fact, "Look how much you are appropriating for the farmers of this country," that we will take into consideration that this extension of Public Law 480 is really a foreign aid bill charged up against the farmers, and therefore that part of it should be taken into consideration.

I wish to congratulate the chairman on the method in which the bill was handled. I think this is the way an agriculture bill should be brought to the floor, and I would sincerely hope that the chairman will handle the REA bill the same as this bill is being handled, and that the witnesses will be given full time to testify as they have on this bill, and that all Members will have full opportunity to discuss the REA bill in executive session and strive, to the very best of our ability, to iron out differences before we come to the floor.

How many times we have washed our dirty linen here on the floor rather than in the committee, and I think this bill right here is the best illustration of the

way to bring an agriculture bill to the floor. I want to congratulate the chairman on the time that he took and the way in which he handled all the hearings and the discussions of the bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman from North Carolina.

Mr. COOLEY. First, I wish to thank the gentleman for his very kind remarks, and I wish to assure him that we will continue the REA hearings until everybody desiring to be heard has been given an opportunity to be heard, and in executive session certainly ample time will be provided for full discussion.

Mr. BELCHER. I want to thank the majority on this particular bill for the willingness that they showed in compromising differences.

Mr. DAGUE. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas [Mr. DOLE].

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

Mr. DOLE. Mr. Chairman, I rise in support of H.R. 14929. As stated by the previous speaker, the gentleman from Oklahoma [Mr. BELCHER], there was strong support for this measure in the committee, and there is strong support now because of the thorough and effective consideration of this measure by our committee.

I will discuss certain portions of the bill in more detail tomorrow. H.R. 14929 is, with perhaps two or three exceptions, an excellent bill because our committee took the time to perfect, improve, and supplement it.

Mr. RHODES of Arizona. Mr. Chairman, at the June 7, 1966, meeting of the House Republican policy committee a policy statement regarding Food for Freedom Act of 1966, H.R. 14929, was adopted. As chairman of the policy committee, I would like to include at this point in the RECORD the complete text of this statement:

REPUBLICAN POLICY COMMITTEE STATEMENT ON FOOD FOR FREEDOM ACT OF 1966, H.R. 14929

The Republican Policy Committee supports the extension and amendment of Public Law 480 which was enacted under the leadership of President Eisenhower and by a Republican Congress in 1954. This is the cornerstone of "Food for Peace." It has meant the difference between life and death for millions of people in a world where much of the population is engaged in a race between food production and population growth. At the same time, our farm export markets have grown enormously due to the foresight embodied in the original law.

We commend the Republican members of the Committee on Agriculture for adding a number of amendments that improve this legislation. These amendments would:

(a) provide continuing Congressional review of the operation and administration of the program by limiting the extension to 2 years,

(b) retain the basic concept of "friendly countries,"

(c) strengthen our national efforts to halt the supplying of hostile Communist regimes in Cuba and North Vietnam,

(d) improve the effectiveness of the P.L. 480 Joint Congressional Executive Advisory Committee,

(e) insist, when possible, upon a 5-percent cash payment in title I sales agreements,

(f) place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose,

(g) require, insofar as practicable, the identification of food sold for foreign currencies, as being provided through the generosity of the American people, and

(h) expanded technical assistance in friendly developing countries through a "farmer to farmer" program.

It is unfortunate that during the entire consideration of this bill, the Johnson-Humphrey Administration labored to discard the statutory concept of "friendly" countries that has been in P.L. 480 for many years. Under this concept, such countries have obtained subsidized sales from our government. We believe that any nation that either sells or furnishes or allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba should not be deemed to be a "friendly" country entitled to subsidized sales. Moreover, any nation now carrying on commercial activities with Hanoi and Havana need only refrain from doing so if it wishes to acquire U.S. farm products for its own currency or on a long-term dollar-credit basis. Certainly, when we are asking Americans to fight and die in the defense of freedom, nations receiving special treatment from this country should not trade with our enemies.

While H.R. 14929 now represents a distinct improvement over the original proposals submitted by the Administration, we believe that it should be further amended and changed to make the Food for Peace program even more effective.

We oppose the Committee amendment which would permit long-term dollar-credit sales being made for 40-year repayment periods with grace periods of up to 10 years. The impact on the balance of payments problem, the distinction between loans for food and loans for permanent structures, and the uncertainty of any substantial repayment of such long-term loans all demand that the present law which limits dollar credit sales to 20 years with 2-year grace periods be retained.

We are pleased that H.R. 14929 does not contain the Johnson-Humphrey Administration's request that would have given the Secretary of Agriculture new and unprecedented authority to manipulate market prices for a host of agricultural commodities. The granting of such power is both unwise and unnecessary. Unfortunately, the bill contains a completely ineffective and inoperative provision relating to government sales of grains into the domestic market. An amendment was offered by the Republican members of the Committee which would prevent large-scale dumping of grains by the Secretary of Agriculture in order to depress market prices for corn, sorghum, other feed grains and wheat. However, it was rejected. Such an amendment will be offered on the Floor of the House in order to prevent the Secretary of Agriculture from selling government stocks of grain at less than 80 percent of parity plus carrying charges. This amendment also would improve market prices for grain producers.

Without question, there is a growing world food and population crisis. This crisis has a vital impact on American agriculture and the American people. A program to meet the challenges and needs of the future must be enacted. With appropriate amendments, H.R. 14929 is a right step in the right direction.

Mr. POFF. Mr. Chairman, I support the extension of Public Law 480 which I supported when it first was enacted in

1954. This is the law that became the cornerstone of the food-for-peace program. It has meant the difference between life and death for millions of people in a world where much of the population is engaged in a race between food production and population growth.

I commend the amendments added in committee that improve this legislation. These amendments would provide continuing congressional review of the operation and administration of the program by limiting the extension to 2 years; retain the basic definition of "friendly countries"; help to halt the supplying of hostile Communist regimes in Cuba and North Vietnam; improve the Joint Congressional-Executive Advisory Committee; insist upon a 5-percent cash payment in title I sales agreements; place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose; require the identification of food sold for foreign currencies as being provided through the generosity of the American people; and include a revised version of the "bread and butter" brigade; a technical assistance farmer-to-farmer program similar to the bill I introduced, H.R. 11173.

While H.R. 14929 now represents a distinct improvement over the original proposals, it should be further amended and changed to make the food-for-peace program even more effective.

It is regrettable that during committee consideration of this bill, the Johnson-Humphrey administration labored so hard to discard the statutory concept of "friendly" countries that has been in Public Law 480 for many years. Under this concept, such countries have obtained subsidized sales from our Government. I feel that any nation that either sells or furnishes or allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba should not be deemed to be a "friendly" country entitled to subsidized sales. Any nation now carrying on commercial activities with Hanoi and Havana need only refrain from doing so if it wishes to acquire U.S. farm products for its own currency or on a long-term dollar credit basis. Certainly, when we are asking Americans to fight and die in the defense of freedom, nations receiving special treatment from this country should not trade with our enemies.

We oppose the long-term dollar credit sales being made for 40-year repayment periods with grace periods of up to 10 years. The impact on the balance-of-payments problem, the distinction between loans for food and loans for permanent structures, and the uncertainty of any substantial repayment of such long-term loans all demand that the present law which limits dollar credit sales to 20 years with 2-year grace periods be retained.

I am pleased that H.R. 14929 does not contain the provisions that would have given the Secretary of Agriculture new and unprecedented authority to manipulate market prices for a host of agricultural commodities. The granting of

such power is both unwise and unnecessary. Unfortunately, the bill contains a completely ineffective and inoperative provision relating to Government sales of grains into the domestic market. An amendment was offered which would prevent large-scale dumping of grains by the Secretary of Agriculture in order to depress market prices for corn, sorghum, other feed grains, and wheat. However, it was rejected.

Land-grant colleges about the country have proven their ability to effectuate the "bread and butter brigade"—farmer-to-farmer—concept. Virginia Polytechnic Institute, located at Blacksburg in our congressional district, already has underway a program in a Latin American country coordinated with a private foundation aimed at developing techniques and procedures to improve the nutritional status of that country. Agricultural and nutritional experts from Virginia Tech are teaching the people of this land to exploit native foods to improve their diets and to show the people that they can locally overcome severe protein and calorie deficiencies. Dr. T. Marshall Hahn, Jr., president of Virginia Tech, has given effective guidance to this program and has demonstrated his interest in international programs in agricultural production, food storage, marketing, distribution, and home economics. Dr. Wilson B. Bell, dean of the Virginia Tech College of Agriculture, sees in this farmer-to-farmer program many opportunities and lasting benefits.

There is a growing world food and population crisis. This crisis has a vital impact on American agriculture and the American people. A program to meet the challenges and needs of the future must be enacted. With appropriate amendments, H.R. 14929 is a right step in the right direction.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food for Freedom Act of 1966".

SEC. 2. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—

(A) By amending section 2 to read as follows:

"SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

(B) By amending title I to read as follows:

"TITLE I

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dol-

lars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, especially in providing enough food to meet the needs of their people, their activities related to the problems of population growth, and the resources required to attain such objectives;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) makes sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries by any nation which would not discriminate against commodities sold under this Act;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing transactions under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I or this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America.

"SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose

of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

"(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

"(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

"(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for the United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

"(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements;

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

(f) To promote multilateral trade and agricultural and other economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of non-profit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

"(g) For the purchase of goods or services for other friendly countries;

"(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

"(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

"(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation: *Provided*, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b).

"SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"SEC. 106. Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit: *Provided*, That payment shall be made in reasonable annual amounts over periods not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery. Interest shall be in dollars and at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section; interest shall be computed from the date of last delivery.

"SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, not-

withstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the term of credit longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

"(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

"(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108, 402, 403, 407, 408, and 409 shall be applicable to sales under this section. Sections 102 and 403 shall also be applicable to sales made under the Commodity Credit Corporation export credit sales program.

"SEC. 108. The Commodity Credit Corporation may bear the cost of ocean transportation incurred pursuant to agreements entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. The balance of such charges for transportation in United States vessels shall be required to be paid in dollars by the nations or organizations with whom the international agreement is entered into, and dollar credit terms may be extended therefor on the same terms as those provided in section 106 for dollar credit sales.

"SEC. 109. Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales): *Provided*, That notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in any amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and to provide assistance for needy persons and for nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging,

enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"Sec. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$800,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources."

(D) By changing the designation "TITLE II—GENERAL PROVISIONS" to "TITLE III" and by striking out sections 304, 305, 306, 307, and 308.

(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country.

"SEC. 402. The term 'agricultural commodity' as used in this Act shall include any product of an agricultural commodity. Subject to the availability of appropriations therefor, any domestically produced fishery product (not including fish concentrate until approved by the Food and Drug Administration) may be made available under this Act.

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries.

"(4) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(5) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

"(6) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of cur-

rencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, and interest rates, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress with respect to the activities carried out under this Act at least once each year.

"SEC. 409. No agreement to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol "(1)," by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out "foreign distribution."

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States"; and "and (4) above"; "in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for outside the United States"; and "The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended by amending the proviso to read as follows: "*Provided*, That only those products may be financed in which the raw cotton content accounts for a substantial portion of the sales price."

(e) (1) Notwithstanding any other provision of law, in order to assure a continuous and adequate and stable supply of food and fiber to meet all domestic and export requirements at fair and reasonable prices, the Secretary shall in the formulation of any voluntary adjustment program for any such commodity provide for the production of an adequate supply of such commodity. Such production shall be not less than that needed to assure that at the end of the marketing year the carryover of such commodity will not be less than 25 per centum of the total estimated requirements for such marketing year.

(2) Section 407 of the Agriculture Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: "*Provided*, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of

such commodity during such year for unrestricted use at less than 115 per centum of the current price support loan plus reasonable carrying charges."

Sec. 4. The amendments made by this Act shall take effect as of January 1, 1967.

Mr. COOLEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. MOORHEAD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks on the bill, H.R. 14929.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

CORRECTION OF VOTE

Mr. MOORHEAD. Mr. Speaker, on rollcall No. 130, today, I am recorded as absent. I was present and voted "yea."

I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

NORTHERN NEW MEXICO DEVELOPS ITS RESOURCES

(Mr. WALKER of New Mexico asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WALKER of New Mexico. Mr. Speaker, I am continually impressed with the steady progress in better care and development of soil, water, and related resources in New Mexico. This Congress has wisely provided programs of assistance through the years that foster encouragement and acceleration of this important work, yet reserve to the local people the responsibility for the work itself, for the initiative and a share of the funds needed for the job.

Nearly three decades ago the local soil conservation districts came into being, and proved that local resource leaders can effectively carry out the conservation job. Since then several tools have been provided by the Congress to further aid

these local leaders. The small watershed program and the Great Plains conservation program have been of particular benefit in my State.

Where conservation has been put on the land, and particularly in the 13 watershed projects completed in New Mexico, greater benefits have accrued than we could have anticipated: They reach beyond direct improvements in farming and ranching and protection from floods to broader economic improvement in entire communities. It is experiences like these across the Nation that I am sure led to the new concept of resource conservation and development projects which the Congress authorized on a pilot basis in 1962.

New Mexico has one of the first 10 of these projects, the northern Rio Grande R.C. & D. project. Its objective is to improve income, expand employment, and provide new economic opportunities for the people in parts of four counties by speeding up the conservation, improvement, and use of the area's natural resources.

More than 150 specific project proposals have been made to develop recreational potential of the area. As of last month, 32 project measures had been completed, and 24 others were being installed. The work done has provided 36,500 man-days of employment, and increased dollar income by \$398,000. When all measures are completed, they are expected to increase employment in the area by nearly 2,000 man-years, and bring an estimated \$7.5 million in added income a year.

I am well pleased with the rapid progress that the project is making in such a short time. The R.C. & D. idea provides a vehicle for coordinating the efforts of programs and agencies already at work, to make a highly effective team. Success in the northern Rio Grande is due to the initiative and hard work of the 25 sponsors, including the 4 counties, 3 municipalities, 5 soil and water conservation districts, 7 State agencies, the Northern Indian Pueblos Association, 4 rural areas development associations, and the State of New Mexico.

These sponsors have been aided by effective technical and financial help of many government agencies. The Soil Conservation Service of the U.S. Department of Agriculture, assigned leadership for R.C. & D. projects, has coordinated all these efforts exceptionally well. This is evident in the USDA Superior Service Award that is being presented to the SCS staff assisting in our project:

For inspiring local leadership to an exceptional level of human endeavor resulting in marked social, economic, and cultural betterment of the northern Rio Grande (R.C. & D.) project area.

I congratulate Ralph Bell, Phil Lavato, Lawrence K. Sandoval, and Coy Garrett on receiving this second highest award the Department offers.

I think what Pablo Roybal, chairman of the steering committee, said in his 1965 report sums up the project well:

Despite the vast potential of northern New Mexico, the area has not enjoyed the eco-

nomie development of other areas for many reasons. It has long been felt that this region could more fully benefit from its natural endowments of good climate, diverse resources and splendid scenery—through research, appropriate planning and cooperative effort—but, most importantly, from local initiative, action and guidance by its people.

The R.C. & D. project is making this possible—people working together to better themselves, to improve their community—making it a better place in which to live and work—for themselves and for their children.

I heartily commend all who are involved and wish them continued success. What they are doing is important to all of us.

JAMES MEREDITH

(Mr. RYAN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. RYAN. Mr. Speaker, an American of quiet courage and fierce determination, James Meredith, rests in a Memphis hospital, the victim of a cowardly and dastardly attack from ambush. How many more attacks motivated by racial hatred, how many more acts of racial violence, are we to endure? The roll of martyrs in the cause of Negro freedom is hallowed, but it is long enough.

It is time for Congress to exercise its full legislative power to make racial violence an explicit Federal crime. The administration's Civil Rights Act of 1966 does this explicitly in title V. My bill H.R. 14972 does so. Let us pass this legislation without further delay. It is ironic that it takes wanton acts of murder and near murder to arouse the country to the necessity for civil rights legislation. However, that is the story of the Civil Rights Act of 1964, the Voting Rights Act of 1965 and now 1966.

Mr. Speaker, yesterday along with six of my colleagues, the gentleman from Michigan [Mr. CONYERS], the gentleman from New York [Mr. DOW], the gentleman from New York [Mr. KUPFERMAN], the gentleman from New York [Mr. REID], the gentleman from New York [Mr. ROSENTHAL] and the gentleman from New York [Mr. WOLFF] I visited James Meredith in the John Gaston Hospital in Memphis. I was relieved to see that his physical condition seemed reasonably satisfactory after his ordeal. I was inspired by his courage and his determination to lift the climate of fear that enslaves Mississippi Negroes. I was deeply disturbed by his description of the circumstances surrounding the shooting and the apparent lack of protection which he had at the time.

James Meredith asked:

Did the State of Mississippi set me up to be shot down?

Mr. Speaker, his question must be answered. The Nation is entitled to know.

About 15 minutes before the attack, James Meredith told us, he sensed danger and felt something was about to happen. Up to that time marked cars of the State highway patrol and the county sheriff's office had been conspic-

uously present, regularly passing him as he walked along. Then they disappeared and were not present at the point of the ambush.

Before firing a shot, the attacker, whom Meredith recognized as having been in the crowd earlier along the line of the march, stood up, pointed his gun, and shouted "I'm going to get Meredith." He waited about 30 seconds, allowing time for Meredith to motion to his companions to get out of the way, before firing.

According to James Meredith, there were Federal and local law enforcement officers near him, but they did not react and did not fire at the attacker. He then came out of the woods and surrendered promptly.

Mr. Speaker, James Meredith's account of events is confirmed by an eyewitness story written for the Washington Daily News of June 7 by Mohammed Rauf Jr. He wrote:

A white man emerged from the woods on our side of the road. He was carrying a shotgun. He was neatly dressed in well-creased gray pants and white open-collar, short sleeved shirt. His hair was well-combed.

He calmly aimed the shotgun. Mr. Crittendon shouted: "James, look out."

Everyone in the party hit the dirt and fell over each other. Mr. Meredith leaped over the highway, and was hit as he crawled toward shelter on the other side.

Deputies, who at this point were not more than 20 yards away, seemed to make no attempt to stop the firing of the shotgun.

They did not draw their own revolvers. They did nothing until after the man had fired.

Mr. Speaker, I have called upon the Attorney General to conduct a thorough and searching investigation into this wanton shooting. The man who actually fired is known and in custody. But that cannot be the end of the investigation. We must know whether there was any complicity on the part of State or local officials. We must know why there was not greater protection. We must know why the law enforcement officers on the scene did nothing before the shooting.

We must have an answer to James Meredith's question:

Did the State of Mississippi set me up to be shot down?

HILL-BURTON TYPE PROGRAM PROPOSED FOR CORRECTIONAL INSTITUTIONS

(Mr. BENNETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BENNETT. Mr. Speaker, for almost 150 years our Nation has mostly just "put away" its criminals and violators of the law placing them behind thick walls and metal bars. In this way they have been said to pay their debt to society.

Thousands of men and women who have been confined in this manner and who have paid their debt to society end up where they started from: Right back behind bars. There is a new awakening to this problem today across the Nation. It has been keynoted by President John-

son in his March 8, 1965, message on crime to the Congress:

We cannot tolerate an endless, self-defeating cycle of imprisonment, release, and reimprisonment which fails to alter undesirable attitudes and behavior. We must find ways to help the first offender avoid a continuing career of crime.

One of the reasons the first offender finds himself returning to crime is because he lacks adequate education and training to find and hold a job. Statistics tell us that 70 percent of adult offenders are school dropouts lacking basic education and vocational skills, while some 85 percent of all prisoners in institutions have no skills to sell the employer upon release.

To help correct this lack of education among the 400,000 inmates in correctional institutions across the country, I have introduced H.R. 14341, a bill to establish a broad and continuing program of education and vocational training in correctional institutions and in parole and probation agencies. This bill has been endorsed by the Secretary of Labor and has had a hearing before the House Select Labor Subcommittee. It is supported by the American Correctional Association, over 25 States, many organizations, and correctional officials across the country. I am hopeful for early passage of this legislation, which I believe will help turn the tide among those 50 percent of Federal and State prisoners who resort to a falling back into prior criminal habits.

A second reason that we have crime repeaters who are taxusers and not taxpayers is that many of our penal and correctional institutions are practically antiquated museums and go back as far as the 1820's, when our Nation was beginning to get into the prison business.

These age-old prisons and penal institutions have a basic characteristic: they have maximum security. The walls are 3 to 4 feet thick and 40 or 50 feet high. Consequently the men behind these walls look at their transition from prison to society as a jump from the top of one of these walls 40 feet high to the ground. The jump is too great for any man. He is released with a new suit and \$10 in his pocket one day. Not too long from that time he returns to the same gloomy place because he cannot make it on the outside.

What the offender needs to do today is what the underwater diver does to reach the top; he decompresses at a slow rate until he is able to move to the top.

Basic education and vocational job training will help the offender reach the top. In some cases construction of more adequate buildings and physical facilities can also aid the reform processes.

A program to provide for grants to State and local governments for the construction or modernization of certain correctional institutions, including prisons, penal institutions, juvenile training centers and county and city jails can in fact be an important part of the answer to help stem the rising crime rate, which costs our Nation \$27 billion annually.

Mr. Speaker, today I am introducing legislation to establish such a program,

along the lines of the Hill-Burton hospital plan, which will be primarily directed at prisons and correctional institutions on the State and local level.

A recent Stanford University report estimates that \$410 million must be spent in the next decade on new prison facilities, largely to replace many antiquated units now in use. This compares with \$255 million spent on prison construction in the last 10 years. The maintenance costs of the old buildings demand large new capital expenditures for the overall economy standpoint.

The costs of modern prison replacement and building will not rival the comparative cost of the 40-foot-wall prison. The majority of the prison building replacement will not duplicate the massive bastille-type construction we started with in the 1800's. Modern devices make such castles unnecessary. Emphasis can be placed on rehabilitation.

We need safe and healthful places in which to confine securely our lawbreakers where they can pay their debt to society and also learn enough to make them good citizens and part of productive society, rather than a drain on our democracy.

Mr. Speaker, I believe the legislation I am introducing today, along with the companion measure, H.R. 14341, will lift the criminal and reform him into a good and proper place in our life. I am hopeful for favorable departmental reports and an early hearing on my bill to provide for a program of grants to State and local governments for the construction or modernization of certain correctional institutions.

FREE ELECTION IN THE DOMINICAN REPUBLIC

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute.)

Mr. GONZALEZ. Mr. Speaker and fellow Members, exactly a week ago today it was my privilege to be one of the observers officially designated by the Organization of American States to the Dominican Republic's election, which took place on June 1. There was a total of 41 OAS observers plus an estimated number of close to 100 unofficial private citizen observers from various countries. This election was an exemplary case of orderliness with law-abiding citizens going about the democratic process. To attempt to impute untoward influences is completely wrong. Any such imputation was completely dispelled. There is not anyone that I know of who can challenge that this was a free election at least insofar as the capital city itself is concerned. The question of the free exercise of the democratic process by the Dominican citizens was clear, because the secrecy of the ballot was absolutely safeguarded. In fact, the people themselves demonstrated a great degree of sophistication. I was very privileged to travel from one end of the capital to the other. I personally visited and went into 51 of the polling places in the Dominican Republic's capital, from the richest to the poorest sectors. I went to the so-

June 9, 1966

17. PUBLIC LANDS. Passed without amendment H. R. 5984, to restore as eligible for indemnity selection lands that were utilized for some other purpose before title could pass to a State and permit selections of unsurveyed lands to supply deficiencies in lands granted to a State. This bill will now be sent to the President. p. 12248
 18. BANKING. Passed without amendment S. 3368, to extend until June 30, 1968, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion outstanding at any one time. p. 12248
 19. FOOD ADDITIVES. Passed as reported H. R. 7042, to permit safe additives to be used in candy even if they are non-nutritive. pp. 12250-1
 20. FOREIGN AID. The Foreign Relations Committee voted to report (but did not actually report) with amendments S. 2859, the foreign aid authorization bill. p. D512
 21. PERSONNEL. The Labor Subcommittee of the Labor and Public Welfare Committee voted to report to the full committee with amendments H. R. 10721, making various amendments to the Federal Employees' Compensation Act. p. D513
 22. LEGISLATIVE PROGRAM. Sen. Mansfield stated that on Mon. the Senate "will take up various bills which will be on the calendar." p. D12238
 23. ADJOURNED until Mon., June 13. p. 12251
- HOUSE
-
24. FOOD FOR FREEDOM. Passed, 333-20, with amendments H. R. 14929, the food for freedom bill (pp. 12255-90). Rejected, 157-200, a motion by Rep. Walker, Miss., to recommit the bill and provide for various amendments (pp. 12288-9). In addition to committee amendments, agreed to the following:
 - By Rep. Latta, to provide for cooperation with certain farm organizations. p. 12274
 - By Rep. Pike, to permit use of fish protein concentrates before approval by the Food and Drug Administration by a 48-31 vote. p. 12275
 - By Rep. Ryan, to limit sales to the United Arab Republic. pp. 12275-6
 25. NUTRITION CONFERENCE. The Rules Committee reported without amendment H. Res. 884, authorizing the Agriculture Committee to send three members to the Conference of the Americas on Malnutrition in Panama, June 19 through June 25, 1966 (H. Rept. 1621). p. 12321
 26. INFORMATION. Rep. Ashbrook urged enactment of the freedom of information bill. pp. 12294-9
 27. OPINION POLL. Rep. Ashbrook inserted the results of an opinion poll, including items of interest to this Department. pp. 12299-300
 28. PERSONNEL. Rep. Nelsen urged that immediate hearings be held on the bill to strengthen the Hatch Act, and inserted an article, "Postal and Government Employees' Trend to Partisan Politics Found." p. 12301

29. RIVER BASIN. Rep. Udall criticized opponents of the proposed Colorado River Basin project. pp. 12315-7
30. LEGISLATIVE PROGRAM. Rep. Boggs announced that the following bills will be considered next week: Foreign Service Building Act amendments, and the Defense Production Act amendments. p. 12254
31. ADJOURNED until Mon., June 13. p. 12321

ITEMS IN APPENDIX

32. OPINION POLLS. Several Representatives inserted the results of opinion polls which include items of interest to this Department. pp. A3110, A3110-2, A3129-30, A3141
33. POVERTY. Extension of remarks of Rep. MacGregor questioning the effectiveness of the war on poverty and insertion of a newspaper article supporting his views. p. A3113
34. INFLATION. Extension of remarks of Rep. Morton and insertion of an article on the relationship of deficit spending to inflation. p. A3116
35. PUBLIC LAW 480. Extension of remarks of Rep. Dole stating that Public Law 480 has had a "dramatic effect upon exports of agricultural commodities", and inserting an article, "Gifts Help Melt U. S. Wheat Pile." pp. A3117-8
36. URBAN AFFAIRS. Rep. MacGregor inserted Rep. Morse's address before the MIT Conference on the Urban Challenge in which he stated that "It has become a truism to say that urban problems do not respect state boundaries. Inevitably there is a federal role in this area that cannot be overlooked." pp. A3118-20
37. PUBLIC DEBT. Speeches in the House by Rep. Schmidhauser opposing and Rep. Love supporting the proposed increase in the public debt. pp. A3123-4, A3131-2
38. FOOD PRICES. Extension of remarks of Rep. Hagen stating that it is true that food prices have gone up but that income has gone up at a "considerably greater rate", and inserting an article, "Food Prices In Perspective." pp. A3135-6

BILLS INTRODUCED

39. LANDS. S. 3485 by Sen. Metcalf, to amend section 3 of the act of July 23, 1955, c. 375, 69 Stat. 368; to Interior and Insular Affairs Committee. Remarks of author pp. 12108-9
S. 3491 by Sen. Williams of New Jersey, to amend title VII of the Housing Act of 1961 to authorize Federal grants under the open-space land program for the development and redevelopment of existing open-space land; to Banking and Currency Committee. Remarks of author p. 12110
40. MILITARY TRAINING. S. 3486 by Sen. Miller, to establish a Presidential Commission to study and make recommendations for improvements in the Selective Service System; to Armed Services Committee. Remarks of author pp. 12109-10

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Illinois? There was no objection.

TRIBUTE TO THE HONORABLE EDWIN E. WILLIS

(Mr. TUCK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TUCK. Mr. Speaker, I embrace this opportunity to join my colleagues in extending a warm welcome to the distinguished gentleman from Louisiana, the Honorable EDWIN E. WILLIS, who on account of illness has been confined to his home for several months. At the same time, I extend to him my felicitations and good wishes and express the fervent hope that he will have, as I am sure he will, a full, complete, and speedy recovery.

No Member of this body has missed the presence of Ed WILLIS during his absence from the House more than I have. His valuable and unbounded wisdom is of incalculable value not only to me, but to other Members who have the privilege of enjoying his friendship and who have the benefit of his advice.

I have known and been closely associated with the highly respected and beloved gentleman from Louisiana during my nearly 14 years of service in the House of Representatives. I have served for many years as a member of the House Judiciary Subcommittee, of which he is chairman. Likewise, I have served for more than 10 years with him on the Committee on Un-American Activities, of which he also is chairman. My seat is next to his on both of these committees, and thus I have had the opportunity to observe the dexterous, skillful, and effective manner in which he operates as a patriotic and useful legislator. No Member of the House surpasses him in ability and courage and in devotion to the highest public interest.

He is my warm, personal friend, and I am happy to enjoy these renewed associations. I am confident in the knowledge that the country will benefit by his return to his many and important responsibilities. The Lord has blessed and honored his hand, and may these blessings continue.

COMMITTEE ON RULES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I ask unanimous consent that the Committee on Rules have until midnight tonight to file a privileged report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

THE FOOD FOR FREEDOM ACT OF 1966

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14929) to pro-

mote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14929), with Mr. MOORHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, it had agreed that the bill be considered as read and open for amendment at any point.

The Clerk will now report the first committee amendment as printed in the reported bill.

The Clerk read as follows:

Page 6, line 5, strike out "transactions" and insert "sales agreements."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 13, line 17, strike out the colon and the balance of the amendment to section 106, through page 14, line 4, and insert a period and the following new sentence:

"In any event such agreement shall be no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended."

Mr. QUIE. Mr. Chairman, I rise in opposition to the committee amendment.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. WHITENER. Mr. Chairman, will the gentleman yield to me?

Mr. QUIE. I yield to the gentleman from North Carolina.

Mr. WHITENER. Mr. Chairman, I asked the gentleman from Minnesota to yield in order that I might address a question to the chairman of the Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY].

It is my information that many volunteer agencies have expressed a desire for processed corn products, these products having been tested in many countries and been found to be very nutritional and desirable. The question I would like to ask is this: Is it the gentleman's understanding and the intent of the Committee on Agriculture that under section 203 of this bill that whenever processed corn is found to be suitable and acceptable, the Department of Agriculture shall make such processed corn available to the various voluntary agencies?

Mr. COOLEY. Mr. Chairman, if the gentleman from Minnesota will yield, the gentleman from North Carolina is exactly right; he is correct.

Mr. WHITENER. I thank the gentleman from Minnesota for yielding.

Mr. QUIE. I would say to the gentleman from North Carolina [Mr. WHITENER] that that is my understanding of the bill as well.

Mr. Chairman, I rise in objection to the committee amendment. The committee amendment would permit 40-year financing of the purchase of food for foreign countries under Public Law 480. The long-range financing to date has been on 20-year loans. I think it is going too far if we permit 40-year financing and a 10-year grace period. The food will have been eaten up for 10 years before they have to pay a cent for the food and to have 40 years before they pay the entire cost is putting it beyond the generation of people who are in power at the present time.

This will lead to requests on our Government to cross off the loan. If we are going to give food away, let us give it away and get the credit for it now. Just because AID provides 40-year loans is no reason why we should go into that for food. You can argue and give some reasons for long-term loans up to 40 years on durable goods especially like manufacturing plants, dams, and highways, but for food I think it would be extremely unwise for our committee to do that.

The bill provides also that we will work toward long-term loans rather than sales for foreign currencies. If they are truly loans that the country will intend and should intend to pay back, I could see some good reason for it up to a 20-year loan to bring this about, with a 2-year grace period as the bill provides.

However, when the question comes whether there will be a 40-year loan, I would imagine that every country would want it because they would not have to pay a cent for 10 years for the food which they have purchased. This will let it get entirely out of hand. Just to be in conformity with the AID loans, I think is not a good reason. I think we have to determine ourselves the length of time for which the loans are to be made. I think 20 years is extreme but this is the way we have been operating so far and I think it has been operating quite well. But to open this up it would be a real opportunity to sell food to a country like Yugoslavia with 40 years of financing, I think is extremely unwise.

We do not know what the government will be like in some of the developing countries to which we might make a loan of 40 years. If we are going to keep Public Law 480, which now is to be called Food for Freedom, on a wise and practical basis and one that we can all support in the years ahead, both Democrats and Republicans, as we have in these years since 1954, a 20-year loan should be retained.

So, Mr. Chairman, this is the purpose of my rising to bring this to your attention and to urge that we have a strong vote in opposition to the committee amendment. What this will do is to provide for continuation of 20-year loans with a 2-year grace period rather than a 40-year loan with a 10-year grace period as the committee amendment provides.

Mr. MacGREGOR. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. MacGREGOR. I congratulate my distinguished colleague on his cogent reasoning and on the forceful expression

of his views. I associate myself with his remarks and his position 100 percent.

Mr. QUIE. I thank my colleague from Minnesota.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. QUIE (at the request of Mr. GERALD R. FORD) was granted permission to proceed for 3 additional minutes.)

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. GERALD R. FORD. How have we handled comparable loans under Public Law 480 in the past and how are we doing it at the present time?

Mr. QUIE. In the past and up to the present time, the authority is for 20-year loans and we have operated the program under that provision. But for a country like Poland, a Communist country, they have been limited to 5-year loans.

Mr. GERALD R. FORD. Can the gentleman give us any figure as to the dollar amounts of such loans under existing law?

Mr. QUIE. I could not give it to you right now. I do not have the report in the well with me.

Mr. GERALD R. FORD. I have heard the figure. I wonder if the gentleman could verify that under existing law the aggregate amount for a 20-year loan is in the neighborhood of \$1 billion.

Mr. QUIE. I do not have the figure. I would yield to the gentleman from Illinois if he has the information at the desk.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield—

Mr. QUIE. I yield to the gentleman from Illinois.

Mr. FINDLEY. The committee report, on page 45, does verify that fact.

Mr. GERALD R. FORD. So that under the provision that was reported by the committee the same type of transaction could prevail and could be as successful as the \$1 billion in transactions that we have carried out in the past?

Mr. QUIE. The gentleman is absolutely correct.

Mr. Chairman, I yield back the balance of my time.

Mr. ARENDS. Mr. Chairman, I am pleased the gentleman from North Carolina [Mr. WHITENER] made the statement he did as to the real importance of having cornmeal considered as part of this program. The chairman of the committee, the gentleman from North Carolina [Mr. COOLEY], agreed with him as does the gentleman from Minnesota [Mr. QUIE]. In order that there be additional information as to the truly important contribution processed cornmeal can make to this important project, I desire for informative purposes, to include certain detailed facts for the membership of the House to pinpoint why so many feel processed cornmeal should be and must be included by the Department of Agriculture when working out the details of the title II program under this legislation:

STATEMENT BY CORN MILLERS EXPORT INSTITUTE

PROCESSED CORN MEAL [ENRICHED]

For hungry millions of all ages who have no ovens and only the barest minimum of fuel, processed [precooked] corn meal fills

vital needs which cannot be met by any other cereal. Its unique characteristic is that when mixed with water it forms a corn dough and is thus ideally suited for those large corn-oriented areas, particularly in Latin America, where grain production has been outstripped by exploding populations.

Of equal importance, processed corn meal is the only cereal acceptable for the widely popular and nutritious corn beverages which are a staple food throughout Latin America where they are known as atol, pinolillo, chicheme, colada, and chicha dulce.

In many areas where the traditional food is of the tortilla or empanada type, processed corn meal was found to fill a basic requirement rooted in the medically proved axiom that "the closer people are to starvation, the more difficult it is to change their food habits."

While industry has for years manufactured products similar to processed corn meal for use in the food and beverage industries, it was not until 1963 that intensive industry-financed acceptability tests of processed corn meal were conducted in more than thirty countries around the world, including ten in Latin America, with uniformly excellent results.

The American Council of Voluntary Agencies, which represents all voluntary agencies engaged in overseas feeding, has asked for processed corn meal under world-wide U.S. donation programs because it fills urgent needs which cannot be met by any other cereal.

CSM

Deriving its name from the initials of corn, soy and milk, CSM is a new food for infants and children, formulated by the United States Department of Agriculture's Agricultural Research Service. It contains a well balanced assortment of necessary nutrients and approaches the optimum desirable cereal-protein ratio. It is specifically designed for infants and children in low-protein status who require prolonged feeding to achieve normal levels of metabolism.

CSM's basic cereal component is processed [precooked] corn meal with added defatted toasted soy flour, non-fat dry milk, calcium carbonate and a vitamin-mineral premix. The result is a 20% protein food with an adjusted protein efficiency ratio of 2.42 to 2.48 and a nutritionally approved amino acid balance. It is virtually bran-free, has a bland flavor and smooth texture. Produced in powder form, it is pre-cooked and ready for infant or child feeding after one-minute boiling. Feed as a gruel, as a beverage or in other forms.

CSM has been tested successfully for acceptability in Southeast Asia and Latin America, and industry is prepared to fill immediate mass needs worldwide.

CEPLAPRO

Ceplapro is a high-protein, enriched corn-based food in kernel form resulting from the ingenuity of corn millers and outstanding nutritionists and providing the answer to specific requirements of President Johnson's new Food For Freedom program.

Ceplapro is of particular interest to areas where rice is a staple in short supply. It is adaptable to the many meat and fish dishes peculiar to Southeast Asian and Latin American eating habits.

It meets rigid specifications to provide an answer not only to hunger but also to malnutrition, particularly among the world's pre-school children whose nutritional requirements are the special concern of the new program.

One hundred thirteen grams per day of Ceplapro will provide one-quarter of a pre-school child's energy needs and approximately half of all of his other nutritional requirements.

Ceplapro is composed of degermed corn meal, durum flour, defatted toasted soy flour,

non-fat dry milk, calcium carbonate and a vitamin-mineral premix.

Ceplapro's protein content ranges from 18% to 20% by U.S. Government specification. Its adjusted protein efficiency ratio is in excess of 2.25.

DEGERMED CORN MEAL (ENRICHED)

During the past decade, U.S. food aid programs have brought over 140 million tons of food to hungry people. Degermed corn meal, a basic product of the American dry corn miller, has always been a vital part of this program. It is expected to play an increasingly important role in Food For Freedom scheduling as world demands on total U.S. cereal production require a greater call on American corn.

Enriched corn meal is both economical and nutritious and lends itself to use in hot breads, main dishes and desserts. Extra food values contained in vitamins are added to corn's important natural iron, calcium and protein in this product.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and my colleagues, the question raised by the gentleman from Minnesota is one as to whether or not we should extend to agriculture as favorable terms of trade as we extend to other segments of our economy. It was the thought of the majority of the committee that we should. Entirely apart from the question as to just what the optimum period of time may be, it should be just as favorable for the sale of agricultural commodities as it should be for the sale of industrial commodities or for the purchase of any kind of commodities from our competitors.

Fertilizer is sold for only one purpose, that is to produce crops. The AID program sells fertilizer on 40-year credit. The fertilizer is used up the first year. It is used up before the crop is ever made. But it moves on 40-year credit.

The majority of the committee felt that obviously if we were going to sell fertilizer for use in foreign lands on 40-year terms, it was nothing but right that we should sell the food that may have been produced in the United States on terms just as favorable as we provided to the producer of the fertilizer, and I do not think there is any sound argument against that kind of equality of treatment.

But, the gentleman says, "The foreign aid bill should not have provided for those long terms." He says, "Food is different." He speaks of the more lasting things, such as the establishment of a plant, although long-term credit terms are not confirmed to the establishment of plants.

When I talk about the sale of fertilizer, I am not talking about the sale of a fertilizer plant; I am talking about the sale of fertilizer in bags and in bulk. I am talking about the thing that goes into the ground before the crop is ever made.

Mr. CALLAN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Nebraska.

Mr. CALLAN. Is it not true that in January of this year AID sold \$50 million worth of fertilizer to India on 40-year credit terms?

Mr. POAGE. Yes, sir. It is true that AID did sell \$50 million worth of fertilizer on 40-year terms, and yet we

are told by the gentleman from Minnesota, we ought not to be able to sell wheat on those terms. We should not be able to sell rice on those terms. The gentleman has suggested the reason we should not treat food and fiber as favorably as we treat industrial goods, or the loan of dollars, is, he says, that the wheat or the rice will be eaten up and we will not be able to recapture that down the line in 30 or 40 years. That is perfectly true. And we won't be able to recapture it in 5, 10, or 15 years, either. So there is no difference between a 40-year credit and a 20-year credit so far as the ability to recapture the food item.

But there is no difference between the security offered by a food item and the building of a railroad or the building of a great plant that may be standing there 40 years from now, because, remember, we are talking about credit in a foreign land where the writ of the U.S. courts does not run, and you cannot go to these foreign lands and foreclose your lien as you could in the United States. Any time a foreign government repudiates its debts there is no such thing as a "secured" debt.

The gentleman from Minnesota suggests that the government may change in 40 years—and so it may. It may very well change in 20 years' time. It might change in 20 months' time. He says that then we could not enforce this lien. We cannot enforce this lien against property, whether it is for the most durable product or for the most transitory benefit, if the debt is owed by some foreign land and a hostile government takes charge.

What we are trying to do is to stabilize those governments so that friendly governments will be in charge and we will have someone with whom we can deal—someone who will recognize the obligation of a debt. No foreign debt is any better than the integrity of the government of the country which owes the debt.

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Certainly, I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. The gentleman from Texas mentioned that we in the United States have made loans of fertilizer to India to the approximate figure of \$40 million.

Mr. POAGE. Fifty.

Mr. GERALD R. FORD. On 40-year and 50-year terms, I assume, with a 10-year grace period. Does the gentleman from Texas think that is a good loan?

Mr. POAGE. Does the gentleman ask if I think it would be repaid? Is that what the gentleman means?

Mr. GERALD R. FORD. Yes, I will ask that question.

Mr. POAGE. I am not at all sure whether we will be able to save the Indian economy or not. If we do, I believe there is no question that the loan will be repaid. If the whole Indian economy collapses and the Indian Government collapses, I am sure it will not be repaid. Neither will any of the other loans be repaid—no matter whether they are for 40 days or 40 years—whether they were for food or for roads.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(On request of Mr. COOLEY, and by unanimous consent, Mr. POAGE was allowed to proceed for 2 additional minutes.)

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. First I would like to observe that when this was considered in the committee, the amendments presented by Mr. QUIE and others were very clear and cogent and convincing to me at the time, so I voted to reduce it to 20 years. But, upon reflection and review, I realized that was wrong and moved to reconsider the vote, and I voted for the 40-year period.

These dollar loans we are making now permit terms up to 40 years for purchase of industrial projects, I think we should be equally generous in the sale of agricultural products.

Mr. POAGE. Mr. Chairman, the gentleman raised an important point. We can under the foreign aid program lend dollars to the countries, and they can take those dollars and buy their food products from a third-party nation, eat them up, and then owe us the dollars, payable 40 years hence.

We believe, if we provide food from the United States, we should be able to provide it on just as favorable terms as we loan money to foreign countries to buy food from third parties and be competitive with foreign countries, who are providing the food while we are furnishing the money.

We are furnishing the money, as the chairman points out. We are making 40-year dollar loans and letting the recipients buy food from third parties, and at the same time saying that if we sell the food produced by American farmers that the credit terms must be much less favorable.

Is that Yankee trading? Is that sound business? Are we trying to get the world's business, or does it seem we are trying to dig a hole and put our heads in the hole?

Mr. COOLEY. Is it not a fact that other countries are selling perishable commodities on long-term loans?

Mr. POAGE. Yes, it is true. The Soviet Union is selling on long-term loans, selling perishable commodities, food commodities. If we are to be competitive in the world market we must provide at least as favorable terms as our competitors provide. Certainly we must provide as favorable terms for the sale of agricultural products as we provide for the borrowing of dollars or for the sale of our industrial products.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and Members of the Committee, this amendment presents a very important question. I rise only for the purpose of shedding, I hope, just a little more light on it. I believe it should be treated with a little more importance than it has been up to now.

First, I want to make it well understood that I am strongly in favor of this

legislation. Regardless of what happens to this amendment, I am for this bill. I think it is good legislation. It has been good for our economy. It has been good for those nations where starvation exists. It has been good for our export trade. It is a good bill.

The 40-year loan business bothers me, and it bothered the members of the committee. The best evidence of that is that the committee first voted very strongly for the 20-year provision. Then the argument was advanced, as my distinguished colleague from Texas just pointed out, that if we are going to make 40-year loans under another act for other purposes, then we ought to make the same types of loans for the sale of our agricultural commodities. That makes for good argument, but not necessarily the best of sense. No two loans are alike. No two borrowers are alike, and neither are the lenders. And the making of unsound loans under one program does not obligate the Congress to the making of unsound loans under any and all programs.

I believe we made a mistake when we set up any kind of a 40-year foreign aid loan. Forty years is a long time. I do not know who is going to be running these countries 40 years from now. As the gentleman from Texas [Mr. POAGE] says, I do not know who is going to be running these countries after 20 years. But I can envisage the situation in these borrowing countries a little better 20 years now than 40 years from now.

The idea that we must merely copy some other act or some other law does not impress me. We are being urged to duplicate a section of the foreign aid act, a section which in my judgment was bad when it was enacted. It is bad now and it will be bad tomorrow. I do not see why we should duplicate the mistake. We should exercise our best judgment on the measure before us.

The committee first voted down by a very substantial vote the 40-year loan provision. I would hope we would stick with the 20-year provision. Let us not get ourselves overcommitted. I hope you will vote down this amendment.

(Mr. ABERNETHY asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Minnesota.

Mr. QUIE. Does the gentleman from Mississippi know of any country which provides food on a 40-year loan basis?

Mr. ABERNETHY. No, I do not.

Mr. QUIE. The claim was made that we have to meet competition. I do not know of a country which does that.

Mr. ABERNETHY. I do not, either. The significant thing is that we have gotten along quite well since 1959 without any particular complaint or criticism with a 20-year loan provision. That is correct, is it not?

Mr. QUIE. That is correct.

Mr. ABERNETHY. Then why should we make this change? No good reason has been assigned. Not one.

Mr. QUIE. Mr. Chairman, will the gentleman yield further?

Mr. ABERNETHY. I yield to the gentleman from Minnesota.

Mr. QUIE. If the proponents of the amendment had been able to come here to say that the administration had never utilized the 40-year loan provision for the purchase of fertilizer, perhaps we could leave it to their sound judgment, but the fact is that they say they have a program under the 40-year provision, of \$40 million to India, and this indicates they would use the authority for 40 years for food. This makes it even more important that the committee amendment not prevail. Does the gentleman agree?

Mr. ABERNETHY. I agree with the gentleman. I believe the 40-year loan is simply a gift or a grant.

I am not against some gifts or grants. Such are provided in this bill. But I certainly do not want to convert the loan provision into nothing more than a gift or grant, and that is just what a 40-year loan provision will amount to.

I might say that after a period of 20 years, if a nation finds itself in a position that it cannot pay we would no doubt do what we usually do. A negotiation would take place. They would ask for an extension. And the chances are they would get it. They usually do.

Mr. QUIE. I thank the gentleman.

Mr. ABERNETHY. Now, Mr. Chairman, regardless of what happens to this amendment, I am for this bill. I would like to address myself to the bill in a general way.

I count it a privilege to lend my support to the Food for Freedom Act of 1966. This legislation will benefit all Americans, particularly those engaged in agriculture. It will promote the export sale of our products. It will promote the economy in general. It will relieve hunger and famine in many parts of the world.

This is a good bill. It builds on our past experience under Public Law 480 and it takes into account our desires and responsibilities of the future. It is humanitarian but it also is utilitarian and practical. This bill, when it emerges from the Congress, will in my opinion be counted among the most important accomplishments of this 89th session.

There are many good things that can be said about the food-for-peace program as we have known it. Among them I would cite these three:

First. It has helped us build, most successfully, foreign markets for our agricultural products;

Second. It has been a potent force in helping us to move our agricultural surpluses into use;

Third. It has provided food for millions of people who otherwise would have gone hungry.

The new program, which we propose to identify as Food for Freedom, will do these things, and more. For one thing, it will emphasize, strongly and firmly, the absolute necessity that countries now receiving food aid must accelerate their own food production efforts and do a much better job of feeding their own people. It recognizes that our own food aid can only be transitional. We can help now but ultimately the countries

now short of food must shoulder the responsibility of feeding themselves. The new program will provide both incentive and helpful means as they tackle this extremely large task.

BUILDING FOREIGN MARKETS

At a time when food shortage is perhaps the world's greatest problem, it may seem incongruous that we would cite the development of commercial foreign markets as one of the accomplishments of our food aid program. This is not at all inconsistent. As a matter of fact, food aid programs and trade development programs are closely interrelated and, when properly administered, are highly compatible. I will go further and say that food aid, properly administered, directly leads to economic development and actually creates new commercial markets. In other words, aid can and does become trade.

I believe that all of us strongly support food aid on a temporary basis—when children are going hungry, when there is earthquake or drought or other disaster, or when unemployment is general and breadwinners are unable to support their families. But food aid can be thought of rationally only as a short-term proposition. I think we all wince when we hear of any of our own American families that have been on relief for years, or even generations. Food aid must be administered with the dual objective of relieving hunger now and at the same time helping create new opportunity for jobs, wages, and ability to buy products commercially in the future. This the new program seeks to do. This I support wholeheartedly.

The Public Law 480 program has been in effect since 1954 and during this period it has made two distinct contributions toward building markets for our agricultural products.

One of these I have mentioned—the support it has given to countries trying to move upward from obtaining our products under aid into a new position of buying them through trade. We have seen notable progress in country after country—Japan, Spain, Greece, Thailand, Israel, and Taiwan are only a few.

Since the 1955–59 period, our cash exports of U.S. farm products to Greece have increased 16 times; to Taiwan, 13 times; to Spain, 10 times; to Israel, 2 times.

These countries, fully or mainly, have progressed from assistance under Public Law 480 to a new healthy ability to stand on their own feet and purchase their requirements on commercial terms. It can be done, and is being done.

The second contribution is in the financing of our market development program. One of the farsighted features of the Public Law 480 program has been its title I requirement that 5 percent of foreign currencies acquired through export sales of farm commodities be set aside for use in promoting commercial export sales of our agricultural commodities. It was my privilege to author and insert this 5-percent export sales provision into the act several years ago. This feature has provided the spark and the energy that has set effective new export promotion machinery into motion.

Ten or eleven years ago, when this market development program was just getting underway, American agriculture was not particularly active in promoting sales of its products in foreign countries. It is true that our cotton and tobacco people had some private promotions going; also, our fruit people were doing some work abroad. For a wide range of other farm products, however, we were doing practically nothing in foreign markets to build our reputation and increase our sales.

With Public Law 480, all this changed. We entrusted the Department of Agriculture with responsibility for setting up and administering a new export development program, financed with title I foreign currencies. The Department of Agriculture, with our support and concurrence, set up a number of cooperative projects with private agricultural and trade groups as a means of carrying out this work. These projects are jointly financed—the Department of Agriculture uses foreign currencies or dollar equivalents in financing its share, the agricultural and trade groups put in private funds coming from their own membership.

As a result of this development, sales of all major U.S. farm products today are being promoted in foreign markets—cotton, soybeans, wheat, feed grains, rice, fruits, vegetables, dairy products, poultry products, lard, tallow, variety meats, processed foods, and a number of others.

A total of 45 U.S. trade and farm groups are working with USDA's Foreign Agricultural Service, in more than 70 countries, in carrying out this joint market development effort.

Under the Public Law 480 market development program, Cotton Council International has been working with the Department of Agriculture in efforts to help cotton maintain and expand its markets in important consuming countries. In 1956–57 when the Public Law 480 market development program first started, world consumption of cotton was approximately 43 million bales whereas in 1964–65 world consumption of cotton was approximately 50 million bales.

Of course, many factors influenced this increase in world cotton consumption, including increase population and higher living standards, but there is no question but that the cotton promotion program that has been carried out by Cotton Council International and the Department of Agriculture in cooperation with the industry groups in the important consuming countries has contributed in some measure toward this increase. This program has helped create a bigger marketing opportunity for American cotton, and this is beneficial to Mississippi cotton growers.

Cotton is experiencing increasing competition from synthetic fibers. The market development provisions of this legislation will make it possible for cotton and other U.S. agricultural commodities to fight for their export markets through constructive and effective promotion, which is so necessary today if American agricultural commodities are to maintain and improve their positions in the world market.

This export promotion work is paying excellent dividends. New export records are being set, practically every year. During this fiscal year ending June 30, we expect U.S. agricultural exports to reach the alltime new record of \$6.7 billion. This will be \$600 million higher than last year. It will be twice the level of agricultural exports of the 1951-55 period.

Market development work is helping set the stage for even bigger exports in the future. There is good possibility that we will reach \$8 billion agricultural exports by 1970 and \$9 billion by 1975.

Furthermore, I would emphasize that the big gains in our agricultural exports are in our commercial sales for dollars. Our dollar exports have been rising much faster than any expansion in our food aid shipments. Out of this fiscal year's expected \$6.7 billion, about \$5 billion will be dollar exports. This not only represents substantial income for our farm and city people in agricultural areas but also is a big and much-needed addition to our Nation's balance of payments.

These steadily growing agricultural exports have considerable meaning to my own State of Mississippi. During this 1966 fiscal year, we estimate that about \$150 million of Mississippi's agricultural income will come from its exports of farm products. Well over half of this income, of course, comes from sales of cotton—which are down somewhat this year but are expected to recover in the year ahead. Mississippi has become a large grower and exporter of soybeans and soybean oil—and this is a rapidly expanding industry with a great future. Our rice is in strong demand overseas. We are having considerable success in selling our poultry products abroad. We are moving fairly large amounts of wheat and feed grains into the foreign market. And we are exporting some rather big amounts of livestock products, including lard, tallow, meats, and dairy products. Furthermore, most of this is commercial.

Mississippi produces many products that are in strong demand. We estimate that about 80 percent of Mississippi's farm exports are regular dollar-earning business.

MOVING AGRICULTURAL SURPLUSES INTO USE

I said earlier that the food-for-peace program has been a potent force in helping us to move our agricultural surpluses into use. Just how potent this force has been is indicated by recent events.

On May 5 the Secretary of Agriculture announced a 15 percent increase in the national acreage allotment for the 1967 wheat crop. He is calling for this increased production for a very practical reason—the wheat surplus that has plagued us for quite a few years is gone.

Earlier, the 1966 acreage allotment for rice was increased by 10 percent. Market demand for rice is very strong. The surplus is gone.

Feed grain growers are being encouraged to plant soybeans on feed grain acreage, which they can do and still remain in compliance with the feed grain program. We still have excess supplies of feed grains but any surplus of soybeans we may have had is gone.

The support price for milk has been

raised to encourage greater production. The surplus of dairy products is gone.

These reductions in surplus stocks, as contrasted with 5 years ago, have been dramatic. For example, this July our wheat carryover will be nearly 60 percent lower than it was in July 1961. The Secretary of Agriculture noted recently that our June 30 carryover of wheat will be less than 600 million bushels, for the first time in 13 years. This amount is about 1 year's supply for domestic food consumption and seed. In view of wheat's highly strategic role in today's world food picture, it is clear that we have moved from an uncomfortably large supply of wheat to one that could become uncomfortably small were we not taking these new measures to expand production.

Exports are not the only reason but they are a highly important part of the reason for this virtual disappearance of many of our agricultural surpluses. Wheat and rice are good examples.

During the past 10 years, we have exported 5,826 million bushels of wheat. This is equal to five U.S. wheat crops. And 70 percent of this has been under food for peace.

During this period we have exported the equivalent of 211 million bags of rice—milled basis—or a volume equal to 5¾ U.S. crops. About 57 percent of this has moved under food for peace.

Large quantities of U.S. cotton have been exported under Public Law 480 since its inception nearly 12 years ago. Approximately 9.4 million bales were exported under title I which provides for sales against payment in local currencies and about 600,000 bales were exported on credit under title IV. Thus exports under these two titles since 1954-55 have averaged about 800,000 bales annually, 18 percent of the total U.S. exports during the period.

Much of this cotton was exported to countries which did not have the financial resources to import adequate amounts of cotton to meet demand. In the absence of Public Law 480 cotton, consumers in these countries would simply have had less clothing and the cotton represented by Public Law 480 sales would not have been consumed.

If this 10 million bales of cotton had not been exported from the United States under Public Law 480, U.S. production would have had to be adjusted downward or the U.S. carryover on August 1, 1966 would be about 26.7 million bales rather than the burdensome 16.7 million now expected.

All States benefited from the Public Law 480 exports of cotton. Since U.S. cotton acreage allotments and marketing quotas are applied across the board to all States, each State benefited by its proportionate share of U.S. production.

Mississippi accounted for 12 percent of the U.S. production during the period; therefore, it was able to market 1.2 million bales more than it would have marketed if the 10 million had not been exported under Public Law 480. This, to Mississippi farmers, meant 100,000 more bales a year, 6 percent of its average production. In addition large quantities of cottonseed and soybean oils were moved

under Public Law 480 which meant higher prices for oils and larger soybean acreages.

FEEDING HUNGRY PEOPLE

In discussing Public Law 480, I mentioned first our own self-interest in this program—the better markets it builds and its success in reducing burdensome surpluses. I did this because I believe that this program, despite its great humanitarian impact, could not continue to exist unless it brought benefits to those who give as well as those who receive. The fact that it has continued to exist—for more than a decade and is now before us for renewal—is testimony to its two-way benefits.

Let me speak now of those humanitarian benefits.

We are a nation with a great conscience. We are uncomfortable even at the very thought that people in other lands may be hungry. Through this program we have made available 140 million tons of food to hungry people during the past decade. We have helped to provide school lunches for 70 million children in foreign lands, and for many of them this has been their best meal of the day.

This great outpouring of our agricultural abundance not only is helping to provide food and clothing for millions of people in need but has a number of equally important additional virtues. The presence in less developed countries of our supplies is helping to hold down inflation. Through the title I system of selling our products for foreign currencies, and then putting many of these currencies back into economic development, we are directly stimulating and helping these nations to move ahead. In country after country, we can point to new roads, new power and irrigation works, new schools, and other essential public services that came into being only because there has been a Public Law 480.

There is a serious question today whether the world's greatest crises of the future will come from atomic explosions—which we pray will not happen—or from the population explosion, which already is happening.

At the present rate of increase, world population will increase as much in the next 35 years as it has since the beginning of time—from 3.3 billion now to 6½ to 7 billion by the year 2000. If by the year 2000 the world's people are to be adequately fed, they will require two and one-half times the amount of food being produced now.

What we are shipping needy people under Public Law 480 is large, extremely large. But this, in terms of the astronomical needs of the future, would make only a small dent. The world's people have no choice but to do more for themselves—through population control and through much larger food production. What we have been doing under the food-for-peace program, and what we propose now to do under food for freedom, is to use our supplies in such a way that they avert hunger for now and that they help provide the physical and economic energy these less developed countries require in order to do this future job that they absolutely must do.

In other words, the food-for-freedom program will help buy time and will postpone or, if we are successful, avert that day of reckoning toward which the world is now headed, the day so grimly predicted by Thomas Malthus last century when he foresaw the time when population would outgrow its food supply and starvation would stalk the earth.

Mr. FINDLEY. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

The gentleman from Mississippi made a very excellent statement, and I feel he helped to get the issue on this amendment down to its basic fundamentals. Most of us will question the wisdom of 40-year loans to a foreign government of uncertain future for any purpose, whether it be for fertilizer, food, machinery, or even a dam.

The question then before this body is whether or not we should take the opportunity we have today to try to cut off some of this 40-year fiscal foolishness, as I would call it, or whether we should simply wait for tomorrow when the foreign aid bill comes out of the Committee on Foreign Affairs and make one great big effort then to try to bring the whole package down to a more reasonable level. I say we should take the opportunity now at hand. The length of the loans authorized by the committee amendment is not the only consideration. The interest rate is of tremendous importance. For example, the 10-year grace period authorizes a rate of interest of only 1 percent. Let me illustrate what that means. Let us say that Poland gets a loan under this provision and uses the 10-year grace period at 1 percent and buys \$1 million worth of commodities. At the end of that 10-year period, if they paid their interest, they would have paid \$104,000 interest. Meanwhile, the taxpayers of the United States would have had to shell out 4 percent interest to help finance their public debt, and at 4 percent interest that same \$1 million loan for the 10-year period comes to \$480,000. That means the Communist government in Poland would have an advantage at the expense of the U.S. taxpayers worth about \$376,000 on this single \$1 million transaction. I say that that is nonsense, particularly when we read in the papers, as we did last April 26, that the Polish Government filed a suit against the United States claiming damage to one of its transport ships supposedly damaged by our aircraft in a harbor near Haiphong in North Vietnam.

To me it is just plain nonsense for us to permit legislation to go through this body which would authorize 40-year credit to a government like that and embodying in the terms 10 years at 1 percent interest and the balance at 2½ percent interest.

The Committee on Agriculture is presently considering a bill to establish an electric bank because of rising criticism over the 2-percent interest rate which rural Americans enjoy through electric cooperatives. The bill now before us would authorize a 1-percent interest rate for 10 years even to Communist governments. I do indeed support the gentleman from Minnesota and the others who

have said that this is just plain foolishness. At this moment we should strike while we have the opportunity and try to bring these long-term credit arrangements into some kind of sense and balance.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the chairman of the committee.

Mr. COOLEY. I thought we could compromise this matter in the committee by putting in the language we have on page 14 of the bill, which reads as follows:

In any event such agreement shall be no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended.

Is that not a compromise between the 20- and 40-year periods?

Mr. FINDLEY. That is the amendment which the committee did report favorably. That is true.

Mr. COOLEY. That is what I say.

Mr. FINDLEY. But it simply means the interest rate will be on the same level as the interest rate which is provided in the Foreign Assistance Act. I think we should take this opportunity to cut back on the 40-year term because that is what is presently provided by the foreign assistance law.

Mr. COOLEY. But then you still have the Foreign Assistance Act coming up later with a 40-year dollar loan. It would be plain nonsense for you to give dollar loans for 40 years and let them take our dollars and go out to—

Mr. FINDLEY. I hope the gentleman will support an amendment when the foreign assistance bill comes before us at that time to cut the 40 years down.

Mr. COOLEY. Will the gentleman please let me finish my sentence?

Mr. FINDLEY. I will be glad to.

Mr. COOLEY. Do you not think it would be better for us to wait and work on the Foreign Assistance Act first?

Mr. FINDLEY. No; I do not.

Mr. COOLEY. Then, if we reduce it to 20 years, this can be done here, too.

Mr. FINDLEY. Let us do what we can today and then try to complete the job later.

Mr. OLSON of Minnesota. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we have left out some important facts here in this debate, and I submit to you it was those facts that changed the mind of the committee. In the first instance I supported the 40-year loan in the committee, and, of course, the committee decided otherwise. As I have pointed out, when the facts were brought to bear on this argument, the committee reversed its position. I want to quote from page 45 of the report to substantiate what has been brought out in the discussion that indeed we have been making loans and have been making them for a 20-year period. And, I quote:

Thus far, more than 75 long-term government-to-government dollar credit sales have been made to 30 different countries, for an amount in excess of \$1 billion, and 40 of these sales have been made on terms more favorable to the United States than the minimum authorized by the law.

Now, Mr. Chairman, the very important point is that the total of these loans under Public Law 480 are in an amount of \$1 billion.

Mr. Chairman, the gentleman knows these loans equal only 5 percent of the total past transactions and if he does not know it, it does not take much checking to know that this program has cost over \$20 billion since its inception.

Mr. Chairman and gentlemen of the Committee, we are going from a soft currency sale program into a dollar loan program. That is the important fact in this discussion, that we have gone from a giveaway program to a program of emphasizing the value of these products and emphasizing the value of these products to the United States.

Mr. Chairman, defeat of this amendment would indeed be a serious mistake and throw a complete roadblock in our efforts to go to dollar loan programs under this Food for Freedom Act, replacing Public Law 480.

Mr. Chairman, if we made the terms of the law so restrictive that we could not indeed make them operative at all and if we would rather have people going other places with their dollars with which to buy food if it is available—and it might be available in the instance of wheat from Canada, after they have bought fertilizer from us on a 40-year basis, they will go up and get the same favorable credit when they buy their food from whoever it might be available.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. OLSON of Minnesota. I yield to the gentleman.

Mr. FINDLEY. On page 45 the committee report points out that \$1 billion in transactions, to which the gentleman refers, all of it was consummated upon terms no more restrictive than what would obtain if this amendment is rejected. In other words, the length of the term was in no case longer than 20 years, and the grace period in all transactions was no longer than 2 years.

Mr. OLSON of Minnesota. I thank the gentleman from Illinois and I think it proves the statement of the gentleman from Minnesota [Mr. QUIE] was incorrect when he tried to infer that because we have made 40-year credit sales of fertilizer, we would make all food sales on a 40-year credit basis. The record indicates, as pointed out, that we have not made all credit sales on as favorable a basis as allowed.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield further?

Mr. OLSON of Minnesota. Yes.

Mr. FINDLEY. Then I would assume the gentleman will agree that this dollar sales operation will continue at a satisfactory pace, even if this amendment is rejected, because we would then be on the same credit-term basis as we have been in recent years?

Mr. OLSON of Minnesota. I would accept the fact that it certainly can continue at the rate of as much as \$1 billion or about 5 percent of the program but we are dealing with only 5 percent of the total program. Surely, we do not want to take that kind of a chance in the food-for-freedom program this afternoon.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, have any sales been lost for want of better terms?

Mr. OLSON of Minnesota. They have been getting them in soft currencies, I will point out to the gentleman. They have not been able to consummate the agreements on terms as have been available, thereby pointing out the fact that the terms have not been favorable enough to carry out the intent of the bill, to shift to dollar sales.

Mr. Chairman, we are trying as the gentleman knows from the discussions in the committee, to work away from soft currencies sales. We feel it is more favorable to us to make these sales on a dollar credit basis and have them owing us something for this food.

I believe in the case of the aid that has been given to France over the years that it might be kind of nice to have France owe us a little money.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CALLAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think we can put this in perspective pretty quickly.

This is no life or death matter as far as this food-for-freedom program is concerned. All we are talking about today is whether or not this country wants to allow the producers of agricultural products to sell their products under this Food for Freedom Act on the same terms that we sell tractors and fertilizers and machinery and all these other industrial products. That is about all that is involved here. I do not really believe that anybody thinks whether we sell food with 20-year financing or 40-year financing is really going to make much difference. What the Committee on Agriculture wants to do is to set this program so as to comply with the foreign aid program, and if the foreign aid program is changed, this also will be changed so that we can sell agricultural products on as favorable terms at least as we sell the products of industry. I think this is fair to agriculture. I think the Department of Agriculture and these people who are making these deals are going to make them on the best terms that they can as far as the United States is concerned. So what we are involved in here, it seems to me, is a rather nitpicking operation. This amendment, that is the committee amendment, should be adopted.

Mr. Chairman, I yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, if we can agree on a limitation of time, I ask unanimous consent that debate on this amendment be limited to 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. BELCHER].

(By unanimous consent (at the request of Mr. COOLEY) Mr. BELCHER was granted 1 minute of the time allotted to Mr. COOLEY.)

(Mr. BELCHER asked and was given permission to revise and extend his remarks.)

(By unanimous consent (at the request of Mr. EDWARDS of Alabama) the time allotted to him was granted to Mr. BELCHER.)

Mr. BELCHER. Mr. Chairman, this is about the only controversial part of this bill that is left. The fact of the matter is, I understood the chairman to say a while ago that he understood there was a compromise on this. Well, this is the kind of compromise we had.

First, this 20-year amendment was adopted I think by a vote of 21 to 12. Then later on a reconsideration an amendment was offered by the chairman and that amendment was adopted, the amendment that we are now discussing by a vote of 19 to 15. So the compromise was just about 50-50 on each side.

It has been stated here that it does not make a whole lot of difference whether we have 20- or 40-year loans. I agree that the chances are we are not going to get any money out of it anyway. It is more or less academic because it is just as it says in the report here—the chances are they are going to owe us this money forever rather than beat us out of it. But we are giving away \$800 million worth of food as an absolute gift. Then we are selling \$2½ billion worth of soft currency from which we get very little in return.

Now, at a time when we do have an opportunity to get a few dollars out of some of these commodities, we are going to give them 40 years in which to pay their grocery bill. That is exactly what this amounts to. It is their grocery bill. When we sell tractors and equipment of that nature, from which they can supply themselves, we at least have given them some self-help. But when we give them 40 years in which to pay their grocery bill, I would imagine that possibly some of those people 40 years from now would object to paying the grocery bill of people who lived 40 years prior to their particular time.

But, in addition to all of that, some of us who live in more or less closely divided districts—and mine is not so closely divided; it is about 2 or 3 to 1 Democratic, and I have to run on the Republican ticket—it is necessary for me to go home and explain to our taxpayers some of the merits of some of these bills, and it is going to be a little hard to explain why this Government would now pay 5½ percent interest on money and then buy commodities and sell those commodities to foreign nations on terms under which, first, they would not pay a single penny of the principal for 10 years, then only 1 percent interest for 10 years, and then they would pay 2½ percent interest. They would be given 40 years to pay the balance. It is going to be hard for me to explain to my taxpayers that if this is a sale, why should we pay 5½ percent on money and at the same time turn around and loan that money to foreign countries at 1 percent interest.

There is a great deal of sentiment for taking care of these starving people. We are spending \$800 million to do that. We are spending \$2.5 billion to sell commodities on terms of their own soft currency. Certainly it would look to me like that

was enough of a charitable proposition under this bill without attempting then to sell the commodities that we have some opportunity to sell on a 40-year basis of this kind. I would rather go home and say we are going to give these commodities to people who cannot afford to pay for them, because they are going to starve if we do not give it to them. But to go home and try to defend a sale at 5½-percent money to our Government to them for 10 years at 1 percent, I would think my taxpayers would think I am a darned poor businessman. It would be better to give them the commodities.

Mr. OLSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman from Minnesota.

Mr. OLSON of Minnesota. You have already been in the situation in which you have had to go home and explain to your taxpayers that we were making these sales for soft currencies. We are making a transition from a program that is worse than no sale at all, and now finally we are reaching an understanding for a credit sale that is of more benefit to us, to the United States, and we can impose more of an incentive on the recipient nations to do more for themselves by going to dollar sales. This we have had to explain all the time.

Mr. BELCHER. Yes, I have had to explain why we give these commodities away for foreign currency, but I think a great many of the church organizations and humanitarian organizations support this bill on the theory that it provides food for peace. We are taking care of these foreign nations that cannot afford to buy stuff for dollars. But then to go home and say that when you do have a chance to get dollars we allow them to owe us forever, it will not cut down the \$2.5 billion at all on these 40-year sales. It would not cut down the expense of \$800 million.

Mr. OLSON of Minnesota. The gentleman raises a very important point in the conversation here. It is intended that the dollar loan replace the program of soft currency sales. I have no argument with you at all, if it were not that we intend to replace the soft currency sales, and we have set a deadline for doing it at 5 years, as the gentleman knows. The committee cut the bill to a 2-year extension, and we will still make all the effort we can to make the transition from soft currency sales to dollar loans.

Mr. BELCHER. We are not going to make a transition from soft currency to dollar loans to countries that cannot afford to pay on soft currency, I hope, so I do not believe there will be any cut-down in the amount of giveaway programs we have.

We will have to go home and defend the sale. It is bad enough to defend the 20-year sale with a 2-year grace period, rather than a 40-year sale with a 10-year grace period. If the gentleman can explain that to his taxpayers, it is all right with me. I would like to have him come and explain it to some of mine.

Mr. OLSON of Minnesota. Again the gentleman is saying that we are not go-

ing to be able to make dollar sales, if our restrictions are such that we insist they have to stay on soft currency sales. That is the whole point of the argument.

Mr. BELCHER. I cannot kid my taxpayers that a 40-year loan is very much of a sale. They will think I am a dummy.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin.

(Mr. STALBAUM asked and was given permission to revise and extend his remarks.)

Mr. STALBAUM. Mr. Chairman, I rise in support of the amendment for one very simple reason. I do not want to see our American farmers made into second-class citizens. That is obviously what those who oppose this amendment are attempting to do. They come before us and say it is perfectly all right to give 40-year terms for anything bought from American industry, but anything bought from the American farmer, must be paid for in 20 years.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. STALBAUM. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Mr. Chairman, I do not say that. I say the 40-year loan was wrong to begin with.

Mr. STALBAUM. Does the gentleman admit that the 40-year loan is all right for American industry products?

Mr. ABERNETHY. I do not. When that was considered I was outvoted. Such a loan is absolutely unsound.

Mr. STALBAUM. The gentleman has been outvoted several times, because we set up the 40-year terms for industry long ago.

Now the gentlemen want to say that in spite of the 40-year loans for industry, agriculture shall be limited to loans for 20 years. That is precisely the argument before us this afternoon. They use the argument that industrial loans are for industrial plants and hard goods. We have talked about fertilizer. Let us add petroleum and textiles and pulp and paper products to that list, because those can be bought on 40-year terms too. It is all right to buy these perishables on 40-year terms, but it is wrong to buy food on that basis.

It is as if a buyer came to a bank and, as a foreign nation, says "I want money for food." The banker says "Fine. We will let you have it for 20 years to buy American food." But the purchaser can go to the next window and say "Let us have money for 40 years." The banker says "Fine, we will let you have money for 40 years to go out and buy food any place else in the world but in America."

No, I am not going to stand here today and vote to make the American farmer a second-class citizen.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Oklahoma.

Mr. BELCHER. Mr. Chairman, the gentleman who addressed the House a

few minutes ago intimated it is terrible to make these countries pay their grocery bills within 20 years. Does the gentleman know of any place in the United States where an American citizen can buy his groceries on 20 years' time?

Mr. GROSS. I certainly do not.

Mr. BELCHER. I do not.

Mr. GROSS. Let me inform the gentleman from Wisconsin [Mr. STALBAUM] that I am another Member of the House who has never voted for 40-years so-called loans to foreigners. I was surprised to hear the gentleman from Nebraska [Mr. CALLAN] say a few minutes ago that we are nit picking in trying to limit loans to foreigners to 20 years instead of 40 years. It is difficult for me to believe that anyone in the House of Representatives today would say that this is nit picking in view of the fact that American taxpayers are now holding the bag for billions of dollars in loans long since due and payable.

Yugoslavia seems to be doing very well at this through of bargain price food, according to the committee report. Yet, according to the newspapers of June 7, 1966—and that was only a couple of days ago—Tito assailed the United States for continuing what he called an "injurious and inhumane aggression" in Vietnam.

Is it nitpicking to say to Tito, "You pay up in 20 years instead of 40 years"? It is nitpicking to give him anything at all under the circumstances.

Much has been said about the 1-percent interest rate in the first 10 years, during the so-called grace period. How much is being charged to administer these so-called loans? What is the carrying charge? I do not believe we are getting any interest at all in the first 10 years. If I remember correctly the State Department figures that at least three-fourths of 1 percent is required to administer the loans, so I do not believe we are getting even 1-percent interest.

Then, for the remaining 30 years it is to be 2½ percent. It is unconscionable to ask the American public to support a bill of this kind. The time to stop this kind of business is now—today.

A few moments ago some one asked the gentleman from Texas [Mr. POAGE] the question as to whether India would ever pay, and he said he very much doubted that India would do so. Of course he is right.

I am sure the gentleman from Texas, because he votes against foreign aid bills, opposed the 40-year loan provision in the Foreign Assistance Act, and I am surprised that he is here today trying to justify 40-year loans for this so-called Food for Freedom Act.

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. The gentleman from Wisconsin [Mr. STALBAUM] and I believe the gentleman from Texas [Mr. POAGE] said that other countries were making 40-year terms for the sale of perishable food products. I ask the gentleman from Wisconsin, what country is making loans for the purchase of

their perishable food stocks on 40-year terms? I should like to have the name of the country. I specifically ask that he supplies the information to the committee.

Mr. GROSS. Mr. Chairman, the gentleman from Michigan is not likely to get an answer to that question now or later for the record is clear that no other country supplies perishable food products to be paid for 40 years from now, if ever.

I will probably support this bill, but I serve notice on the record that unless the foreign aid bill, which is to be considered shortly by the House, is drastically reduced in terms of money and the 40-year loan provision in the foreign aid bill is also drastically reduced, I have provided my last vote for this program.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The Chair recognizes the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I rise in support of the amendment.

I should like to point out a matter which I am sure we are all familiar with; that is, that one of the biggest problems we have in the administration of this program is the accumulation of foreign currencies.

I had the pleasure of being a member of the great Committee on Agriculture for 10 years. Most of that time I was a member of the Subcommittee on Foreign Agricultural Operations. I repeat that in my opinion one of the most perplexing problems is the accumulation of these foreign currencies or soft currencies, as they are commonly called.

If the Members will look on page 11 of the report, they will find a tabulation as to the accumulation of these currencies. It is over \$10 billion. They will also note on page 11 that we are moving over now into sales of these commodities for dollars. We are making progress.

I would say that the most important reason, in my opinion, why we should support the amendment which is being offered is that it moves in the direction of away from soft currencies into the direction of sales for dollars.

What can we do with those currencies? The uses are limited, as Members well know. We do get some little good from them.

A couple of years ago, when we voted on the so-called Nassar amendment, what we did in the House was to say we could not sell our commodities under title I. Public Law 480, for the foreign currency of Egypt, but we could keep on with the other parts of the program.

I voted against that amendment because it would take away from us a title out of which we were getting some good. We can pay for some costs of our embassies and for other costs, too, that we have in these countries where the foreign currency is accumulated.

Mr. Chairman, I repeat again and again that one of the biggest single problems with this great piece of legislation—and it is a great piece of legislation—is the accumulation of foreign currencies. If you vote for this amendment, in my opinion, you are voting for a more businesslike, sound approach to this problem

of selling these commodities. It may be difficult to explain, my colleagues, but surely it would not be hard to point out that it would be better to take a chance with the American dollar than with an Indian rupee. That is exactly what we are trying to do when we present this amendment. Also, if you vote for this amendment and it passes, it gives more flexibility in the operation of this program. I have been among those who have felt when you set the ground rules in matters of foreign policy, you must have a little bit of flexibility for those in authority to decide exactly when the "i" should be dotted and when the "t" should be crossed. So it is my opinion that if we pass this amendment, it will give to this program a flexibility that is sorely needed.

Again I repeat it seems to me this is a good amendment. It points the way for dollar sales, yes, maybe on a long-term basis but certainly on a basis which would put the program on a sounder basis than the sale now for foreign currencies.

I think that this adds flexibility to the program, and I hope the amendment will be passed.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Chairman, Members will recall when we have our agricultural appropriation bill up before the House usually the biggest item in that bill is one for the restoration of the capital impairment of the Commodity Credit Corporation. This year this item came to \$3.5 billion.

Today we are talking a lot about loans. One would get the impression that when you make a loan to a country that eventually you are going to get repaid. That is well and good. But I would remind the Members regardless of what kind of machinations go on here in the disposal of these surplus commodities, we are going to get the bill to pay for these so-called loans a year or a year and a half after the transaction has been completed. This will come, of course, in the form of a request by the Agriculture Department for so many hundreds of millions—yes billions to restore the capital impairment of CCC.

Now let me ask a question of the chairman. Mr. Chairman, do I understand that this is a 2-year program and the total amount of authorization here then would be the \$3,333 million over a 2-year period?

Mr. COOLEY. Oh, no. It is \$3.3 billion each year for 2 years, making a total of \$6.6 billion.

Mr. MICHEL. Now might I ask this question: What is the consideration as to whether or not we enter into a dollar loan or a local currency loan? Who makes the determination as to whether we are going to sell or dispose of these commodities by way of a dollar or a local currency loan.

Mr. COOLEY. That is an administrative determination that will have to be made. We are talking about loans, not gifts. You will recall—and I am not trying to be political about it—Mr. Dulles felt that Poland was not a country which

was dominated by the Soviets. We have been trading with Poland and trading with Yugoslavia under the Eisenhower administration.

We gave India 42½ percent of the cost of a \$2.2 billion sale and we loaned them 42½ percent. I do not know when that will be repaid. But we did that to relieve suffering in India at that time.

Mr. MICHEL. As a matter of fact, does not the Polish agreement require a repayment in some percentage in dollars?

Mr. COOLEY. All of that will be paid back in dollars.

Mr. MICHEL. All right.

Mr. COOLEY. We have had some profitable trade with Poland, and also with Yugoslavia.

Mr. MICHEL. So, this is going to be strictly an administrative determination on the part of our negotiators, as to whether or not we obligate ourselves to local currency or a dollar loan.

Mr. COOLEY. If the gentleman will look at page 3, line 5, there is this language: "take steps to assure a progressive transition from sales for foreign currencies to sales for dollars at a rate whereby the transition can be completed by December 31, 1971."

Mr. Chairman, that is what the purpose will be, and under this bill we will aid the countries who are trying to aid themselves.

Mr. MICHEL. I would hope, Mr. Chairman, that our negotiators in these loan agreements would be hard-nosed. I know for a fact that in the past we could have had an agreement in dollars, but settled for local currency with one of our neighbors to the south. I simply want to serve notice on those who will be doing the negotiating of these agreements in the future, that I intend to have the specifics of these agreements included each year in our agriculture appropriation bill hearing record. I suspect it may be quite revealing.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. QUIE] for approximately 4 minutes.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, there was some question, as was mentioned by the gentleman from Florida in his comments, as to the accumulation of soft currencies around the world and this caused us many problems.

However, with these 40-year loans what we would do is accumulate the paper on the loans. We would not see as much return on this venture as we would with the use of soft currencies. We at least have the opportunity to use this money twice under foreign currency sales. First the countries get the food, then we can lend their money to them or give them grants for further improvement of their country.

Mr. Chairman, if the purpose of the amendment is to improve food production in the recipient countries, we can use the soft currencies to do it. The

loan paper could not be used to increase food production after the loan is made. We could not even require them to pay back before 10 years, as they could have a 10-year grace period.

Mr. Chairman, I do not believe this in any way makes the farmer a second-class citizen. I believe that limitation to 20-year loans is a practical judgment on the part of the Congress. If the AID has not used proper discretion by providing 40-year loans for consumer items, then that is their mistake and we ought to take this up when the foreign aid bill comes up for consideration.

But, Mr. Chairman, to claim that two wrongs make a right, flies in the face of everything that I have learned in the past.

Mr. Chairman, if we believe it is wrong to have a 40-year fertilizer loan or a 40-year loan on any consumer items, why should we further set the precedent by providing a 40-year loan on agricultural products.

Mr. Chairman, I do not know of a country in the world that extends that type of credit on consumer products and for us to begin this with respect to food on the part of the United States is an unwise action.

Mr. Chairman, if we are going to keep Public Law 480 a good law, one to which we can point with pride in years to come and one which has been proven in the test of time, we must make it a 20-year loan program, and no more.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY] for approximately 3 minutes to close debate.

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Chairman, I thank the gentleman from North Carolina.

Mr. Chairman, I believe in order to put this thing in the proper perspective, if the Members will turn to page 45 of the report and read this language in section 106, the amendment about which we are talking now merely permits and does not require that credit terms shall be as liberal as those authorized in the Foreign Assistance Act.

I am referring to page 45 of the committee report:

On the contrary, the controlling provision in this section reads: "Payment by any country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit." Under the existing provisions of Public Law 480, dollar credit sales are for a maximum of 20 years with an interest rate not less than that provided in section 201 of the Foreign Assistance Act.

Thus far, more than 75 long-term government-to-government dollar credit sales have been made to 30 different countries, for an amount in excess of \$1 billion, and 40 of these sales have been made on terms more favorable to the United States than the minimum authorized by the law.

At the time this was up, I had an amendment to this bill. I said then that what I wished we could do, but of course it was impossible for the Committee on Agriculture to amend the Foreign Assistance Act—I said that and I think we

would have considerable support for it, that when the foreign assistance bill is up we will have an opportunity to amend that. That is where the amendment should be.

I will go along with the 20-year payment there. Let us get it down. But the way we have it now if we do not adopt this amendment, we are going to find ourselves in the position of being forced into making some loans with 20-year payments.

Then the Foreign Assistance Administration and the State Department will come along and say, "We will give you dollars for 40 years."

This is a protective thing and if you people who are so interested in preserving this, will when the foreign aid bill comes up, will try to bring that down and the gentleman from Iowa a minute ago was talking about it but got a little off the subject—and I am in favor of what he is trying to do, but at the same time being a member of the committee—if the gentleman will help us there and bring this foreign aid loans down to 20 years, I will go with you all the way on that.

Mr. GROSS. Why wait until tomorrow or sometime in the future to do what we ought to do today?

Mr. JONES of Missouri. But this is only affecting one segment of it. What you are doing here is putting agriculture in a different category and imposing some requirements there that will adversely affect the agricultural community. When your foreign aid bill comes up, I will go with you to bring it down to 10 years so far as I am concerned. I want to see us get it down, but all we are doing here is saying that it would be on terms no less favorable to the United States. My amendment would provide that it would be no more favorable to the borrower. I think that would be just putting it in the negative rather than in the positive. I am in favor of bringing it down but let us do it when the foreign aid bill comes up. If you are as unified on that as you appear to be today on that side, I think we can do it.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. QUINN), there were—ayes 58, noes 47.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 15, line 7, strike out the word "to" and insert "be".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 25, line 15, strike out "and interest rates" and insert "insert rates, and the terms under which dollar credit sales are made,".

The committee amendment was agreed to.

Mr. COOLEY. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. COOLEY: On page 16, line 2, strike out "-03(e)" and insert "103(e)".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. COOLEY

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: On page 7, line 21, strike out the period and insert a colon and the following: "Provided, That the Secretary of Agriculture may release such amounts of the foreign currencies as set aside as he determines not to be needed, within a reasonable period of time, for such purposes."

The CHAIRMAN. The gentleman from North Carolina is recognized for 5 minutes in support of the amendment.

Mr. COOLEY. Mr. Chairman, the intention of the committee was to include in section 104(b)(1) of this bill all the substantive provisions of section 104(a) of existing law, relating to market development.

The language in this amendment was added to that subsection by Public Law 89-106, approved August 4, 1965, but was inadvertently omitted in drafting H.R. 14929.

This is, therefore, a technical amendment to correct that drafting error.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 4, line 3, strike the words "for foreign currencies".

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes in support of his amendment.

Mr. FINDLEY. Mr. Chairman, I would like to review the effect of the committee amendment just accepted—that is, the first amendment which was under discussion. It will permit 40-year loans with a 10-year grace period at 1 percent and 2½ percent on the balance beyond the 10-year period. It is one thing to authorize fancy credit terms like that for countries that are supposedly friendly—like, for example, Pakistan, India, Brazil, African countries, and the South American countries—but it is quite another thing, it seems to me, to authorize those fancy terms for a Communist country. Under present law Poland is in effect limited to 5-year credit terms; Yugoslavia, to 20 years. The effect of this bill, as it now stands, is to extend that period to 40 years for both countries, and to provide a 10-year grace period, with interest at only 1 percent.

The Treasury Department is, of course, presently paying somewhere around 3 to 4 percent on money it borrows to keep refinancing our Federal debt, and our deficit financing seems to go on endlessly. It seems to me incredible that we should ask the American taxpayers to authorize the Treasury to borrow money at 4 percent and in turn extend credit at 1 percent to Communist governments.

The effect of my amendment would be simply to shut off Yugoslavia and Poland from having access to those fancy credit terms. It would not deny the President

the authority, if he saw fit in an emergency, to send donations of food to meet disaster conditions, an outright gift to those countries, but it would deny to those two countries the opportunity to profit from cut-rate credit financed by the American taxpayers.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. I think, if the gentleman is in agreement, we could say that in one instance when Yugoslavia was struck by a catastrophe, American aid was forthcoming.

Mr. FINDLEY. Indeed it was.

Mr. HARVEY of Indiana. That it was very effective in relieving the distress in that particular instance. So I do not think that the amendment, which I am supporting, will preclude us from either helping Yugoslavia or Poland in the event a real emergency or dire need should be evidenced.

Mr. FINDLEY. The gentleman from Iowa [Mr. GROSS] just quoted Marshal Tito, the Communist ruler of Yugoslavia, as having said just 2 days ago that we are following an "inhuman" course. He referred to our "inhuman aggression" in Vietnam and, of course, we have had some rather strong indication that the Polish Government is trading with North Vietnam.

Another provision of this bill, of course, would provide for a cutoff of all advantage in concessional sales if we can prove that these Communist countries are trading with the enemy in North Vietnam.

But to me it seems unwise for us to authorize cut-rate credit to either Communist government even if we cannot prove they are trading with North Vietnam.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

I mentioned a moment ago something about Yugoslavia and Poland. We have had some profitable trading with both these nations.

The national interest of this country would be hurt by the proposal to ban dollar credit to Communist countries under the Food for Freedom Act.

Such a restriction would hamper the efforts of the United States to make some Communist countries less dependent on the Soviet Union or Communist China.

Such a restriction would also close expanding foreign markets to a substantial flow of soybeans, soybean oil, wheat, cotton, tobacco, and many other farm products.

Yugoslavia is an excellent example of a country in which wise and constructive use of dollar credit is giving us both political and economic plusses.

Yugoslavia, though a Communist country and one of those to which the proposed ban would apply, continues to move farther away from the Soviet Union. It has not been a part of the Soviet bloc since 1948, when it refused to accept Soviet guidance in its internal affairs. Instead, it has maintained its national independence, resisting various efforts of Russia to regain influence in Yugoslav affairs.

There are other signs that Yugoslavia is independent of Soviet control. For example, it is not a member of the War-

saw Pact military alliance. It has, on the other hand, participated for a number of years in many Western-oriented organizations, such as the OECD, IMF, GATT, and numerous subsidiary organizations of the U.N. that have been boycotted by the Soviet Union.

Today, more than 70 percent of Yugoslav foreign trade is with the non-Communist world. This trade, much of it based on credit, is in line with U.S. policy, which has been to decrease Yugoslavia's dependence on its big neighbor.

Other countries of Eastern Europe are becoming restive under Soviet control. The list includes Poland, Rumania, Bulgaria, Czechoslovakia. In these countries, as in Yugoslavia, it is to the advantage of the United States that contacts with the West be strengthened. One way that policy goal can be reached is through trade. And dollar credit is an important factor of the overall trade pattern.

American agriculture has a great stake in the markets that dollar credit helps to create.

Yugoslavia has used the title IV, Public Law 480, credit program to buy \$308 million worth of soybeans, soya products, wheat, cotton, tobacco, tallow and others. Yugoslavia is having an economic boom; growth increased 64 percent between 1958 and 1964; there is every prospect that these credits will be repaid promptly and in full. To date, \$18 million has been repaid on the title IV principal amount and over \$6 million in interest.

Poland offers a sobering contrast to Yugoslavia.

Under Public Law 480, Poland is not eligible for the long-term credit that Yugoslavia enjoys. Public Law 480 limits credit to Poland to a maximum of 5 years. Poland, under pressure of converting zlotys to dollars under its title I purchases, has not found it possible to make use of the limited 5-year credit. Shipments of farm products to Poland reflect the difference in treatment. In calendar year 1965 our Public Law 480 shipments to Poland amounted to only \$7.6 million, as compared with about \$75 million the previous year. And dollar sales—primarily under CCC short-term credit—amounted to less than \$1.5 million, as compared with \$7.8 million in 1964.

Authority to grant dollar credit to Communist countries gives the United States flexibility in both political and economic arenas. It can be used; or it can be withheld. Taking away the authority, however, denies our country even the chance to use a tool which has been used—as in Yugoslavia—wisely and effectively.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Iowa.

Mr. GROSS. They are using our money to buy, are they not?

Mr. COOLEY. No. They pay with their own dollars.

Mr. GROSS. When? Of course they are using our money.

Mr. COOLEY. I do not know the dates, but they have paid \$18 million on principal and \$6 million on interest.

Mr. GROSS. This is the same country that says we are waging injurious and inhumane war in Vietnam?

Mr. COOLEY. Yes. I am not arguing with the gentleman about that. I am telling the gentleman what happened. I tell you right now, we have in foreign currency—in zlotys, as I believe they call it—over half a billion dollars piled up.

We will not use it ourselves. We will not permit them to use it. They owe us money. They want to pay back in dollars, but they cannot pay back in dollars and buy our agricultural commodities on short term at the same time.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New Jersey.

Mr. JOELSON. To keep the record straight, we ought to indicate that in the same statement in which Tito criticized us very strongly the surprising thing was that he also criticized the North Vietnamese very strongly for being unwilling to negotiate. I believe this shows that our policy is beginning to break Tito away from the Red Chinese and the Communist bloc. We should encourage this type of behavior.

Mr. COOLEY. Mr. Chairman, I ask that the amendment be defeated.

Mr. TEAGUE of California. Mr. Chairman, I move to strike the requisite number of words.

I should like to point out that the amendment of the gentleman from Illinois [Mr. FINDLEY] would not prohibit commercial trade with Yugoslavia or with Poland. It would, however, prohibit subsidizing the interest rates and the terms and conditions at the expense of the American taxpayer for such trade. That is all it would do. It would prohibit allowing credit terms with a preferment, with 1 or 2 percent interest, at the expense of the American taxpayer, on Government borrowings at 4 or 5 percent.

As I understand the amendment, that is all it would do. It would not prohibit commercial trade with Yugoslavia or with Poland.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of California. I yield to the gentleman from North Carolina.

Mr. COOLEY. I believe that is the purpose of the amendment. I thought the author said that. Now Yugoslavia and Poland can have only 5 years to pay back in dollars. They want a longer term.

Mr. TEAGUE of California. I know the chairman of the committee understands the amendment, but I want to be sure that the membership understands it. It is not to prohibit commercial trade with Poland or with Yugoslavia.

Mr. COOLEY. The author of the amendment is on the floor. He can make a statement.

Mr. TEAGUE of California. I shall be glad to ask the author.

As I understand the amendment, it is to prohibit subsidized interest to Communist countries. Is that correct?

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of California. I yield to the gentleman from Illinois.

Mr. FINDLEY. Private trade with Poland or with Yugoslavia could continue, as presently conducted. If they have cash or can obtain credit through some private source, the trade will continue.

The only effect of the amendment will be to protect the American taxpayer from being required to subsidize the interest rate to a terrific extent.

Mr. COOLEY. What would be the term of the loan under the gentleman's amendment? Would it be 5 years, 15 years, or what?

Mr. FINDLEY. Poland and Yugoslavia would not have access to long-term credit terms backed by the U.S. taxpayer, if my amendment prevails.

Mr. COOLEY. Would they have 5 years?

Mr. FINDLEY. They would not. Mr. COOLEY. The gentleman would cut them off completely?

Mr. FINDLEY. From the dollar sales subsidized interest-rate provision of this title; that is correct. That is the way it ought to be. I do not see why the taxpayers should finance the Communists in any degree.

Mr. COOLEY. They buy these commodities for dollars and they repay in dollars. What is wrong with that?

Mr. FINDLEY. If they have the dollars to pay and want to buy, trade of course will continue even if my amendment is adopted.

Mr. COOLEY. They do not have the dollars today, or tomorrow, but they will have the dollars as soon as they can make their arrangements.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of California. I yield to the gentleman from Iowa.

Mr. GROSS. Let them go to the British to borrow money to pay for agricultural products. The British make loans to other governments and charge interest on the basis of the cost of obtaining the money.

Why do we not "get smart" and put our foreign loan business on the same basis?

Mr. GERALD R. FORD. Mr. Chairman, I move to strike the requisite number of words.

(Mr. GERALD R. FORD asked and was given permission to proceed out of order.)

Mr. GERALD R. FORD. Mr. Chairman, I am not at all sure that the comments I make at this point are out of order, but for safety's sake I have taken the precaution to ask unanimous consent to speak out of order.

Today we have been talking about interest rates, interest rates that we are making available to foreign countries. A few weeks ago this body approved, over our Republican objection, the Participation Sales Act. I think it might be apropos at this point, Mr. Chairman, to read the contents of a statement just released by the Republican members of the House Committee on Banking and Currency. This statement reads as follows:

Today Federal National Mortgage Association (FNMA) breaks new ground. It is mak-

ing its first offering of participations under the Sales Participation Act which the Congress passed three weeks ago.

This is a notable event. Under this financing program FNMA is setting a new high in the cost of government agency credit—5.75% interest on participation maturities due in 1968, 1969, 1970, and 1971. Think of it—a 5.75% interest cost on what, in effect, is U.S. Government credit.

That tops the Federal Reserve's Regulation Q 5½% interest ceiling on bank certificates of deposit (CDs). Bank 5½% CDs are pulling savings from thrift institutions and hence from the home mortgage market. FNMA 5.75% participations not only will pull funds from the thrift institutions and the tight mortgage market, they will also pull funds from the 5½% bank CD market. The problem is being compounded.

Making matters worse, this rate to big savers discriminates against those patriotic citizens who invest in Series E Treasury Savings Bonds with a yield of 4.15%. We are now embarked upon a Federal "split-level" interest rate policy. If you're wealthy enough, you qualify for high interest rates, but if you're a member of the Bond-a-Month or payroll savings programs, you take the low, discriminatory rate.

When the Sales Participation Act was under consideration in the House, we were told by advocates of the legislation that this was an efficient method of financing government-held assets. The Congress was misled.

Instead of costing only ¼% to ⅜% more than direct Treasury financing, as was claimed by the Administration, the spread in interest cost on this new participation deal is over ¾% more than the Treasury financing. Today Treasury 5% notes due in 1970—sometimes referred to as Johnson 5s—are quoted 100 9/32 bid and par 13/32 asked to yield 4.9% to maturity at the offered price. That is a spread of 85 basis points or approximately ⅞%.

Those who supported the Sales Participation Act must share the blame for high interest costs. That Act should be renamed the High Interest Act of 1966.

Mr. RESNICK. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, it seems to me that whenever we go out of our way to single out two countries for a discriminatory action we are treading on very, very dangerous ground. Why stop at Yugoslavia and Poland? Why not include Rumania and Bulgaria? Why not let us go on the other side of the political fence? Why not include the Union of South Africa? Why not include Spain and Portugal? For while they are not Communist, surely they must be considered if not Fascist on the verge of being Fascist. Why not consider the United Arab Republic, because after all, the United Arab Republic—Egypt—bills itself as a socialist republic, which is exactly what these other Communist countries call themselves?

So, Mr. Chairman, if we are going to discriminate, if we are going to pick out countries that we do not like and those who are in charge of them at the particular moment and the manner in which they are running their countries, the list could probably include 50 or 60 countries.

Mr. Chairman, this amendment reminds me of the two Quakers talking to one another. One says to the other, "The only ones that are perfect in this world are me and thee, and I am not so sure about thee."

Mr. Chairman, this is exactly what we have got under consideration here.

I believe we have seen the progress of Yugoslavia and Poland from outright Communist dictatorship, to the point where they are acting as the middle ground and, hopefully, some day there will be a meeting of the minds in these countries like Poland and Yugoslavia, which will ultimately be the bridge between the East and the West.

Mr. Chairman, I believe if we were to go ahead and point our finger at "you" and say, "You in particular, we do not like your form of government; therefore, we are going to discriminate against you," I believe it would represent a setback in our relationships with them, a setback to the cause of world peace.

I hope my colleagues will join me in voting down this very, very bad amendment.

Mr. HARVEY of Indiana. Mr. Chairman, I move to strike the requisite number of words.

(Mr. HARVEY of Indiana asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Indiana. Mr. Chairman, I believe the record should be clear on this particular point. Actually, this is not a discriminatory amendment, as has been indicated.

Mr. Chairman, it just so happens that under the present provisions of the law the two countries that have been under discussion are the only ones that can, under the present statutes, partake of the long-range, easy-credit terms. This simply puts them in the same category as the others.

Further, Mr. Chairman, I believe from that standpoint it is certainly a justifiable amendment. I hope our committee will support these amendments and extend equity instead of discrimination—extend equity in our treatment of all those who are under Communist domination.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, through the years I have insisted that American agriculture must be permitted to produce, that its production is essential to the producer, where volume is as important to total income as price. It is to volume that other business people, must look. It is volume which keeps the wheels of industry turning with the industrial workers employed.

Only by producing and keeping on hand more than enough of farm commodities can we be sure of providing adequate supplies for the American consumer. Only with surpluses can we be sure to keep the cost of farm commodities reasonable—though cost of processing and handling are the chief elements in the cost of living.

I opposed last year's farm bill because it ignores these factors. Under that law the Department has cut back production to the point where our reserves are inadequate in many areas. As I pointed out in handling this year's appropriations bill, despite the surplus quantities of certain commodities in this country

in recent years due to the efficiency of agricultural production, it should be noted that supplies now on hand and expected to be on hand at the end of the current marketing year in the United States are down substantially from previous years. For certain perishable commodities we are looking more and more to the rather undependable Mexican production to meet our needs. In view of our present situation in Vietnam, and our heavy commitments to India and certain other food-deficit countries, this decreasing supply of food available to feed American consumers—and foreign populations to the extent possible—is a factor to be given most serious attention by those responsible for agricultural planning and financial support.

Statistical data supplied the committee by officials of the Department of Agriculture indicate that carryover stocks of wheat have been reduced from around 1,400 million bushels in 1961 to 819 million bushels as of July 1, 1965, due to limitations on wheat output and expanded utilization, particularly for export and domestic feed use. The official estimate of wheat carryover at the end of the next marketing year indicates a supply of about 610 million bushels, a further reduction of 208 million bushels. This is sufficient to meet domestic and export needs for only 5 months. Large shipments to India will further reduce our ability to meet U.S. needs in the event of a national emergency.

Further, these officials point out that the supply of feed grains was reduced from nearly 85 million tons in 1961 to about 55 million tons in 1965. During the same period, corn supplies declined from around 2 billion bushels to about 1.2 billion bushels. The estimates of carryover at the end of the next marketing year represent a 3 months' supply of corn and barley, a 4 months' supply of oats, and a 9 months' supply of grain sorghum.

The situation is much worse for dairy products, as the number of dairy farmers decreases each year and as milk production decreases accordingly. Today's press is filled with articles showing the number of dairy farmers who are selling out their holdings as land values for industrial and residential purposes offer more opportunity for profits than dairy farming.

A recent article in the Washington Post—March 15, 1966—contained the following statements:

Dairy farmers who ship milk to Washington are selling their herds and going out of business at the rate of nearly 100 a year.

Rising costs and Federally-set bulk milk prices that have not risen significantly since the controls went into effect in 1958 have caught the dairymen in the profit squeeze in which only the most efficient can survive.

Other factors blamed in the reducing number of dairy farmers in the Washington area include drought conditions that have lasted for 4 years and the increasing value of farm land for housing developments under the pressure of urban expansion. Many of the farmers—whose average age is well over 50—have decided that they may as well retire.

The supply of dairy products on hand is now at the lowest point in recent years. As of June 30, 1965, we had 5,300 million

pounds of milk and milk products on hand. The supply is expected to reduce further to 3,200 million pounds at the end of the present marketing year, a reduction of 2,100 million pounds. This represents only about a one-third month's supply for normal domestic purposes.

Now, Mr. Chairman, if we produce as we need, too we must have a regular method of selling our surplus in world trade for dollars, for the American producers are dependent, in most cases, for regular, export for dollar, markets.

We provided for such sales in establishing the Commodity Credit Corporation by giving to it unlimited authority to sell for dollars in world markets.

Our Appropriations Committee virtually forced the use of these provisions of law some years ago, and we finally had to pass a law requiring the sale of cotton in world markets competitively, a law which departmental witnesses, admitted they have not been carrying out, but which they promise now to do.

Now, Mr. Chairman, I know we need some bill similar to that before us, both as an escape valve when we overproduce, and for other reasons, but, Mr. Chairman, we must not let the present bill in any way restrict the Commodity Credit Corporation in regular sales for export for dollars.

Mr. Chairman, at this time I would like to address a question to the distinguished chairman of the Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY], if I may.

On pages 27 and 28, of the bill, in the next to the last paragraph, there is provided the following:

(2) Section 407 of the Agriculture Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: "Provided, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum of the current price support loan plus reasonable carrying charges."

Mr. Chairman, I repeat, the Commodity Credit Corporation was set up as a corporation so that it would have an unlimited right to buy and to sell. That was the purpose in making it a corporation in the first instance.

Mr. Chairman, under the charter it has the unrestricted right to sell in world trade for whatever the market will pay.

Mr. Chairman, under the Eastland Act of 1956, the CCC is required to keep cotton moving in world trade at competitive prices to the point of our fair share of world markets.

My point, Mr. Chairman, is that the words "unrestricted use" could mean merely "use".

I want to be certain that this language in this bill does not in any way either limit the right of the Commodity Credit Corporation to sell its commodi-

ties which are surplus to our domestic needs in world trade for dollars on a competitive basis; and further that it does not in any way restrict or modify the existing law which requires the Commodity Credit Corporation to keep cotton moving in world trade at competitive prices.

Mr. COOLEY. If the gentleman will look at the bill on page 28, line 2, he will see that we are talking only of a voluntary adjustment program and cotton certainly is not included in that voluntary adjustment program.

Mr. WHITTEN. I agree that that is true about cotton. Here you are pointing out to me that this only has to do with certain programs. What I am pointing out to you is that the corporation is a corporation with no restriction on sales in world trade at competitive prices. So anything that would require any limitation to be put on any type of commodity or type of program, it strikes me, might be held to modify existing law and thereby restrict the right of that corporation to discharge its corporate authority.

Mr. COOLEY. The gentleman has been here a long time and I am certain he knows and realizes under the cotton program for many, many years we have had the same provision there that it could be sold for less than 115 percent of the price-support program, plus reasonable carrying charges.

Mr. WHITTEN. That is on the domestic market.

Mr. COOLEY. That is as I said.

Mr. WHITTEN. On the domestic market.

Mr. COOLEY. Yes, that is what we are talking about.

Mr. WHITTEN. In other words, these words "unrestricted use" to you mean that it cannot be sold on the domestic market for domestic use but can be sold on world markets.

Mr. COOLEY. That is right.

Mr. WHITTEN. And it is your opinion as chairman of the committee that this would in no way limit the right of the corporation or the duty of the corporation in some cases to sell commodities that are in surplus in world trade for what the market will bear for dollars?

Mr. COOLEY. That is exactly right.

Mr. WHITTEN. I thank the gentleman.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman.

Mr. QUIE. I think it should also be pointed out that the positioning of this amendment in the third sentence in section 407 brings it before the exceptions that enable the Secretary of Agriculture or the Commodity Credit Corporation to sell or to trade and sell in the export market, and therefore the gentleman from Mississippi is correct. It will not in any way cover the sales out of the country or overseas sales and only limit sales on the domestic market.

Mr. WHITTEN. May I say to the gentleman, I do not want to leave the

RECORD to indicate that the right to sell in world trade is a matter of amendment or statute giving that corporation the authority. The corporation under its original charter has that authority.

Mr. QUIE. That is right.

Mr. WHITTEN. The gentleman assures me that this does not restrict or repeal the law which either authorizes or requires the Commodity Credit Corporation to sell these commodities?

Mr. QUIE. The gentleman is correct. It does not restrict it in any way.

Mr. WHITTEN. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The question was taken; and on a division (demanded by Mr. FINDLEY), there were—ayes 43, noes 85.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. QUIE

Mr. QUIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIE: On page 27, line 25, after the word "That" insert the words "notwithstanding any other provision of this Act or any other Act,".

On page 28, line 3, strike out the words "25 per centum" and insert the words "50 per centum".

On page 28, line 9, strike the period and quotation marks and insert the words ", or 80 per centum of the current parity price for such commodity plus reasonable carrying charges, whichever is the higher."

The CHAIRMAN. The gentleman from Minnesota is recognized for 5 minutes in support of his amendment.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, the language in the bill regarding the resale formula, to which the gentleman from Mississippi was referring a few moments ago, is not effective. It would not trigger the increase in the resale formula from 105 percent to 115 percent for wheat as it may appear in the bill. Also, there would be no increase in the resale formula for feed grains under any circumstances. The resale formula for feed grains is the loan level rather than 105 percent and the 115 percent would not apply to feed grains even if carryover should reduce below 25 percent of utilization. At the present time the carryover of wheat amounts to 45 percent of utilization, feed grains to 28 percent. What the bill does is to require the Secretary of Agriculture to keep a carryover of at least 25 percent, and only if against the wishes of the Secretary of Agriculture it goes to less than 25 percent will the 115-percent resale formula increase come about and then only for wheat.

The reason the bill does not raise the effective resale formula on feed grains is because it is under the Soil Conservation and Domestic Allotment Act when the resale formula on feed grains is the loan level. This bill only amends the act of 1949. On corn the resale price is a dollar because of the voluntary program we have had so far, and the Department of Agriculture has on hand

the feed grains that reflect the certificates.

So my amendment would make this proposal effective. In the first part it includes all feed grains and wheat by adding the words "notwithstanding any other provision of this act or of any other act," which means the act of 1949, which is this one, and the Soil Conservation and Domestic Allotment Act, section 16(i). The second part of the amendment increases the triggering level from 25 percent to 50 percent so that effective immediately would be the in-

creased resale formula for wheat and feed grains. Lastly, it would put a minimum on that resale formula of 80 percent of parity because now the loan is at extremely low levels. The present effective resale prices as a percentage of May parity price on the various commodities are as follows:

For corn it is 63 percent of parity. That means that the Secretary of Agriculture can hold corn prices down to 63 percent of parity.

On wheat it is 51 percent of parity. That means that while the Secretary of

Agriculture is going to permit the increase of production by 15 percent next year, he can still hold prices down to 51 percent of parity.

On oats it is 72 percent of parity; on rye it is 77 percent of parity; on barley it is 63 percent of parity; on grain sorghum 60 percent of parity; soybeans 82 percent of parity.

What this would mean is that on commodities which have a carryover of less than 50 percent of total utilization, the resale formula would be increased to 80 percent of parity.

Feed grain and wheat—1966 parity prices, price supports, CCC release prices, and comparison of CCC release price at 80 percent of parity price

Commodity	May 1966 parity price	1966 price support	Effective CCC release price under present law ¹	CCC release price at 80 percent of parity price ¹	CCC release price at 125 percent of loan ¹	Present release price as percentage of May parity price
1. Corn.....	\$1.58 bushel.....	\$1 loan, 30 cents payment.....	\$1.00	\$1.26	\$1.25	63
2. Wheat.....	\$2.57 bushel.....	\$1.25 loan, \$1.32 certificate.....	² 1.25	2.05	1.56	51
3. Oats.....	87 cents bushel.....	60 cents loan.....	2.60	.70	.75	72
4. Rye.....	\$1.40 bushel.....	\$1.02 loan.....	² 1.02	1.12	1.28	77
5. Barley.....	\$1.28 bushel.....	80 cents loan, 20 cents payment.....	.80	1.02	1.00	63
6. Grain sorghum.....	\$2.53 hundredweight.....	\$1.52 loan, 53 cents payment.....	1.52	2.02	1.90	60
7. Soybeans.....	\$3.18 bushel.....	\$2.50 loan.....	² 2.50	2.54	3.12	82

¹ Plus carrying charges.

² Plus 5 percent.

How can we deny a farmer anything less than 80 percent of parity? This would have an effect on wheat, which would increase the resale formula by 74 cents from \$1.31 per bushel to \$2.05 per bushel plus reasonable carrying charges. It would have an effect on corn by raising it by 26 cents from \$1 to \$1.26 per bushel plus reasonable carrying charges. It would not have any effect on soybeans, because it is not subject to voluntary adjustment programs and the resale formula is already 82 percent of parity. It would not have any effect on cotton, because the carryover on cotton is 130 percent of the annual disposal.

It would not, as the gentleman from Mississippi indicated earlier, have any effect on the authority to sell for foreign export or dispose of that which is going out of condition.

I should point out that the Secretary of Agriculture, in his concern that he has been cast in the image of wanting farmers' prices down, said this:

The facts of the matter are that farm prices are not inflationary. The fact of the matter is that farm prices today are 14 percent below what they were in 1952. Let me say that again: farm prices are 14 percent below what they were in 1952.

He went on to say:

Now wages, every workingman knows, are up. Profits are up. Cost-of-living is up. But farm prices are 14 percent below what they were in 1952.

We who are interested in the welfare of the American farmer have been deeply distressed when Gardner Ackley, Chairman of the President's Council of American Advisors and the President's Chief Economic Advisor, has said, "farm and food prices have been the center of this price increase we have had and they are responsible for about half of that rise in the past year in the consumer price index."

He went on to say in an interview with Ray Sherer, NBC's White House correspondent, "We are trying to hold down the price of corn."

My purpose, Mr. Chairman, for offering this amendment is to prevent the executive branch of the Federal Government from ramming down farm prices in a time when the farmer shares neither in a parity price or parity of income.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. (By unanimous consent, Mr. QUIE was allowed to proceed for 3 additional minutes.)

Mr. QUIE. There has been a great deal of talk of parity of income for the farmer. Where does the farmer stand today? Again, according to the Secretary of Agriculture:

On a per-capita base, farmers still get only 65 percent of what the nonfarm segment of our economy gets.

The nonfarm segment of our economy—the wealthy people, the middle class, and the poverty-stricken people—all wrapped up together, had an income way above the farmer. The farmer gets only 65 percent of what the nonfarm segment of our economy gets.

How can anybody be in opposition to this amendment which would prohibit the Secretary of Agriculture from dumping Government stocks for less than 80 percent of parity?

The farmer today, in this time of affluence, ought to have 100 percent of parity in the market place. At least, he should not have the Government competing against him to drive the prices down below 80 percent of parity.

The Secretary of Agriculture again said:

An hour's pay today buys more food than it did in 1960, and it buys double the food it bought 30 years ago.

So the consumer will not be abused by

an improvement in farm income. I would like to point to what Robert C. Liebenow, president of Corn Industries Research Foundation, said. He talks of the 93 percent of the American people who are nourished by the crops produced by the farmers. He says of farmers that:

We as a nation do owe them an equitable marketing system which can offer remuneration more in keeping with the advances achieved by others.

He said also that consumers would suffer a "rude awakening" if the guidelines employed by the administration in industry also were reflected in the prices received by farmers. He said:

Our marketing system, of course, subjects the farmer to supply and demand and we cannot guarantee him continuing price advances. But, by the same token, we should not relegate him to a permanent economic status below that of labor and industry.

This is what I have been crying about for years and years. The operation of laws which permit the Secretary of Agriculture to dump Government held grains onto the market for as little as 51 percent of parity have relegated farmers to a permanent economic status way below labor and industry.

This I am opposed to and I won't relent until the farmer is protected from his worst competitor, the U.S. Government. Adoption of my amendment would give farmers hope for a higher income.

Mr. CALLAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, during the discussion of the Agriculture Act of 1965, the resale prices were discussed at great length. I am not going to use a lot of time on this matter today.

Actually, what is involved here is whether or not the successful, voluntary feed grain and wheat program that we have had in the past is going to be allowed to operate and function. What

happens here is, when we raise this resale price, the producer of this commodity then has a tendency to go away from a volunteer program.

If we are not careful we may wind up where we were in 1960. In 1960, as a result of some programs that were unwise, we accumulated a billion and a half bushels of wheat. We had 85 million tons of feed grain supplies, and we now have 4 million bales of cotton on hand. During the last 6 years, we have been able to reduce the wheat carryover so that by the end of this marketing year it may be down to 350 million bushels.

The feed grain supplies are down to about 55 million tons.

We have started work on the cotton program.

What will happen here today, if we should adopt the high resale formula? All of us who come from farm areas want to see farm income improved. The fact is it is greatly improved. If we will give these programs time to work, farm income will go to the goal we are after, 100 percent of parity.

What we are talking about here is 80 percent. Most of us know that is not good enough. We will not get 100 percent of parity in 1 day or 1 year. What we are talking about, down the road, is 100 percent.

I urge the committee to reject the amendment.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

I believe the Members ought to be fully aware that if one believes in the principle of having a reserve of feed grains and of wheat for the purpose of protecting the farmer's market and also for the purpose of protecting the consumer against shortages, one would have to be against this amendment.

I believe firmly that we do need a reserve and that the reserve should not be for sale for the ordinary going market price. I think it would have been better to set the resale price at 115 percent of the average market price rather than 115 percent of the loan rate that the Secretary happens to set and could change. The bill provides for resale at no less than 115 percent of the loan rate, but this amendment would place the price for that reserve high enough that it would be mostly a boon for the big storage people. This grain would be placed into storage bins, and then storage would be paid on it almost forever and when it could be sold without depressing above normal prices. Therefore, that grain would not be used for a reserve, but merely held in storage at Government expense. Not making those sales would also lose an opportunity for farmers to increase acreage to replace the grain sold from the reserve.

The amendment, in respect to wheat, for example, would provide it not be sold for less than \$2.06 a bushel exclusive of certificates, and so forth. That is not using the reserve wheat for the purpose for which it should be used. We should sell that wheat out at a little above the ordinary market price whenever we have a sale for it so people will have food as needed and farmers will have an opportunity to raise more to replace that sold from the reserve. That is what the re-

serve is for. Under the provisions of the bill, it would be for sale at about \$1.45. That is about 20 cents per bushel more than its value in comparison to feed grains, and that is adequate to make certain that the reserve will not be used unless and until needed, but at the same time to insure that it will be used when needed.

I say that we are not helping the farmers and we are hurting the consumers if we adopt the amendment. The formula in the bill is a much more workable and practical formula which will let the voluntary farm programs work.

If any Member wants to represent only the big storage people, they might vote for this amendment to replace the formula in the bill; but, to vote the interests of both the farmers and consumers, one would oppose this amendment.

Mr. NELSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. I wish to point out that our farm organizations, the Farm Bureau, the Farmer's Union, and the NFO, have protested repeatedly the practice of the Department of Agriculture through the Commodity Credit Corporation, of selling surplus grains at price depressing levels.

When it is said that the defeat of this amendment would protect the farmer, that is rather ridiculous to me. I happen to be a farmer. Time after time I have seen the Commodity Credit Corporation selling grain to the big operators, to the big grain companies, at prices below the cost of production to the family farmer. They in turn sell it back to the farmers at high prices. It surprises me that someone would arrive at the conclusions expressed during debate on this amendment.

If we are to give authority to the Commodity Credit Corporation to hold prices down by depressing the market as they have been doing recently, the result will be to drive the farmers off the farms. Too many already have left. More will leave if present economic conditions continue.

Earlier this year in my own State of Minnesota the Commodity Credit Corporation sold 47 million bushels of corn in 2 days. This was five times as much as was sold in all markets during the month of December last year. The closing prices of corn futures after these 2 days were from 6 $\frac{3}{8}$ to as much as 10 cents below the prices 2 weeks earlier.

The most disturbing aspect of these sales was the manner in which the CCC handled the transaction. Contrary to the CCC Charter, the "usual and customary channels, facilities, and arrangements of trade" were not used. The local country elevators have traditionally supplied feed grains to the local livestock growers. But on these loading orders the CCC gave the local country elevators no option to buy the Government corn which they were storing. The corn had to be delivered to the terminal markets to satisfy the large corporate buyers. Thus, the feed-deficit areas were not given the usual "ship-or-buy" option in regard to these stocks. Now the local growers are forced to buy from the terminal markets at much higher

prices than they would have paid if the corn had remained at the country elevators.

So here we see how the CCC is using its authority. In one operation the CCC succeeded in lowering the prices received by the corn farmers by dumping huge quantities onto the market while at the same time they raised the livestock growers' production costs by removing the much needed feed stocks from the local areas.

For goodness sake, let us give the farmer an opportunity to have a price rise, if the demand is there. Under this business of giving the Commodity Credit Corporation continued authority, in my judgment, we will do vast damage to the agricultural segment of our economy.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman.

Mr. FINDLEY. Would it be proper to call this the antidumping amendment? Would that be an accurate description?

Mr. NELSEN. It certainly would.

Mr. FINDLEY. Thank you.

The CHAIRMAN. The question occurs on the amendment offered by the gentleman from Minnesota [Mr. QUIEL].

The question was taken; and on a division (demanded by Mr. ARENDS) there were—ayes 46, noes 70.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. CALLAN

Mr. CALLAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CALLAN: On page 24, line 23, strike out "\$33,000,000 during any fiscal year" and insert "\$5,000,000 for each of the fiscal years 1967 and 1968 and not to exceed \$33,000,000 for any fiscal year thereafter".

Mr. CALLAN. Mr. Chairman, in section 406 of this bill there is a new provision which sets up a so-called farmer-to-farmer corps or a bread-and-butter corps. Many of us on the committee thought this had some merit, and we still believe it does. However, there are many problems involved. If you look at the legislation, you will find that the provisions there are very vague. What is envisioned here is that we pick up the farmers or people who are agriculturists from all over the country and send them into foreign lands so as to try to help the farmers there help themselves. I believe the language is so vague that one thing we may do is set up another agency in the Department of Agriculture. I believe the recruitment of these people who are going to be required may be difficult. The people who might want to go and who represent the farm areas are in areas where we are already short of this type of individual. This could cause a lot of problems.

The second reason for this proposal was that it would better coordinate these different agencies, which include the Extension Service, the State Department, 4-H Clubs, and the Peace Corps. So I think we have another problem here.

This training is at the present time in the land-grant colleges. There are very few colleges in the United States that I know of that are equipped to teach peo-

ple to go out in rice paddies and help these people raise rice or teach them how to operate with a hoe and a rake.

So, Mr. Chairman, all we are suggesting here is that for the next 2 years, instead of a \$66 million authorization, for the years 1967 and 1968, we authorize \$5 million each year, which will allow the U.S. Department of Agriculture and the land-grant colleges to work out a program. If this program looks like it will accomplish its objectives and if we can recruit the people, then, we authorize the full amount of money that is contained in the bill?

So, Mr. Chairman, I suggest if we adopt this amendment and allow the USDA and the colleges to work out a good workable program and if it works, then we will go ahead with this farmer-to-farmer program which I believe has merit. However, I do not believe we want to invest \$33 million in a program that we do not know whether or not it will be effective.

Mr. Chairman, I yield back the balance of my time.

Mr. GATHINGS. Mr. Chairman, I rise in opposition to the amendment.

(Mr. GATHINGS asked and was given permission to revise and extend his remarks.)

Mr. GATHINGS. Mr. Chairman, this provision that was written into this legislation by the gentleman from Kansas [Mr. DOLE] is the heart of the legislation.

Mr. Chairman, the deliberations in the Committee on Agriculture was to the effect that this \$33 million was needed and that really more money was actually required to do this job in the manner in which it ought to be done, rather than to cut down this \$33 million figure as is anticipated by this amendment.

Now, Mr. Chairman, we have here a program that contains many phases.

First of all, it provides for food being made available to hungry peoples. We do have an excess supply of food, and we can move some of this food to these deficit areas. But we cannot supply the great need for food throughout the underdeveloped areas of the world, as they might require, but only a small part of the actual need.

The next thing, Mr. Chairman, is that these areas need fertilizer and insecticides to produce food for their exploding populations. Now, this is the vehicle that will offer the technical and practical assistance. The program will be carried on by the Department of Agriculture. No new agency is created whatsoever. Our land-grant colleges will do this work. They will recruit farmers to be sent to these various food scarce countries to aid them in increasing food production.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I gladly yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I want to support the gentleman in his statement, because, in my opinion, there is no better approach to the problem of helping to solve the world hunger situation than this approach.

Mr. Chairman, I believe it is certainly the most practical method that I can conceive to bring about this solution. The amount of money appropriated or

authorized to be appropriated in this respect is modest enough indeed.

Mr. GATHINGS. Mr. Chairman, I agree with the gentleman, and without this provision, we would have a vehicle with no motor in it. We would have a carriage without a horse.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Oklahoma.

Mr. BELCHER. Mr. Chairman, based upon what the gentleman is saying, I gather that the gentleman subscribes to the theory that if you give a man a fish, you feed him for a day. Teach him how to catch fish, and you feed him for a lifetime.

Mr. GATHINGS. That is a very good and pertinent illustration that the gentleman from Oklahoma made.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Texas.

Mr. POAGE. If I understood the gentleman from Arkansas correctly, I understood the gentleman to say that this would not cost anything, because the land grant colleges were already doing the work. That is what was said, was it not?

Mr. GATHINGS. I did not say that at all.

Mr. POAGE. What did the gentleman say?

Mr. GATHINGS. I said that the testimony before the committee was to the effect that \$33 million was needed for this program, each year, for the net 2 years.

Mr. POAGE. Mr. Chairman, if the gentleman will yield further, what did the gentleman say about it not costing anything, because the land grant colleges were doing the work?

Mr. GATHINGS. I said that we do not create a new agency, under this provision.

Mr. POAGE. Mr. Chairman, if the gentleman will yield further, if we do not create anything new why do we need \$33 million a year? All the Callan amendment proposes to do is cut down the amount of money involved. All the Callan amendment does is to cut down the amount of money. It does not cut down the amount of money. It does not cut down the program. It simply reduces the amount of money to \$5 million.

Mr. GATHINGS. We understand that. That is the argument I am making and you do not agree with me.

Mr. POAGE. Do you think we need \$33 million?

Mr. GATHINGS. You supported this legislation carrying this \$33 million item when we voted this legislation out of the committee, even though you may not have approved the Dole amendment.

Mr. POAGE. Do you think we need \$33 million?

Mr. GATHINGS. All but two members voted to report the legislation out of the committee.

Mr. POAGE. Do you think we need \$33 million?

Mr. GATHINGS. Yes; we do need \$33 million. We do need it in order to provide these people who are knowledgeable in agriculture and who know something

about farming and home economics. Then they can go out and do the job of helping these people to produce food. They do need a great deal of leadership and counsel. The evidence showed that. We had before us quite a number of outstanding witnesses who came from various colleges and universities over the country. Their testimony was that we do need the technical services of farmers who can go out in these areas and teach them how to produce more food crops on their land.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYS. Mr. Chairman, I ask unanimous consent that the gentleman from Arkansas [Mr. GATHINGS] may proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman.

Mr. HAYS. I just want to say, knowing how close and how conservative the gentleman is with the taxpayer's dollar, if he is for more money—I am with him.

Mr. GATHINGS. I appreciate that and I am grateful to the gentleman. This money will go to a fine purpose.

The farmer-to-farmer amendment is one of the most significant provisions in the food-for-freedom legislation. It calls for the use of the existing facilities of the Extension Service. During the course of the hearings, the committee heard outstanding and provocative statements from quite a number of specialists in the field of nutrition and consultants on international programs and experts in the field of dealing with the problem of population explosions in underdeveloped countries. These witnesses were Dr. Irene B. Taeuber, senior research demographer, Office of Population Research, Princeton University; Dr. Roger Revelle, professor of population policy and director, Center for Population Studies, Harvard University; Dr. Max F. Millikan, director, Center for International Studies, Massachusetts Institute of Technology; John James Haggerty, vice president and research director, Agri Research, Inc.; Dr. J. G. Harrar, president, the Rockefeller Foundation; Dr. F. F. Hill, consultant on international programs, the Ford Foundation; Don Paarlberg, Hillenbrand professor of agricultural economics, Purdue University; Dr. W. H. Sebrell, Jr., R. R. Williams, professor of public health nutrition and director of the Institute of Nutrition Sciences of the School of Public Health and Administrative Medicine of Columbia University; Dr. Raymond Ewell, vice president for research at the State University of New York; and Dr. Theodore W. Schultz, professor of economics and chairman, Economics Department, University of Chicago.

Emphasis was placed upon providing food for those areas of the world and countries whose people are trying to improve themselves, particularly in obtaining adequate food production to meet the needs of their people. The real need is to augment the production or yield capacity. It is axiomatic that America

cannot supply even a goodly percentage of the food and fiber needs of short-supply areas of the world. We should not encourage this thought in any way. The farmer-to-farmer amendment which was introduced in the form of bills provided originally for a "bread and butter corps." Representatives DOLE, POFF, and TALCOTT were the authors. Before final adoption by the committee the bills were amended. Under the mechanics of this provision existing agencies of government would foster and promote the farmer-to-farmer system between our country and other countries whom we would assist in increasing their food production and distribution systems.

This program calls for the making of contracts or agreements and grants to higher institutions of learning—land-grant colleges and universities—to bring together persons who are fitted by training and education and experience and who have the know-how in connection with agricultural pursuits and home economics and make them available for service abroad. The farmer-to-farmer program would encompass the carrying on of research in tropical and subtropical agriculture. It would coordinate its activities with the Peace Corps, together with the Agency for International Development.

Such a program as contained in the farmer-to-farmer provisions of H.R. 14929 is greatly needed in view of the expanded population trend in those parts of the world which are now suffering from an inadequate supply of necessary foods, malnutrition, and undernutrition.

I am attaching here a table taken from hearings on this legislation, volume 1 page 4 showing projections with respect to world population growth by area:

Area	Annual percent increases	Years to double
World.....	2.1	33
More developed areas.....	1.3	54
Europe.....	.8	88
Northern America.....	1.6	44
Oceania.....	1.7	41
Less developed areas.....	2.5	28
Mainland middle America.....	3.8	18
Tropical South America.....	3.7	19
Southeast Asia.....	3.0	23
Middle South Asia.....	2.6	27
West Africa.....	3.3	21
Polynesia, Micronesia.....	4.0	17

In India alone the population of 432.7 million in 1960 is expected to grow to 1,233.5 million by the year 2000, which virtually triples India's present population numbers. Birth control, food from the U.S. production capacity, as well as greatly expanded production in grain in the years ahead, are vitally needed to prevent the starvation of millions of people. In addition, distribution and marketing systems are antiquated which has resulted in great losses in many countries by spoilage of perishable and other food items. The proper application of water and fertilizer and scientific use of lands are other needs in so many areas where there is inadequate food supply. I trust the amendment of the gentleman from Nebraska will be voted down.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOLE. Mr. Chairman, I move to strike out the last word, and rise in opposition to the amendment offered by the gentleman from Nebraska.

Mr. Chairman, it is rather strange that the gentleman from Nebraska who said that we were nit picking about the difference between 20- or 40-year credit sales a while ago would now try to gut the farmer-to-farmer program by reducing the annual appropriation authorization from \$33 to \$5 million.

I had no knowledge of this amendment. I thought the gentleman from Nebraska indicated to me earlier that he had no amendments to offer to this section. This is a very important section. I would call the attention of the committee to page 53 where it says:

To finance the program established by this section, the committee has included as an authorized use of local currencies generated by the sale of agriculture commodities, the payment of expenses incurred by persons serving in this program while outside the United States. This is intended to include travel expenses. The committee intends that to the maximum possible extent the expenses incidental to the program be paid in local currencies, but recognizes that all such expenses cannot be met in this manner. Accordingly, section 406 authorizes the annual appropriation of an additional \$33 million per year (or 1 percent of the level of expenditures allowed by the bill) to finance the cost of the program. As the program proceeds, Congress through the appropriations process will be able to provide a continuing annual review of expenditures and results.

This is a sound program, a total spending of \$3.3 billion per year in this program. It is a very conservative figure—\$33 million—to implement the farmer-to-farmer program.

I have letters from many land-grant colleges in America supporting the farmer-to-farmer program.

It is a sound program and was adopted by a voice vote in our committee. No such amendment was offered then by the gentleman from Nebraska, a member of the committee.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I am happy to yield to the gentleman.

Mr. COOLEY. Did not every witness who appeared before us in our committee urge that we send technicians to these developing countries to teach them how to produce crops and to feed themselves?

Mr. DOLE. Yes, and very emphatically.

Mr. COOLEY. Of course, we cannot do that just with popcorn and peanuts—we have to have money to do that.

Mr. DOLE. This amendment was supported by the National Grange, the National Farmers Union, the National Council of Churches, and the National Farm Bureau Federation, just to name a few. As the chairman stated, nearly every witness who came before our committee indicated two things were needed—food aid and an expanded technical assistance program. That is what section 406 is. It is an expanded technical assistance program, it is necessary.

I regret the gentleman from Nebraska does not agree.

Mr. STALBAUM. Mr. Chairman, will the gentlemen yield?

Mr. DOLE. I yield to the gentleman.

Mr. STALBAUM. Mr. Chairman, I rise in full support of the position of the gentleman from Kansas [Mr. DOLE] and in opposition to this amendment.

I feel, as did the gentleman from Arkansas, that this is the very heart of the bill. As the chairman of the Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY] has pointed out, every expert we had before the committee pointed out that we need more trained technicians in these countries throughout the world to help them develop their own agriculture.

But I should also like to point out that in this section 406 in a part of this appropriation, we have provided money, too, for tropical research, as the gentleman from Kansas well knows, and if we were to cut this to \$5 million I am fearful that tropical research would be cut to virtually nothing.

Mr. DOLE. I might point out to the gentleman that that is the amendment of the gentleman from Hawaii [Mr. MATSUNAGA]. That is a good amendment and the gentleman from Hawaii offered that amendment.

Mr. STALBAUM. Yes; and would you not agree that by cutting this back to \$5 million you would be virtually eliminating any effort for tropical research at this particular time.

Mr. DOLE. Yes; in my opinion.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I recognize that I come as "a voice crying in the wilderness" because I know what the House is going to do. This Dole amendment has a nice name on it. Whether you call it the Dole amendment or the "bread and butter corps," it sounds real good. The name indicates a great many things that the amendment does not do.

The chairman of our committee just got through telling us that every witness said that we needed more technically trained advisers. This Dole amendment does not provide for one technically trained adviser. It provides only that you recruit such farmers who because they cannot make a living farming or for some other reason want to join one of the multitudinous "do good" corps, and send them off to some other country, at Government expense, all in order that we may have another kind of U.S. financed program in foreign nations.

Now, I think our Peace Corps has been doing a good job in most places. I do not know of any reason for raising the age of the Peace Corps or raising the wages of those who are going abroad. Most of these Peace Corp men and women sign up because they feel they will be contributing something to the world and most of them do.

What this bill will do will be to change the character of the Peace Corps from boys and girls who have been out working for a better world to the old men and women who all too often simply want a job. There will, of course, be dedicated individuals who are willing to sacrifice,

but there will be far more who do not have a job at home. This bill will recruit too many of this class to go abroad at Government expense to engage in a program for which they are not well fitted and not trained in spite of their farm background. The bill does not require the technical training which has been referred to. You cannot take a farmer off the farms of western Kansas, a farmer who has been plowing with an eight-row tractor, and make him an expert on handling a wooden plow in North India in the time that you are going to keep him there. You are going to send a bunch of misfits. You are going to break down the program of good will which the United States has built up.

Now, I know you like the name and I know you will vote for the name, because the American people are strong on any kind of symbol or name or trademark, and you are going to vote for this one because the label is good. Maybe this is an example of the need for a "Truth in Labeling" law.

I can only take advantage of this opportunity to warn you now that down the line this thing is going to be a boondoggle that every one of us will be ashamed of. I do not have my name on it, and I do not want it. I want to be associated with the gentleman from Nebraska, who says, "At least spend a couple of years on a small program. Spend \$10 million." We may waste \$10 million under his amendment to prove what we already know, but do not waste \$33 million a year, as this amendment proposes to do.

Now, all of us who believe in saving the Government's money should go on record now as voting against this waste of \$33 million in order to pick up every farmer who cannot get a job at home and send him off somewhere into a kind of agriculture with which he is not familiar and about which he does not know a single thing in the world, and let him then take over out there to represent the United States of America. This will hurt our image abroad and will do nothing at home except to expand the Government payroll. I think it is high time we better begin to think of reducing rather than expanding our various "corps." The best we can hope for is to avoid outright scandals and I fear that there is very little foundation for even that slight hope.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word. I shall be very, very brief. But I do wish to say to the House that we had the finest group of witnesses I have ever seen in our committee room, and every witness, without a single exception, urged us to provide technical assistance for these backward, emerging nations. We know we cannot feed the world. We should not lead the world to believe that we can feed them. But we can relieve their situation by teaching them something. We had Ph. D.'s, agronomists, and everyone else of that type in the committee room speaking in behalf of this bill, and they all agreed that it would be foolish to send Ph. D.'s, agronomists, and even college graduates, but we have 50 land-grant colleges in this country, and I think every

one of them has a short course. I know my college in Raleigh does. In 6 weeks you can take some intelligent farm boys who are willing to go abroad and who know how to handle tools on the farm and teach them what is necessary.

In some of the countries of the world they do not have plows, hoes, rakes, or shovels. They do not even know about these simple tools.

They have nothing to eat. We could teach them how to farm and use their own land to produce the food they need. That is what we have in mind here. It is not a boondoggle of any kind. These boys or men will be selected. They are willing to go. They can go for a short time.

I hope this amendment will be defeated.

Mr. OTTINGER. Mr. Chairman, I move to strike the last word.

I will be brief, but I want to let the Committee know that the Peace Corps is very concerned about this provision. I will offer an amendment shortly to give the President the authority to assign these functions to such agencies as may be appropriate, rather than exclusively to the Department of Agriculture. The Peace Corps has an established program with agricultural people, which is of the kind indicated here. The Peace Corps has a screening program to assure that people who are not qualified will not be selected. I believe that the scope of this proposed program under the Department of Agriculture should be limited and I support the gentleman from Nebraska.

Mr. DOLE. Mr. Chairman, I strongly support H.R. 14929, though am hopeful the committee amendment providing 40-year credit sales will be rejected. As stated in the report, on page 101, our committee initially adopted by a 21-to-12 vote an amendment to continue long-term dollar credit sales on the same terms and conditions as are now in effect under title IV of Public Law 480. These maximum terms and conditions allow 20-year repayment periods, 2-year grace periods, and interest rates not less than 2½ percent per year after the grace period, and not less than 1 percent during the grace period. These terms are most liberal, though rather than extend the repayment period to 40 years, with a 10-year grace period, it would have been better to keep the 20-year repayment period and extend the grace period from 2 years to 5. This suggestion was made by a number of persons knowledgeable in this area.

I support strongly also the amendment offered by the gentleman from Minnesota [Mr. QUIE], and understand that his amendment will be a part of the motion to recommit. Basically the Quie amendment will strengthen the market price and improve farm income without cost to the American taxpayer.

The amendment adopted by the committee, which appears on page 27, commencing on line 11, is meaningless and will offer no protection to the farmer from the dumping practices of this administration. This provision is discussed in detail on pages 102, 103, 104, and 105 of the committee report.

Finally, Mr. Chairman, I would like to comment briefly on the development of and the reasoning behind the technical assistance provision in section 406 of the bill.

Last fall, after returning from the Food and Agricultural Organization's 20th Anniversary Conference in Rome, Italy, where it was my privilege to serve as a congressional adviser representing the House, I began to explore the feasibility of expanded U.S. technical assistance in the area of agricultural production and distribution. I talked with many people in and out of government on this problem and, when the committee began its hearings with 10 outstanding public witnesses, their comments stressed the need for increased technical assistance. Meanwhile, I wrote to each State extension director and president of every land-grant college to solicit their comments and suggestions on how to best meet the growing world food problem. As a result of these contacts and the advice from my colleagues, on both sides of the aisle in the Committee on Agriculture, I introduced H.R. 13753, a bill to establish a "bread and butter corps" on March 17, 1966. Similar proposals were later introduced by Congressman RICHARD POFF of Virginia and Congressman BURT TALCOTT of California. My proposal was considered at length by the committee. It was revised, amended, and finally included as sections 406 and 104(i) of H.R. 14929.

One need only look at the arithmetic of world population growth to get part of the answer. In 15 years, by 1980, present population trends indicate an increase in world population of 1 billion people. By the beginning of the 21st century, only 34 years from now, world population is expected to double. In Latin America, Asia, and Africa, the growth rate is much more rapid, and in a number of countries in these areas, their populations will double within 20 years.

In 1850 there were 750 million people in the world; in 1900 there were 1.5 billion; in 1960 there were 3 billion. In 2000, if present trends continue, there will be 7.5 billion.

Continuation of present trends in India will mean a population increase from 432.7 million in 1960 to 1,233.5 billion by the year 2000 (in other words, nearly triple). If India's birth rate is cut in half, her population by the year 2000 is expected to more than double to 908 million.

The hearings also revealed the cold, brutal, and realistic fact that the United States and other developed countries will not be able to feed and clothe the unborn millions who are destined to populate the earth in the next few decades. Therefore, the clear mandate exists that we must do everything within our power to assist these people to help themselves meet their own basic needs if world peace and stability is to be maintained.

Another reason the technical assistance "know how" and "show how," self-help effort should be expanded is that when one looks to what currently is being done in this area, it shapes up as being really quite modest. For example,

the FAO of the United Nations carries on a technical assistance program throughout the world. As you may know, there are some 112 nations that belong to FAO, but do you have any idea how many people, how many actual individuals are in the field working in these projects? The fact is there are about 250. In other words, about 2 people per country, or put another way—the 250 people that FAO has in the field could easily get lost getting off the boat in Calcutta, India. When it comes to the AID technical assistance activities, testimony in our committee indicated that there are in the aggregate about 1,000 such persons. Looking again at the massive scope of the problem and the size in populations of the nations which need this assistance, the present thousand people represent virtually a drop in the bucket in this effort. Finally, the Peace Corps, which carries a heavy emphasis on young people who are idealistically motivated, does not possess the agricultural expertise and knowledge that is of practical and substantive assistance in getting the results that are required if a world food and population crisis is to be averted.

Finally when expressed in just dollars and cents, the allocation of a small portion—1 percent under the bill—of our financial resources to self-help and local agricultural improvement programs will, in my opinion, prove to be a very good investment in the long run. It certainly will be less expensive to American taxpayers if India, for example, is able to meet most of her own food needs, rather than relying on the United States indefinitely for outright food gifts or quasi-gifts made under title I local currency and long-term dollar credit sales agreements.

There are two basic innovations in this technical assistance program. The first is better coordination. The second is structuring of the program through land grant colleges and other universities.

The coordination effort proposed by section 406 is directed first at the U.S. Department of Agriculture itself. The technical assistance program would be located in and under the direction of the Department of Agriculture. The Department would have the responsibility of coordinating the activities of the Federal Extension Service which includes the 4-H Club program, the Federal-State Cooperative Research Service, and the Foreign Agricultural Service, together with other useful and appropriate agencies. Second, the legislation contemplates the coordination of this type of technical assistance within the framework of the U.S. Government. The Secretary of Agriculture would be directed to consult and cooperate with the Director of the Peace Corps, the Administrator of AID, and the Secretary of State. In establishing this line of coordination, it is contemplated that any personnel who are trained and prepared for overseas service could be made available to agencies other than the USDA (or vice versa) if the President thought their services would be more valuable with some other agency. Also, the legislation is directed

toward preserving the traditional responsibility and authority for the conduct of the foreign affairs of this country to continue to be lodged in the hands of the Secretary of State.

Thus, the first point is coordination. Coordination, I have found, is weak in some areas at the present time. Coordination within the Department of Agriculture and within our Government will, I hope, more efficiently and effectively channel the export of our most valuable commodity—American agricultural genius.

The second part of this proposal, which is new, is the structuring of the major responsibility through land-grant colleges, such as Kansas State University, and other institutions of higher learning. On a contract or grant basis, these colleges would have three responsibilities. The first would be to train or retrain people who are either skilled in agricultural science and have a formal education in agriculture or home economics or to prepare practical farmers, farm wives, or others who have a workable knowledge of farming and home economics for service overseas.

This effort, as I contemplate it, would be conducted by the colleges themselves and would not require the Federal Government to establish expensive new facilities or hire faculties or instructors to perform these educational services.

The second function would be to establish agricultural institutes—more like short courses in practical agriculture—both here in the United States and overseas. These specialized agricultural institutes would be directed toward the training of persons who serve as volunteers in this program and foreign nationals. To the maximum extent possible, foreign currencies generated by the sale of farm commodities would be earmarked for the payment of expenses incidental to the conduct of these activities.

The third function would be to conduct selective research activities in conjunction with the agricultural institutes, emphasizing tropical and subtropical agriculture. During the hearings, one of the points made by several of the expert witnesses the committee heard was that there is a real lack of first-class localized research facilities in tropical and subtropical areas. Many times the technology of the North Temperate Zone of the globe is not readily and feasibly transferred to a tropical area. Again, using local currencies as much as possible, it seems feasible to concentrate on localized conditions and then demonstrate to the agricultural industry in the recipient country the value of this new technology.

I trust all efforts to make the farmer-to-farmer program ineffective will be rejected.

Mr. MIZE. Mr. Chairman, it was my intention to be on the House floor Thursday to support the passage of the Food for Freedom Act. However, the seriousness of the tornado damage in Topeka, Kans., Manhattan, Kans. and other areas in my district made it necessary

for me to return to my home State by the quickest means possible.

Although I could not be present to vote on this important legislation I did want to go on record in favor of the extension and expansion of this program which shares our productivity with the less developed nations and undernourished peoples around the globe.

I am impressed by some of the fresh new approaches which have been incorporated into this year's bill. Ever since my colleague the gentleman from Kansas, Congressman DOLE, outlined his proposal to recommend a "bread and butter corps" to provide more and better technical assistance in the countries where more food is needed, I have felt that this is one area where we could get down to the "nuts and bolts" of solving the world food shortage by helping people help themselves. I was pleased when the House Agriculture Committee agreed that this provision should be included in the bill. I am confident that everyone who learns more about it will also be enthusiastic about it.

The experts who would be going into the countries to provide what Congressman DOLE calls "know-how" and "show-how" would be trained at our land-grant colleges. Kansas State University in Manhattan has long been a center of excellence in turning out some of the best agricultural research in the country. From Kansas State University and the other land-grant colleges will come some of the most knowledgeable and skilled personnel to carry out the on-the-spot requirements of this section of the bill.

Although this Nation has accomplished miracles in producing an abundance of food and fiber, the world's population explosion is of such dimensions that even our highest productivity now and in the future could not provide all of the food needed to rout the specter of hunger in other lands. We will need to show these people how to produce from their own land and resources. The "bread and butter corps" to further implement our food-for-freedom efforts is the ideal vehicle for accomplishing this goal.

Mr. Chairman, as we help others, we help ourselves. The Food for Freedom Act is important in so many ways—economic, diplomatic, humanitarian—and in the promotion of world peace. It is the type of endeavor which ideally characterizes the compassionate and generous spirit of the American people who seek peace and progress for others as well as themselves. We do ourselves proud when we legislate in this manner. I am pleased to be counted on the side of this great program.

Mr. TALCOTT. Mr. Chairman, there is much to be said regarding the so-called Food for Freedom Act of 1966; however, I will touch upon only a few aspects.

I commend the committee for improving the hastily drawn administration proposals. The idea and central goal of the bill are good—even noble. The forerunner of this plan, the food-for-peace program of the Eisenhower administration, was designed to sustain human beings who were not able to sustain themselves.

Our lofty objective is not likely to be achieved by simply giving away our surplus goods—especially if done indiscriminately. We can make mendicants of foreign peoples just as we can our own citizens by continually giving them things. We can make enemies by giving inequitably. We can cause resentment when the gifts are withdrawn or discontinued—which well they must at some time.

The gift of food, or any need, in time of emergency is wholly justified—but we are not legislating solely for this emergency purpose now.

Food for peace did not provide peace.

Food for freedom will not provide freedom.

These are misnomers which merely glamorize and exalt in our own eyes what we are attempting to do.

World hunger, even famine, will not be ended, or even assuaged appreciably, by the give-away portion of this legislation.

We just do not have sufficient arable land to feed the entire world, despite the greatest farm productivity and most advanced agricultural technology.

Some of the most significant new farming techniques have been developed by the farmers and agriculture scientists in my district—in seed and plant hybridization; soil and fertilizer development; planting, cultivating, and harvesting procedures; preserving and freezing processes; packaging, transportation and storage methods; product innovation.

We have been able to produce more per acre than any other area in the world—in numerous products. We supply many parts of the United States, and the world, with fruit and vegetables—in spite of fierce competition from other farm areas with lower costs for labor, materials, taxes, and transportation.

But, even our farmers and scientists cannot hope to feed the world—even below cost—even with immense Federal subsidies—because of our limited arable land area.

Although we cannot produce the necessary food products in adequate amounts, we do have the ideas and the technology to eliminate famine.

In the United States, only 1 worker in 12 is engaged in agriculture. They feed the rest of us very well—better, actually, than our needs require. No other farm economy anywhere in the world is so productive.

Most other countries have adequate arable land area, water, climate, and labor. In fact, almost all countries could feed their populations—if they had the know-how.

We should be exporting ideas, rather than giving away surplus commodities. Ideas would be more appreciated. Ideas would be more helpful. Ideas can make other countries self-sufficient. Continual gifts of surplus goods can only thwart self-sufficiency by delaying adoption of the measures necessary to attain it.

We have ideas. We have technology. We have practical experience. We have personnel with ability to teach others the skills we have learned.

Not only do we have the most advanced farm technology in the world,

but we also have the most effective means of disseminating agricultural knowledge—including the Agricultural Extension Service, our many great agricultural colleges, and our farmers themselves.

The section of the "Food for Freedom Act of 1966" which offers the greatest potential for the practical solution of food production problems in underdeveloped countries is the "Bread and Butter Corps" idea which was proposed by the gentleman from Kansas [Mr. DOLE], in his bill, H.R. 13753, and by me in my companion bill, H.R. 14301.

I am very pleased that the "bread and butter corps" concept of exporting and sharing our agricultural knowledge with foreign countries—now designated as the "technical assistance program"—is included in the committee bill.

Mr. Chairman, I have been asked by many of my colleagues to express to the House, and to the gentleman from Kansas [Mr. DOLE], their praise and appreciation for his outstanding leadership and diligent efforts which led to adoption of the "technical assistance program."

I congratulate the gentleman for this and his many other valuable contributions to the vital work of the Committee on Agriculture.

It has been a great privilege for me to work with him in developing this highly promising plan for helping others in great need to help themselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. CALLAN].

The amendment was rejected.

AMENDMENT OFFERED BY MR. LATTA

Mr. LATTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LATTA: On page 23, after line 21, insert a new paragraph (3) as follows:

"To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad."

Renumber the remaining paragraphs in the Section accordingly.

Mr. LATTA. Mr. Chairman, I have discussed this amendment with the chairman of the committee and with the ranking minority member of the committee. They are both in full accord with it.

The amendment fills a gap in this legislation and provides that our farm organizations shall receive the cooperation of the Department in their exchange of farm youth and farm leaders with underdeveloped countries and in the training of farmers of such underdeveloped countries within the United States or abroad.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. What this amendment would do, as I understand it, is encourage the Secretary of Agriculture to cooperate with certain agricultural exchange programs, sponsored by groups such as Farmers and World Affairs, in using counterpart funds to bring farmers here from other nations for agricultural training here, and to take the American farmers abroad

to teach methods of agricultural production abroad. Is that correct?

Mr. LATTA. That is correct. Furthermore, I think that this will encourage the exchange of farm youth. In past years, such exchange programs have contributed much to a better understanding among the people of the various countries of the world.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LATTA].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PIKE

Mr. PIKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PIKE: On page 22, lines 6 to 8, after "fishery product" strike "(not including fish concentrate until approved by the Food and Drug Administration)".

Mr. PIKE. Mr. Chairman, I have discussed this amendment also with the chairman of the committee. I hope he is not opposed to it.

This is perhaps not an earthshaking amendment, but we are concerned with the problem of feeding the people of the world. We have faced in the report the fact that the population of the earth is growing by leaps and bounds. In the bill we very wisely include in the definition of agricultural commodities certain fishery products.

We are looking not only to the land but also to the sea for the purpose of feeding the hungry of the world.

I just do not believe it makes any sense at all to single out the most efficient source of protein food we can produce, fish flour, and to say that this we cannot use in the food-for-freedom program. To me it does not make any sense at all to single out fish flour, the most efficient antidote we could have for the real malnutrition which plagues the people of the earth and to say, "This we cannot use."

The Russians are producing it and selling it abroad. The Scandinavians are producing it and selling it abroad. It is being produced and sold abroad in South America.

For 15 cents a day we can prevent malnutrition caused by protein deficiency in 100 children. If Members are interested not only in a little bit of charity but also in economy and in the fishing industry of America, which can use the help this amendment would give, I hope the amendment can be accepted by the Committee.

Mr. QUIE. Mr. Chairman, I rise in opposition to the amendment.

When fishery products were included, they did not include fish concentrate because that had not been approved by the Food and Drug Administration.

I do not believe it would be wise for us to pawn off on people of other countries food we do not permit to be sold to the people in our country. I do not believe we ought to sell fish concentrate to people of other countries until the Food and Drug Administration determines it is acceptable for human use.

What this amendment would do is, by legislative intent, to say that fish concentrate, which includes all parts of the

fish, could be sold under the Public Law 480 program. What would happen if it should be found that these fish products for some people in other countries caused some diseases of even death, and the Food and Drug Administration had not approved it? That would surely redound to the discredit of the United States.

We in the United States demand that every food product which is sold for human consumption have the approval of the Food and Drug Administration. Until fish concentrate can get that approval, I believe the language ought to remain in the act. For that reason I am opposed to the amendment. I believe it would be terribly unwise for the Congress to remove the language.

This is not insignificant; it is extremely important. An interest in the fishing industry is not enough. We have the same problems with respect to other industries. Other commodities are subjected to certain economic difficulties because they cannot sell their product for a period of time. Cranberries had that difficulty a little while ago.

Unless we are certain the product is healthful, that it will not create harm, we have denied to the industry the opportunity to sell it in this country. I rise in opposition to the amendment which would permit the dumping of fish concentrate on unsuspecting people in developing countries when the Food and Drug Administration still feels it is unfit for human consumption.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Iowa.

Mr. GROSS. Speaking of alleged injurious products, I note that under the food for peace and food for freedom export program this Government has exported tobacco, including cigarettes. Is tobacco supposed to be nourishing and noninjurious? What is the story with respect to the export of tobacco, including cigarettes, under this program which is supposed to benefit hungry and starving people?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from North Carolina.

Mr. COOLEY. I can certify they are not injurious to health, if that is what the gentleman wants.

Mr. QUIE. They just burn up.

Mr. COOLEY. I am inclined to agree with the position the gentleman from Minnesota has taken, because I fear if we take out this language it would be an indication we are not concerned about whether the food is wholesome.

Mr. QUIE. That is right.

Mr. COOLEY. If it is wholesome, it can be handled under existing law, but this would be a clear indication that we are not interested in whether it is wholesome food or not.

Mr. QUIE. Mr. Chairman, I appreciate that the chairman of the committee does not support the amendment, either.

Mr. KEITH. First of all, Mr. Chairman, cranberries were the subject of some criticism just a few moments ago. As a veteran of that battle, I would like

to remind the Committee that the Food and Drug Administration was in error when they challenged the wholesomeness of cranberries. They may possibly in error with reference to tobacco, but I am not an expert on that subject as I am on the subject of cranberries. I am however, fairly knowledgeable about fish protein concentrates.

I am grateful that fish products as distinguished from fish protein concentrates, are contained in this legislation. It was not in the message sent over by the executive branch, and so I am grateful to the chairman of the committee for including them. But I regret that the bill specifically excludes fish protein concentrates until they are approved by Food and Drug. That agency has been slow in approving this product. It is regrettable. I hope that the remarks made here today by those who are concerned with helping undeveloped nations who have undernourished will have some effect upon Food and Drug.

Mr. Chairman, I have seen children in Peru and Mexico and other South American countries suffering from kwashiorkor. This is the disease that comes when the second baby arrives and it can no longer be nursed at his or her mother's breast. These children must have animal protein and by this amendment we may help to make it possible for them to have it. Mr. Chairman, a process of manufacturing fish protein concentrate out of whole fish has been approved by the Bureau of Commercial Fisheries but is not yet accepted by the Food and Drug Administration. I am hopeful that some action will be taken soon which will make this question we are now discussing a moot point.

(Mr. KEITH asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, I rise in strong support of this amendment.

I can think of nothing more absurd than waiting for the Food and Drug Administration to approve a food-from-the-sea concentrate which we are going to use around the world in a food-for-peace program when they cannot even approve the drugs that are being submitted by legitimate and ethical pharmaceutical manufacturers of the United States of America. Presumably this bill is to provide from our largess, emergency relief for starving people who could not care less as to approval of any agency as long as they are fed. The people of southeast Asia are living on a pure protein derivative decanted from fish crops sauted in seaweed, known as "Nom Hoc", which is not only succulent but excellent as a salad or rice paper dressing, or with any other food that is available. Indeed, it has made those people as graceful, supple, and strong of body as anyone in the world without the benefit of any administration's approval. If we are to furnish from our Continental Shelf or otherwise any concentrate in the form of food, it is doubly paradoxical and equally absurd to include over \$830 million worth of death-dealing tobacco in the form of cigarettes and other forms of tobacco, under a title of this bill as shown on page 13 of the committee re-

port itself. This is especially true when we are literally mining our soils on a basis of seven parts nutrients removed for ever two replaced. To stand on a discrepancy and an unavailable, just recently reorganized, administration appointive office to approve food from the sea while all of the "bleeding hearts" are worried about all of the people dying around the world is something I cannot understand. I am in strong support of the amendment of the gentleman from New York [Mr. PIKE].

Mr. HAYS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I was undecided about this amendment, but the preceding speaker made up my mind for me when he started condemning the Food and Drug Administration and apologizing for the drug companies, who for example, foisted thalidomide off on the unsuspecting public and caused something like 40,000 deformed babies in the United States alone. That is enough for me. I think I know how to vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. PIKE].

The question was taken; and on a division (demanded by Mr. PIKE) there were—ayes 48, noes 31.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. RYAN

Mr. RYAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RYAN: On page 4, line 11, strike the period and insert: ", or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act."

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I would like to say that from the standpoint of the minority, we have no objection to the amendment.

Mr. RYAN. I thank the gentleman from Indiana very much. I am happy to have his support and the support of the other members of the minority.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Mr. Chairman, I would like to say that the amendment is almost word for word and is similar to existing law. I believe that is what the gentleman from New York has in mind, is it not?

Mr. RYAN. That is correct, Mr. Chairman.

This, in effect, writes into the new bill H.R. 14929 the law as it presently exists in Public Law 480.

Unfortunately, the Agriculture Committee retreated from the existing language and deleted the last paragraph of

section 107 of Public Law 480, as amended in the conference report of 1965, which reads:

No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.

Although I believe the House should totally prohibit sales to the United Arab Republic, the least we must do is to maintain the present policy which prohibits such sales unless the President makes an affirmative finding that they are in the national interest.

By adopting this amendment, the House will make clear its intent that Nasser should not be the beneficiary of this program.

I urge the administration to follow the purpose of my amendment and cut off all aid to the United Arab Republic in the future.

Mr. Chairman, I fully support and applaud the goals of food for freedom. I believe that America has a great opportunity—as well as a great responsibility—to share our agricultural abundance with millions of hungry people throughout the world.

However, I do not believe that the food-for-peace program or our economic aid program should be used to subsidize aggression by nations which receive our aid. For instance, it should not permit the United Arab Republic to divert its economy to the production of goods which are bartered for arms. Yet this has happened. Since 1954, Egypt has received over \$1 billion in Public Law 480 shipments, freeing it to grow cotton which has been traded to Russia for over \$1 billion worth of the most sophisticated and lethal weapons under the arms-for-cotton deal of 1955.

We have debated the question of aid to the United Arab Republic on numerous occasions. I have always opposed aid to Nasser, who is determined to destroy the State of Israel.

After much debate in 1964 and 1965, we set the policy in the House and wrote it into Public Law 480. It was this: sales to the United Arab Republic were banned unless the President found such sales to be in the national interest.

That is the law; that is the will of the House; that is U.S. policy which was designed to make Nasser understand that the United States does not approve of his conduct.

I do not understand why the committee decided to change the policy by deleting this language which was hammered out on this floor. But that is what was done.

If you look at page 74 of the report which compares Public Law 480 and the present bill, you will see what the committee did. It retreated. Nasser will see this retreat as an open invitation to extend his aggression—to continue in his

purpose to destroy Israel, to continue to wage war in Yemen, to follow through in his threats to invade Saudi Arabia. Just a few weeks ago, he warmly welcomed Soviet Premier Kosygin for talks on further Soviet arms assistance for the United Arab Republic's aggressive designs.

Do we want to encourage his belligerency? If we do, leave the bill alone; let the world see that we are turning our heads and softening the firm stand which we adopted in 1965.

As far as I am concerned, as long as Nasser continues on his course of conduct, I do not think he should be the beneficiary of this program. The United Arab Republic is not a friendly country under any definition, and the purpose of the bill is to provide agricultural commodities for friendly countries.

Mr. Chairman, I urge support for this amendment. While I would prefer an outright ban, I am happy to have the support of the minority and the understanding of the chairman for my amendment.

In this effort, I am also pleased to have the active support of my colleague, Congressman HERBERT TENZER of the 5th District of New York, who joined me in discussing my amendment with the distinguished chairman of the Committee on Agriculture and helped to obtain bipartisan support for it. Congressman TENZER has also frequently spoken out against any shipment or sale of agricultural products to the United Arab Republic except under the circumstances and exceptions outlined in the terms of the amendment.

I thank my able colleague from Nassau County, N.Y. [Mr. TENZER] for his strong support.

Mr. Chairman, I urge all Members to join in making clear that Nasser's aggression shall not be rewarded.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. RYAN].

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. OTTINGER

Mr. OTTINGER. Mr. Chairman, I offer two amendments and ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. OTTINGER: On page 24, line 15, strike "persons serving" and all of lines 16 and 17, and insert "Peace Corps volunteers or Peace Corps volunteer leaders pursuant to the Peace Corps Act (75 stat. 612); and".

On page 23, line 3, strike "Secretary of Agriculture" and insert "President".

On page 23, line 5, immediately after "to establish and administer through existing" insert "departments or".

On page 23, line 6, strike "of the Department of Agriculture".

On page 24, line 23, strike "\$33,000,000" and substitute "\$7,000,000".

Mr. OTTINGER. Mr. Chairman, the first amendment is just a technical

change requested by the Peace Corps and I think the chairman will accept it.

The second group of amendments is designed to permit the President to determine which of these programs that are enumerated under section 406 are properly within the jurisdiction of the Peace Corps and which should go under the Department of Agriculture. With the exception of the decrease in the amount authorized, they are submitted with the blessing of the Peace Corps. They would permit the farmer-to-farmer assistance program to be carried out by either the Department of Agriculture or other appropriate U.S. agencies such as the Peace Corps which is already performing very similar functions.

They would permit the President to make this allocation to avoid duplication, waste, overlapping and inefficiency that would very likely arise from the way the present language of the statute is written.

The bill already recognizes the clear relationship between the proposed farmer-to-farmer program and the activities of other U.S. Government agencies in agriculture overseas.

Section 406(a)(4) explicitly provides coordination of this program with the Peace Corps and with the Agency for International Development and other agencies of the United States.

Section 406(a)(5) explicitly provides that a person serving in the farmer-to-farmer assistance program would serve under the same terms and conditions as Peace Corps volunteers or Peace Corps volunteer leaders.

The Peace Corps effort in agriculture is already very significant. In India alone by the end of 1966 the Peace Corps plans to have 1,200 Peace Corps volunteers working in agriculture and in related fields. This will be nearly 10 percent of the total number of Peace Corps volunteers worldwide at that time.

In order to meet this goal, the Peace Corps has mounted an intensive agricultural recruiting plan effort.

Jack Vaughn, the director of the Peace Corps, has recently met with heads of the Future Farmers of America, the 4-H Foundation, the National Grange, the National Farmers Union, the Agricultural Extension Service, and the American Home Economics Association.

Representatives of the Peace Corps have visited 46 State extension directors and major agriculture and home economics university departments throughout the country.

The Peace Corps has mailed over a half million pieces of informational material in this campaign including direct mailings to interested agriculture and home economics graduates, university deans and home economics department chairmen and almost 10,000 vocational agriculture teachers and 47,000 grain and machinery dealers.

Special news releases and radio sponsored programs are planned to keep the public fully informed.

As you can see, this program of the Peace Corps virtually duplicates the program sought to be set up in this new farmer-to-farmer section in many of its aspects—but not all of its aspects.

The purpose of this amendment is to permit the President to allocate to the Peace Corps those functions in which it is already performing with distinction and to allocate to the Department of Agriculture those new functions that are provided for in this section and which the Peace Corps is not already performing.

I strongly urge support of both amendments.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I am glad to yield to my distinguished colleague from New York.

Mr. BINGHAM. I would like to commend the gentleman for his amendment and express my support of it. I ask the gentleman whether it is not true that his amendment would also make sure there would be coordination between the farmer-to-farmer program in the Department of Agriculture and the technical assistance programs in the agricultural field now carried on under AID, Mr. Bell's agency.

Mr. OTTINGER. It would assist with that but there is already a provision in this statute which provides for such coordination.

What we are afraid of though is that that will not be sufficient. The Department of Agriculture—given this new department—will pick up and run with the ball in a way that will be duplicatory to the existing Peace Corps and AID programs as you quite rightly point out. The result will be wasteful and will be competitive in certain respects and damaging to the overall effort which I think we all fully support.

Mr. BINGHAM. Is it the intent of this amendment to give this power to coordinate to the President rather than to the Secretary of Agriculture?

Mr. OTTINGER. That is right. It would prevent the mandating by Congress that this program be set up under the Department of Agriculture and give the President the discretion to determine which parts of the program will go to which agency or department. It also cuts down on the size of the program since it does duplicate existing programs.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOLE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take much time but would call the attention of the Members again to the committee report on page 52 which discusses very specifically the coordination that we hope to have under this program.

I would also call the committee's attention to page 24, section 4, of the bill, which specifically states that this farmer-to-farmer program should be coordinated with the activities of the Peace Corps, with AID and with other U.S. agency programs. What we are trying to do in this program, as the chairman indicated a few moments ago, is to develop a practical farmer-to-farmer program. What we envision is experienced farmers and specialists in home economics who, because of training or practical experience, are qualified to go to land-grant colleges, for specialized

training, and then to go to free world countries to assist in improving their agricultural technology.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. Is it not correct that the age of the average American farmer is about 58?

Mr. DOLE. I think that is about correct, yes.

Mr. CLARENCE J. BROWN, JR. We may face at a future date a need in this country to expand and to expand quickly the agriculture production of our Nation. The young people who would be used in this program would be the guts of that kind of program to increase production in this country; is that not correct?

Mr. DOLE. That is right. I would add that we have had land-grant colleges in this country for over 100 years. We have had the Departments of Extension for about 50 years. They know what they are doing and I have confidence in them. This program is to help develop agriculture technology and it should be under the jurisdiction of the USDA.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, will the gentleman yield further?

Mr. DOLE. I yield to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. Would it make as much sense to put the program under the Peace Corps as to put the Extension Service under the Job Corps?

Mr. DOLE. Yes, or to put the Department of Navy under the Department of the Army.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. POAGE. Mr. Chairman, a few moments ago I expressed opposition to the Dole bread and butter corps on the ground that it was duplication, that it was attempting to do the same thing that is very well being done by the Peace Corps at the present time, that it would result in bringing in a great many people who are not qualified to do the job, and would doubtless lessen the prestige of the United States and probably open all kind of irregularities at home.

I think that the fact this amendment was offered proves everything that I said about the issue. I think that this amendment proves that the author feels just as I do, that this is a duplication of work that is now being done by the Peace Corps now, but having established an unsound policy—and I think we have a very unsound policy with this so-called bread-and-butter corps, and I have said so from the very beginning; but the House having approved this program, it seems to me that we would achieve nothing by now compounding the felony now and destroying any possibility of this thing doing any good by mixing it up with other agencies and by trying to convert an agricultural program, which, if it has any merit in the world—and I do not think it has much—but if it has any merit in the world, it is what the gentleman from

Kansas claims. He claims that he is bringing somebody with practical knowledge—not the technical knowledge the Chairman referred to—but somebody with practical knowledge out on the farms. I just do not think that practical knowledge on the farm in Illinois is the kind of practical knowledge we need on a farm in Bolivia. I think there is quite a difference.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Ohio.

Mr. HAYS. I would say to the chairman of the subcommittee that has legislative oversight over the Peace Corps that I do not know what they are doing any great shakes in agriculture. I have been around and asked to see a lot of their projects. I have never seen any projects in agriculture. I think the gentleman from New York really killed his own amendment when he went down here and said that the Peace Corps opposes this. Who is the Peace Corps or any other establishment of Government to come up here and say they oppose an amendment to an Agricultural Act, except that it is a jurisdictional matter? They want to grab all of it in their hands.

I agree with you that if there is any merit—and I happen to disagree; I think there is something to it—it ought to be handled by farmers and not by some kid—and I am for the Peace Corps; they have good motives—who may or may not know anything about agriculture in any way, shape or form whatever.

Mr. POAGE. At least, if we are going to have an agriculture program of this kind, let us leave it in the hands of the Department of Agriculture instead of mixing it up with a number of other agencies.

(Mr. STALBAUM asked and was given permission to revise and extend his remarks.)

Mr. STALBAUM. Mr. Chairman, I rise in opposition to the amendment. I am pleased to join my distinguished colleagues in their comments in opposing this amendment.

First, I want to tip my hat to the gentleman from Kansas [Mr. DOLE] on the way he handled his material in getting section 406 into the bill. All of us on the committee know that he willingly made many concessions to have this incorporated.

I am pleased, too, to have been an early sponsor of similar proposals. While Congressman DOLE referred to his as a "bread and butter corps," I was referring to mine as a "rural Peace Corps." Both of us appeared on a panel at a program here in Washington early this year, and I doubt that there ever has been more agreement between members of opposing political parties on an item than he and I expressed that afternoon.

On January 27, when speaking on the House floor under a special order, on the day in which I introduced H.R. 12375, I said:

It is in this area that the establishment of a rural Peace Corps becomes basic to the program. This program, patterned after the well-known Peace Corps, would assist farmers in their efforts to improve their own techniques. This, in my opinion, is of ma-

for importance, because it has been pointed out that the rapid technical growth and the need for professional agricultural workers, especially those needed to do adaptive research in the less developed regions, may result in a worldwide shortage of these trained people in the near future. Recognizing that there are not going to be enough technicians as such coming from colleges and universities to provide all of the needed assistance, the establishment of a rural Peace Corps becomes most logical. We will, of necessity, have to rely on others who have had practical experience and who have been willing to give of their knowledge and their time for projects of this sort. Such people, enlisted in a rural Peace Corps, can perform extremely valuable services in assisting and developing the technical knowledge of the farmers of these other nations.

The CHAIRMAN. The question is on the first amendment offered by the gentleman from New York [Mr. OTTINGER], on page 24, line 15.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. GERALD R. FORD. Mr. Chairman, as I understood the request that was made, on the amendments offered by the gentleman from New York, he asked unanimous consent that they be considered en bloc. If he did that, does not the Committee have to vote on those amendments en bloc?

The CHAIRMAN. The Chair will advise the gentleman from Michigan that the unanimous-consent request was that the amendments be considered en bloc but voted upon separately. There was no objection.

Mr. GERALD R. FORD. Did the gentleman from New York make that specific request?

The CHAIRMAN. That is correct.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the amendment may be reported again.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will report the first amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. OTTINGER: On page 24, line 15, strike "persons serving" and all of lines 16 and 17, and insert "Peace Corps volunteers or Peace Corps volunteer leaders pursuant to the Peace Corps Act (75 stat. 612); and".

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. OTTINGER) there were—ayes 31, noes 89.

So the amendment was rejected.

The CHAIRMAN. The question is on the second amendment offered by the gentleman from New York [Mr. OTTINGER].

The question was taken; and on a division (demanded by Mr. OTTINGER) there were—ayes 23, noes, 90.

So the amendment was rejected.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, I take this time, since I understand all the amend-

ments have been acted on, to explain the motion to recommit. It will have two parts. I will explain one part and I will let the gentleman from Illinois [Mr. FINDLEY] explain the other part.

One part of the motion to recommit will be to change the resale formula section, which will do three things.

First, it will include feed grains, which are not actually included now because of the exemptions provided in other laws.

Second, it will trigger the increased resale formula whenever supplies get below 50 percent of total utilization.

Third, it will not permit the resale formula to be less than 80 percent of parity.

The purpose is to make certain that the U.S. Government will not be dumping grains on to the market at less than 80 percent of parity, that it will not be driving farmers' prices down below 80 percent of parity.

I believe if we are going to enable the farmers to secure a little better income, to get a little closer to parity of income than now, at 65 percent, we ought to adopt the motion to recommit to bring that about.

I now yield to the gentleman from Illinois [Mr. FINDLEY].

Mr. FINDLEY. Mr. Chairman, as I understand the motion to recommit, it will also include a provision which would have the effect of denying to Communist governments access to the very attractive credit terms which would be available under the dollar sales provision of title I. In effect, it would protect the American taxpayer from financing sales to the Communists.

As now written, the title I provision would authorize 40 years' credit for Poland and Yugoslavia to repay loans. The first 10 years could be at a rate of interest as low as 1 percent, and the remainder as low as 2½ percent. Both of these figures are of course far below the rates the American taxpayers are being forced to pay to refinance the public debt.

It seems to me it is one thing to help out countries such as Brazil and Pakistan, with attractive credit terms, but quite another thing to help out a Communist country like Yugoslavia whose ruler only 2 days ago criticized U.S. action in North Vietnam as "inhuman aggression."

Mr. QUIE. I thank the gentleman from Illinois.

Mr. COOLEY. Mr. Chairman, I move to strike the requisite number of words.

I shall be brief. I should like to ask the gentleman from Minnesota [Mr. QUIE] a question.

The motion to recommit will provide for the approval of the Findley amendment and the Quie amendment?

Mr. QUIE. That is correct.

Mr. COOLEY. Both which were fully debated, and both of which were defeated.

Mr. QUIE. I might say to the gentleman from North Carolina that there was not a very large group on the floor at the time, and I should like all to have the opportunity of a vote on it.

Mr. COOLEY. The gentleman had better send out a whip notice, then.

I just want to make it clear for the membership that the motion to recom-

mit will have the Findley amendment and the Quie amendment in it.

Mr. QUIE. I plan to ask for a rollcall on the motion to recommit so a whip notice is not necessary.

Mr. COOLEY. Yes. As I say, the motion to recommit will provide for the amendment offered by the gentleman from Minnesota and the one by the gentleman from Illinois, both of which were defeated.

Mr. QUIE. That is correct.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. ARENDS. I have some question in my mind as to whether the amendments were fully understood at the time they were debated. It is very easy to walk up the aisle or to stand and vote. This time there will be a RECORD vote, and I think this will meet with the approval of many Members.

Mr. COOLEY. That is right. We shall be glad to have a record vote.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

I rise to say very briefly, that I will vote against the motion to recommit and I will vote for this bill, but I shall do so with grave reservations.

As one who has been associated with foreign aid programs in the past, I believe there are serious flaws in this bill.

First, I seriously doubt whether it will be practicable or desirable to move toward sales in the form of dollar loans, even though the terms may be relatively easy ones. These loans will add to the severe foreign exchange problems the developing countries already have.

While the accumulation of local currencies acquired under the Public Law 480 program represents a problem also, in any judgment this is a manageable problem.

Second, I believe the provisions of section 103(d) are impractical and unduly restrictive. I hope they will be made more flexible at a later stage.

Thirdly, I have serious question as to whether we should add to the already too great multiplicity of agencies operating in the technical assistance field. Yet that is what the so-called farmer-to-farmer program under the Department of Agriculture will do.

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to ask a question of the chairman of the committee, the gentleman from North Carolina [Mr. COOLEY]. As I understand it, the way this bill now stands a commodity need not be in surplus supply to be eligible for export under this program. Is that a fair statement?

Mr. COOLEY. I think that is a fair statement.

Mr. LATTA. That would mean the Soft Red Winter wheat we produce in Ohio and a number of other States east of the Mississippi River would now be eligible for export under this program. Is that true?

Mr. COOLEY. I am not certain about that. I suppose the gentleman knows what he is talking about. If somebody wants to buy it, I am sure it will be available.

Mr. LATTA. I am sure the chairman realizes that there has not been any exporting of Soft Red Winter wheat to speak of under Public Law 480 in the last couple of years by the Department of Agriculture. We have contacted the Department of Agriculture about this from time to time but for reasons unknown to me—other than a lack of a surplus—the Department has failed to program this type wheat under the program. The way this bill now reads it need not be in surplus to be eligible for export. I would hope, therefore, that the Secretary of Agriculture would now give our Soft Red Winter wheat farmers some consideration and start exporting some of their type wheat.

(Mr. HARSHA asked and was given permission to revise and extend his remarks.)

Mr. HARSHA. Mr. Chairman, I want to join my colleague the gentleman from Ohio [Mr. LATTA] in urging the Secretary of Agriculture to give Soft Red Winter wheat equal treatment with other wheat in this program. Heretofore, under Public Law 480, Soft Red Winter wheat has been discriminated against, and the growers of this type of wheat have had a great deal of difficulty having it included in this export program.

Ohio, Indiana, Illinois, and Pennsylvania are the major producers of Soft Red Winter wheat. This is used primarily for cake and pastry flours in the United States but some foreign countries also use it for bread flour. Soft Red accounts for about 15 percent of all wheat produced in the United States and Hard Winter about 50 percent. Soft Red wheat accounts for about 8 percent of Ohio's cash farm income.

For establishing price supports, setting acreage allotments, and administering the wheat program, the USDA considers wheat, wheat. However, when it comes to programming wheat for Public Law 480 a distinction is made between classes. Soft Red has been programed only intermittently. Soft Red was not eligible for Public Law 480 programing during the latter half of 1962; only small amounts were programed during the latter half of 1963 and first 9 months of 1964; and programing of Soft Red was again discontinued in the fall of 1965 and is still ineligible for shipment under Public Law 480.

In the last 5 years half our Hard Winter wheat crop has been shipped under Public Law 480. During the same period only 10 percent of our Soft Red production has been programed. Many of the recipient countries would have preferred Soft Red rather than Hard Winter had the Soft been authorized. During the 1963-64 marketing year, the price of No. 2 Soft Red in St. Louis averaged 7.5 cents per bushel less than the price of No. 2 Hard Winter at the same market. In 1964-65 the difference was 8.5 cents per bushel.

Between January and March of this year, the average price of No. 2 Soft Red in Toledo dropped 12 cents while the

price of No. 1 Winter—ordinary protein—in Kansas City slipped only 2 cents.

The policy to program Soft Red only intermittently discriminates against Soft Red producers and undoubtedly accounts for some of the price weakness. If Soft Red were programed under the same conditions as other wheat regardless of CCC stocks or carryover, it would provide for substitution in the foreign as well as in the domestic market. This would reduce the historic price differentials and it would be fairer to farmers regardless of regions in which they live. Also, it would allow the marketplace to tell farmers more accurately what our domestic and foreign customers want.

To reduce these inequities, I recommend that Soft Red wheat be given equal treatment and that programing of Soft Red be authorized immediately. In subsequent years, programing should be authorized throughout the year whenever possible, but in all cases after January 1 of the marketing year in order to assure Soft Red producers access to the foreign demand the same as Hard Winter producers and to prevent the large price difference between Soft and Hard that has existed under intermittent programing.

By the end of December Soft Red Winter wheat millers have purchased almost all the wheat they are going to from that year's crop. Therefore, programing Soft after January 1 would not cut into domestic needs and would allow foreign demand—commercial and Public Law 480—to bolster price during the period when very little Soft Red is moving into domestic channels.

It would seem only fair, Mr. Chairman, that inasmuch as Soft Red Winter wheat is treated as other wheat under the administration's farm program, it would be given the same treatment under the Food and Freedom Act of 1966 since this is merely an extension, and in some cases, an expansion of Public Law 480 as originated under the Republican administration.

Mr. STALBAUM. Mr. Chairman, H.R. 14929 is a proposal which I wholeheartedly endorse and support. I am pleased to have been one of the earliest spokesmen in the 89th Congress on this type of legislation.

For it was on September 26 last year that I first presented a talk titled "Plenty in the Midst of Starving" here in Washington, D.C.

Later, the same remarks were given at the annual meeting of the Dairy Society International in Montreal, Canada, in October.

At that time, while I noted the problem which prevailed in the world—the problem of starvation and malnutrition which are mentioned in our committee report and which were touched upon by our distinguished chairman, my major emphasis was on the use of American agricultural production to play a part in meeting this problem of starvation and malnutrition.

I questioned the desirability of continuing a domestic farm program of restricted production when such conditions existed throughout the world. I pointed out that as we had given food under the

food-for-peace program to many nations, they ultimately became good customers of ours as their economy improved. Listed were those countries which I am pleased to see have been cited as illustrations on page 9 and 10 of the committee report—Japan, Italy, Greece, Taiwan, and Israel.

I must admit that I gave little emphasis at that time to our efforts to develop the agriculture of other nations. However, as I studied the problem further and prepared additional material on it with the thought of introducing legislation early in the 1966 session, it became apparent to me that the greatest need was not necessarily that of how best to fully utilize our American agriculture and to get these foodstuffs to nations which could use them, but rather on how we might best assist other nations in developing their own agriculture in order that they could assume the major role in feeding their own people. For it was apparent that if we utilized our agricultural plant in America to the maximum practical extent that we would merely scratch the surface in fighting world starvation.

I was pleased that Senator McGovern, of South Dakota, who had been interested in this same problem, saw fit to place these remarks of mine in the CONGRESSIONAL RECORD on October 19. During the 1965 session, only Congressman MACKIE, of Michigan and I had seen fit to introduce legislation in this regard. However, as the session was drawing to a close, it became evident that others of more seniority were becoming interested in this problem. My distinguished colleague on the Agriculture Committee, the gentleman from Texas [Mr. PURCELL], during the last days of the 1965 portion of the 89th Congress, had material in the CONGRESSIONAL RECORD pointing out the need for such programs.

On December 9, there was held here in Washington a meeting at which time the Committee on the World Food Crisis was organized. At that meeting, a discussion was held in which I was privileged to participate along with many distinguished spokesmen, including the chairman of this committee, the Honorable HAROLD COOLEY, of North Carolina. It was gratifying that he indicated at that time that he would hold hearings early in 1966 in conjunction with the renewal of the food-for-peace program to attempt to develop the far more broad program to meet this challenge.

Mr. COOLEY. Will the gentleman yield?

Mr. STALBAUM. I am pleased to yield to the chairman of my committee at any time.

Mr. COOLEY. I am pleased that the distinguished gentleman from Wisconsin [Mr. STALBAUM], has given us this background on the role which he played in calling the attention of the Congress to the need for legislation of this type. I well recall the meeting on December 9 at which he and I were panelists at which time it became evident that he had given much thought to the particular problem and the need for us to face up to it. During the sessions of the committee, he has offered valuable

suggestions on the preparation of this bill. I am pleased to commend Congressman STALBAUM, who in his first term, has done much in this area of development programs to meet the problem of world hunger.

Mr. STALBAUM. I certainly want to thank my chairman, the gentleman from North Carolina [Mr. COOLEY], for those very complimentary remarks. In doing so, I want to pay full credit to him for using his position as chairman to call together some of the most outstanding experts in America on this problem and to give them all of the time they needed and desired to present their views. I am sure that it was this leadership on this part on bringing to the committee these many spokesmen who supported the idea of America assuming leadership in feeding the hungry that resulted in the nearly unanimous vote that was given to this legislation when it left the committee.

Working separately from the chairman, on January 27, I introduced a bill, H.R. 12375, for consideration in this area and at that time spoke under a special order for 30 minutes on what it was intended to do. At that time, I said "My bill is offered basically as a starting point for consideration of legislation. If it so serves, and if its introduction along with these remarks will have prompted Congress to move toward advancing our efforts to assist underdeveloped nations in developing their agricultural potentials, then this effort will have been worthwhile."

In my remarks, I quoted from an old Chinese proverb: "Give a man a fish, and he will eat for a day. Teach him how to fish, and he will eat for the rest of his life." I repeat the proverb here because to me it sums up so well what we are not attempting to do by this legislation.

Emphasizing the fact that many nations had failed to develop the agricultural sector of their economy, and that we in our foreign assistance programs had often not given the emphasis to these which should have been given, my bill was intended to cover four main areas.

First of these was capital agricultural development, pointing out that fertilizer plants, storage facilities, and other similar items were vitally needed to assist nations in developing their own agriculture.

The second of my major areas of legislation was to be the improvement of production methods in the underdeveloped nations. Fundamentally, this involved education of the farmers, many of whom are illiterate. At that time, I said also that it is in this area that the establishment of a rural Peace Corps becomes basic to the program. This program, patterned after the well-known Peace Corps, would assist farmers in their efforts to improve their own techniques. This, in my opinion, is of major importance because it has been pointed out that the rapid technical growth and the need for professional agricultural workers, especially those needed to do adaptive research in the less-developed regions, may result in a worldwide shortage of these trained people in the near future.

Recognizing that there are not going to be enough technicians as such coming

from colleges and universities to provide all the needed assistance, the establishment of a rural Peace Corps becomes most logical. We will, of necessity, have to rely on others who have had practical experience and who are willing to give of their knowledge and time for projects of this sort. Such people, enlisted in a rural Peace Corps, can perform an extremely valuable service in assisting in developing the technical knowledge of the farmers of these other nations. I am pleased to give recognition to my colleague the gentleman from Kansas, Congressman DOLE, for the leadership he has given in this area. Section 406 of this bill is virtually what I had in mind when I made my remarks last January.

My third major area was related to research, particularly those which would apply to tropical agriculture. This I am pleased to note as section 406(a)(3).

And my final point was that our programs be coordinated and effectuated in cooperation with other agencies, a point which is covered by section 406(a)(4).

Without taking more time of the committee, permit me to summarize by saying that every major objective which I had outlined at that time has been incorporated into this bill. Most important of these, of course, was the requirement that our food assistance to nations be based upon their own efforts to solve their food problems.

And so it is gratifying for me today to make these remarks in which I can state that nearly all of the recommendations, as well as many I had not even thought of or considered, in my bill, have been incorporated into bill H.R. 14929, as it comes before us for consideration on this floor.

Mr. POFF. Mr. Chairman, I support the extension of Public Law 480 which I supported when it first was enacted in 1954. This is the law that became the cornerstone of the food-for-peace program. It has meant the difference between life and death for millions of people in a world where much of the population is engaged in a race between food production and population growth.

I commend the amendments added in committee that improve this legislation. These amendments would provide continuing congressional review of the operation and administration of the program by limiting the extension to 2 years; retain the basic definition of "friendly countries"; help to halt the supplying of hostile Communist regimes in Cuba and North Vietnam; improve the Joint Congressional-Executive Advisory Committee; insist upon a 5-percent cash payment in title I sales agreements; place stronger emphasis upon agricultural self-help by earmarking at least 20 percent of certain foreign currencies generated by title I sales for this purpose; require the identification of food sold for foreign currencies as being provided through the generosity of the American people; and include a revised version of the "bread and butter" brigade; a technical assistance farmer-to-farmer program similar to the bill I introduced, H.R. 11173.

While H.R. 14929 now represents a distinct improvement over the original pro-

posals, it should be further amended and changed to make the food-for-peace program even more effective.

It is regrettable that during committee consideration of this bill, the Johnson-Humphrey administration labored so hard to discard the statutory concept of "friendly" countries that has been in Public Law 480 for many years. Under this concept, such countries have obtained subsidized sales from our Government. I feel that any nation that either sells or furnishes or allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba should not be deemed to be a "friendly" country entitled to subsidized sales. Any nation now carrying on commercial activities with Hanoi and Havana need only refrain from doing so if it wishes to acquire U.S. farm products for its own currency or on a long-term dollar credit basis. Certainly, when we are asking Americans to fight and die in the defense of freedom, nations receiving special treatment from this country should not trade with our enemies.

We oppose the long-term dollar credit sales being made for 40-year repayment periods with grace periods of up to 10 years. The impact on the balance-of-payments problem, the distinction between loans for food and loans for permanent structures, and the uncertainty of any substantial repayment of such long-term loans all demand that the present law which limits dollar credit sales to 20 years with 2-year grace periods be retained.

I am pleased that H.R. 14929 does not contain the provisions that would have given the Secretary of Agriculture new and unprecedented authority to manipulate market prices for a host of agricultural commodities. The granting of such power is both unwise and unnecessary. Unfortunately, the bill contains a completely ineffective and inoperative provision relating to Government sales of grains into the domestic market. An amendment was offered which would prevent large-scale dumping of grains by the Secretary of Agriculture in order to depress market prices for corn, sorghum, other feed grains, and wheat. However, it was rejected.

Land-grant colleges about the country have proven their ability to effectuate the "bread and butter brigade"—farmer-to-farmer—concept. Virginia Polytechnic Institute, located at Blacksburg in our congressional district, already has underway a program in a Latin American country coordinated with a private foundation aimed at developing techniques and procedures to improve the nutritional status of that country. Agricultural and nutritional experts from Virginia Tech are teaching the people of this land to exploit native foods to improve their diets and to show the people that they can locally overcome severe protein and calorie deficiencies. Dr. T. Marshall Hahn, Jr., president of Virginia Tech, has given effective guidance to this program and has demonstrated his interest in international programs in agricultural production, food storage, marketing, distribution, and home economics. Dr. Wilson B. Bell, dean of the Virginia Tech

Colleges of Agriculture, sees in this farmer-to-farmer program many opportunities and lasting benefits.

There is a growing world food and population crisis. This crisis has a vital impact on American agriculture and the American people. A program to meet the challenges and needs of the future must be enacted. With appropriate amendments, H.R. 14929 is a right step in the right direction.

Mr. HELSTOSKI. Mr. Chairman, I rise in support of the legislation pending before the House which would establish a food-for-freedom program. Under Public Law 480, the program was known as food for peace, but President Johnson in his message of February 10, 1966, referred to this program as food for freedom.

This program promises a bold, imaginative, and realistic attack on a problem which is surely one of the greatest our, and other countries, will have to face in this century.

The growing menace of hunger throughout the world has made it clear that strong action is needed. Through his message, President Johnson has indicated and made it clear that our country will meet whatever need is necessary to declare a world war on hunger.

The program of self-help is emphasized which will help poor countries improve their own farm production. Through this program of self-help we can make a broad attack on the hunger problems of the world. Our additional help can put back into work the idle farmland so that we can meet our worldwide commitments.

History has taught us some valuable lessons, which we should not forget and cannot forget. These memories of food shortages are still fresh in the minds of many Americans.

After World War I, Herbert Hoover organized our facilities and carried food to the hungry people. His efforts avoided a worldwide catastrophe. More recently, after World War II, that great champion of people and human rights, Fiorello La Guardia, was given the task of obtaining food for starving Europe. Both efforts to feed the hungry were successful and this program, which we hope to adopt will not be doomed to failure. For if it does succeed, and I am sure it will, it can be the change of the political thinking of many people of the world.

A hungry person does not give much thought to communism, socialism, or capitalism. He wants to know what he is going to eat on any given day. He wants to know where he can get food for his family.

Hungry people understand food—and they will understand us, if they become aware of our food-for-freedom approach to world hunger.

The great need is here now and we must do whatever we can to lessen that need. We cannot prolong our debates on this legislation, for each day's delay in furnishing food to the hungry of the world means millions of deaths from starvation in food-short countries. The crisis is doubly acute when it is the small child who suffers most. With hands out-

stretched he pleads for food, but none is available. This the child cannot understand. We, with this program can help the heads of families in these undernourished countries and the child will understand as he continues to grow without hunger pangs.

Mr. Chairman, I commend the House Committee on Agriculture for the prompt action they have taken in reporting this measure to the House floor for congressional action. I also hope that we do not attach amendments to this bill which would weaken it in any way. Prompt and favorable action is necessary so that this matter can be put into effect at once.

While we have been making rapid strides in the advancement of health programs which have added years of life to the peoples of the world, we must now take action to feed those who have received this medical treatment so that they do not die from hunger—as opposed to death from disease.

Under this legislation we are undertaking a vast project—but we have met this food crisis in the past and we can meet it again.

Mr. Chairman, I favor this approach to feed the hungry of the world and am eagerly awaiting a vote on this measure so that I can vote "yes" and prevent additional loss of life because of the lack of proper sustenance to a hungry body.

With the passage of this legislation we can put back the idle lands into productive status and challenge the world to put their efforts into the production of food for the hungry. This is a world problem and must be dealt with by the world, but we can be the first to undertake a war on hunger—a war that is welcome to every segment of our civilization.

Mr. WHITENER. Mr. Chairman, the Food for Freedom Act of 1966, which we are now considering, is one of great importance to the underprivileged who will be the recipients of the surplus agricultural products of our farmers. It represents a high degree of altruism on the part of the American people as they seek to feed the stomachs of their less fortunate brothers abroad.

While this altruistic spirit is noteworthy, I think that we should not lose sight of the fact that this legislation will also be of great benefit to the American people. It should strengthen our agricultural economy and improve the lot of the American farmer. This will come about because it will provide for an orderly disposal of surplus farm commodities which we have today. These surpluses may become necessities if we are to feed the growing population of the United States in the very near future, hence in helping keep a vibrant agricultural economy we are serving our own interest for the future.

I am also impressed with the provisions of section 3(d) of title IV of the bill. Under this new provision, Public Law 480 cotton textiles may be financed under title I of the act if the raw cotton content accounts for a substantial portion of the sales price of the cotton textile product. In effect, this language will permit sales of cotton textile prod-

ucts on long-term credit arrangements and is combined with the authority for sales for foreign currencies.

This should have a very salutary effect upon the domestic cotton textile industry and will at the same time facilitate the disposition of the surplus cotton now in stock of the commodity credit corporation. In creating this new outlet for cotton and cotton textiles our Government will have taken steps which will permit the cotton farmers of the Nation to produce more cotton and will at the same time assure to the American textile worker greater opportunities for employment.

Mr. Chairman, I again commend the distinguished chairman of the Committee on Agriculture, the Honorable HAROLD D. COOLEY, my colleague from North Carolina, for his continuing insistence that the welfare of the American cotton farmer and the American textile worker is a mutual interest. Mr. COOLEY deserves the commendation of all Americans for his great wisdom and leadership in meeting the clear and present needs of our agri-business economy. He is deserving of the support of all of the people as he furnishes leadership to us in the important area of the jurisdiction of his committee.

As the representative of America's greatest textile manufacturing district, I know that I reflect the views of both labor and management in that industry when I express to Chairman COOLEY and his committee my deep gratitude for their inclusion of this new and important amendment to Public Law 480.

Mr. SHRIVER. Mr. Chairman, the world war on hunger legislation, H.R. 14929, is one of the most important bills before this session of Congress. The program we enact may well determine whether or not the decades ahead will make progress in meeting the critical problem of world food shortages.

In studying the testimony of agricultural and population authorities before the House Committee on Agriculture, it is clear we must provide humanitarian short-term assistance coupled with long-term planning emphasizing self-help.

Yesterday my colleague from Ohio [Mr. LATTI], in opening debate on the rule, appropriately pointed out that we are not creating a new program. We are enlarging and improving the highly successful food-for-peace provisions of Public Law 480 which was enacted during the Eisenhower administration in 1954.

Our abundance has been made available outside commercial markets through Public Law 480 shipments. Food for peace has done more than any other U.S. program to attack hunger and malnutrition throughout the world. It also has been effective in creating markets for American agricultural products.

Although donations make up a smaller part of the total than do goods exported for sale, I am pleased that title II of this bill provides for a continuation of this worthwhile program. This bill will enable voluntary organizations to help meet the emergencies of famine, malnutrition, disaster, and the basic needs of the poverty-stricken.

About 100 million people including 70 million children, in over 100 countries, have benefited from donations of wheat, flour, grain sorghums, corn, corn meal, nonfat dry milk, beans, and other commodities. These foods have been distributed in school lunch programs, giving at least one good meal a day to undernourished children, in maternal feeding programs, in refugee feeding and to provide relief following droughts, floods, hurricanes, and earthquakes.

These humanitarian efforts speak louder than words, and even money, in proclaiming our desire to help those less fortunate than ourselves.

The only way the war on hunger can be won is by encouraging and assisting the people in underdeveloped areas to increase their own agricultural production and distribution capacity. A beginning is made by sending seeds and handtools by organizations such as CROP, Christian Rural Overseas Program.

This legislation will help supplement the work of voluntary organizations. One of the significant actions taken by the committee was the inclusion of the proposal by my colleague the gentleman from Kansas [Mr. DOLE] for a "bread and butter corps." We will be providing technical assistance to those nations who are prepared to help themselves on a "farmer to farmer" and "technician to technician" basis. We will be sharing our know-how which will enable farmers in other lands to join effectively in the war on hunger.

We cannot expect to be able to feed all the world's hungry. Testimony before the Committee on Agriculture pointed up that we could not even if we wanted to. Our own production, even at a peak based on using the acres now diverted and allowing for increased productivity due to improved technology, will eventually be outrun by the population explosion. Our own population will continue to expand and will require an increasing share of our food production.

Nor is it good for aid programs to be based entirely on the principle of giveaway. Some underdeveloped nations have declined a part of the free food offered them by our Government. They have done so in the belief that to accept too much would not be in their best interests. They are, of course, concerned about the impact upon their local farm economies.

The best way we can combat world hunger is to use our assistance to help others help themselves. Great increases in the total world food supply and greater production by the needy countries themselves are the only long-range solutions to avoid the specter of world famine.

Mr. Chairman, the challenges of this war on hunger are tremendous. The consequences of losing such a war are terrifying. We consider this legislation at a time when two-thirds of the world is undernourished. Thousands of persons die each day as the result of malnutrition. In most of the food-deficit countries today, the population explosion is compounding the problem.

As we move toward passage of this vital and bipartisan legislation, let us

remember that standing on the frontline of this "war" is the American farmer. It has been his genius, his courage, his willingness to stand against the elements which have made American agriculture the greatest success story in all the world.

We can fully appreciate today that the word "surplus" is not a dirty word. It is a blessing to America and to our people. In recent years we have seen that surplus of wheat dwindle because of increasing exports and foreign aid shipments. Three years ago we had almost 1,400 million bushels of wheat reserves. We are told that we may soon be down to approximately 350 million bushels, which is about 250 million bushels the Department of Agriculture has said is absolutely necessary to protect us against short supplies in this country.

Only last week the Secretary of Agriculture was quoted in news dispatches stating that the Government would limit shipment of wheat abroad should that become necessary to assure ample domestic supplies.

Various crop reports from the State of Kansas indicate that this year's wheat crop will be below expectations because of crop damage from drought and spring frosts.

On May 27, 1966, the Secretary of Agriculture reported that at least one-fourth of the U.S. wheat crop will go to India this year under the food-for-peace program. It is my understanding we have agreed to ship a total of approximately 10 million tons of food grains to India under present agreement.

This would mean approximately 330 million bushels of wheat which would take all of the Kansas harvest this year plus almost 100 million bushels of additional grain.

Mr. Chairman, we must guard against hitting bottom in our reserves as we launch this war on hunger. Congress properly is providing in this bill for continuing congressional review of the operation and administration of the program by limiting the extension of this legislation to 2 years.

The administration and the Secretary of Agriculture, in particular, have the responsibility of keeping close tab on our grain stocks as they administer this program.

Recently, the President belatedly announced an increase in acreage allotments for 1967 by 15 percent. This was merely a first step in the right direction. More idle land should be placed in production. The administration should give immediate consideration to relaxing further its controls on wheat farmers.

Finally, I support those provisions in this legislation which provide for assistance to "friendly nations" and restrict our aid to certain Communist nations and those countries which actively assist North Vietnam or Cuba. Last year, I tried to keep the same restrictions which the House had included in the 1966 foreign assistance appropriations bill, but the administration was successful in turning back this effort when the conference report came back for a vote.

Mr. Chairman, I commend the Committee on Agriculture for the thorough consideration it has given this legisla-

tion. The extensive hearings which were conducted have contributed immeasurably to the drafting of a bill with bipartisan support. This legislation properly administered will be a major step toward winning the war on hunger.

Mr. SPRINGER. Mr. Chairman, as one of the original congressional authors of Public Law 480 enacted under President Eisenhower's leadership in 1954, I commend the Committee on Agriculture for bringing out this legislation extending Public Law 480 for another 2 years.

On the whole this is a splendid bill and reflects the bipartisan support which the food-for-peace program, as authorized by Public Law 480, has received over the years.

We Americans look upon ourselves as a peace-loving people. Yet the semantics of the present administration seem to require us to use warlike terms for what we are trying to do.

We are being asked today to vote for a war on hunger. I suppose there is nothing wrong in the use of this phrase. It should be emphasized however that the war on hunger began 12 years ago with the enactment of Public Law 480 by a Republican Congress under a Republican President.

The use of the phrase "war on hunger" and the change in the popular name for the program from "food for peace" to "food for freedom" signifies no fundamental change in Public Law 480.

In fact, the members of the Agriculture Committee, on both sides of the aisle, are to be commended for resisting the administration's effort to change the basic concept of this program. They proved themselves to be no rubberstamps for the executive branch of the Government.

As the gentleman from Ohio [Mr. LATTI] has said, this is not another new Great Society program. It is our old, tried and true Public Law 480 with only such revisions as were considered necessary by the committee to meet the changing conditions at home and abroad.

One of the revisions will permit our farmers to produce food for the express purpose of feeding people throughout the world. Until now shipments under Public Law 480 have been limited to surplus food and fiber accumulated under Government price-support programs. The bill before us will allow "available" as well as surplus commodities to be included in those shipments.

Through this bill we also place emphasis on aid to friendly countries willing to help themselves toward a great degree of self-reliance in producing sufficient food to meet the needs of their people.

I am pleased that the committee incorporated in the bill several amendments offered from the minority side. These Republican sponsored amendments—

Provide continuing congressional review of the operation and administration of the program by limiting the extension of Public Law 480 to 2 years;

Retain the basic concept of "friendly countries" banning subsidized sales to Communist countries and to countries who sell supplies to Cuba or North Vietnam, or allow their ships and planes to engage in such trade;

Improve the effectiveness of the Joint Congressional Executive Advisory Committee;

Place stronger emphasis on agricultural self-help by earmarking at least 20 percent of foreign currencies under title I sales for this purpose; and

Require, so far as practicable, the identification of food sold for foreign currencies as being provided through the generosity of the American people.

I am particularly pleased that a revised version of the gentleman from Kansas [Mr. DOLE] proposal for a "bread and butter corps" will be authorized by this legislation. The provision setting up this farmer-to-farmer program calls for better coordination of the technical assistance activities which we have engaged in for many years under various governmental programs. The land grant colleges, such as the University of Illinois, as well as other institutions of higher learning in this country will have a major role in furthering this effort to improve agricultural production and distribution in the underdeveloped areas of the world.

Mr. Chairman, I represent one of the richest agricultural areas of the world. The 22d Illinois Congressional District grows more corn and soybeans than any comparable area in the world. Our farmers have an important stake in world trade. They are aware of the fact that the food production from one out of every four acres of farm land in the United States goes overseas.

As President Johnson said more than a year ago:

The food-for-peace program is one of the most inspiring enterprises ever undertaken by any nation in all of history.

It has prevented famine. It has helped alleviate hunger and malnutrition. At the same time this program has proved to be boon to American farmers. While we have shipped some \$14.5 billion in surplus commodities under this program in the last 12 years there has also been a tremendous increase in exports of farm productions through regular trade channels. Our total agricultural exports increased from \$5 billion in 1962 to \$6.2 billion in 1965. The proportion of surplus shipments actually declined from 30 percent of the total in 1962 to 23 percent in 1965.

Populations are growing and incomes are rising throughout the world. As a result, the worldwide demand for our farm products will continue to rise. The Corn Industries Research Foundation has predicted that our total agricultural exports will hit \$7 or \$8 billion in the next few years.

The production genius of the American farmer has not been fully appreciated in recent years. His technical achievements seemed overshadowed in the public mind by the problem of managing the surpluses his skills built up. But now the picture has changed. The burdensome surpluses have vanished and markets for the farmers' goods are rapidly expanding. The emphasis in this bill is not on crop curtailment. It is on production.

The American farmer is coming into his own. American farm production has made possible food for peace and food for freedom.

Mr. PEPPER. Mr. Chairman, I supported the amendment offered by the able gentleman from New York [Mr. RYAN] precluding any sales to the United Arab Republic unless the President determines that such sale is to the national interest of the United States. However, that was not the language in the bill which the able gentleman from New York [Mr. RYAN] and I wanted to see adopted. He had an amendment at the desk absolutely forbidding any benefits under this bill to the United Arab Republic. I had an amendment ready to offer to the same effect in the following language:

AMENDMENT TO H.R. 14929, AS REPORTED
OFFERED BY MR. PEPPER

On page 28, after line 9, insert the following new section:

"SEC. 4. Because it appears that the United Arab Republic under the leadership of Premier Gamal Abdel Nasser is preparing to wage aggressive war against Israel which would plunge the Middle East into war, no agreement shall be entered into with, no program of assistance shall be made available to, and no other benefits shall be made available to, the United Arab Republic under this Act or any Act amended by this Act."

And renumber the following section accordingly.

I think we should have prohibited in this bill Nasser's receiving any benefits under it. But the amendment of the able gentleman from New York [Mr. RYAN] which was adopted, seemed the best that we could get at this time. The able gentleman from New York [Mr. RYAN] and I and others who share our sentiments about Nasser, while we would have preferred a flat prohibition of sales to Nasser, are pleased this amendment strengthens the bill as reported by the committee in this respect in that it does forbid any sales to Nasser unless the President determines that such sale is to the national interest of the United States.

I am sure President Johnson will look with closest scrutiny at the conduct of Nasser and will be satisfied that he is abandoning his threat of aggression against Israel and ceasing his efforts to destroy Israel before he finds him to be eligible for sales under this act.

Mr. BELL. Mr. Chairman, I rise in favor of the Food for Freedom Act of 1966, H.R. 14929. I favor its passage because it extends in essence the successful agricultural aid program carried out under Public Law 480; and, of more important, it brings to this program a new and vital emphasis on initiative and self-help among recipient nations.

United States surpluses, under Public Law 480, have helped feed 100 million people in 100 nations since enactment in 1954.

Still, two-thirds of the world today is undernourished, largely because the people cannot grow food needed to keep pace with burgeoning population. The U.S. Department of Agriculture reported more food than ever produced throughout the world in 1965. But while food production rose 1½ percent, population increased by 2 percent.

The United States may have abundance to share, but can it keep up with a world population surging far ahead of world food supply? In most of Asia, Latin American and the Middle East,

and in parts of Africa, population grows so rapidly it has been estimated that doubled food supplies by the end of this century will merely keep most people there at the same malnourished level as today. Even now, 10,000 people there die every day because they have not been able to get enough to eat. Half the children born in these areas will die of starvation in infancy. Seven out of every ten that live will suffer lifelong physical or mental disability because of inadequate nourishment.

Without Public Law 480, conditions would have been considerably worse. We now have the opportunity to make conditions considerably better. The broad expansion and new objectives of H.R. 14929, which amends Public Law 480, will constitute a world-wide war on hunger. Enactment of this legislation will enlist the active participation of other countries. Successes thus far under Public Law 480 will be immeasurably increased. For we will be sharing more than surplus food—we will be sharing advanced farming techniques we have been fortunate enough to develop. We will be helping especially those countries that show willingness to learn so that in time they may help themselves and become self-reliant.

The Food for Freedom Act of 1966 is landmark legislation in that it accords official recognition to the complexity of a world food shortage that cannot be solved by increased production alone. It contains important sections concerning voluntary activities dealing with the problems of population growth and family planning in recipient countries.

American industry and agriculture will benefit too. Agricultural production will expand to help meet world requirements. New markets will be created for all the materials that go into the production of crops and livestock.

We have not hesitated to share our abundance. But we cannot share it forever, and even now it is not enough. It is more important to share technical knowledge and to encourage a worldwide agricultural and health revolution. The alternative is massive famine and political revolution. Freedom from hunger is the fundamental freedom that can, in the end, determine all others.

Mr. SICKLES. Mr. Chairman, the Food for Freedom Act of 1966 is a far-reaching and important piece of legislation because it makes a positive, forthright commitment on behalf of the United States to help the less fortunate people of the world who do not have enough to eat.

The measure expands and extends the existing food-for-peace program through which hundreds and millions of hungry people in nations all over the world have received food surplus to American needs. Whereas the food-for-peace program is designed only to utilize surplus agricultural commodities accumulated under various farm programs, the food-for-freedom program is designed to permit deliberate production of crops which will be used to feed hungry people throughout the world. Whereas under the existing program, the United States spends \$2 billion a year, the Nation's commitment under the proposed program would be increased to \$3.3 billion annually.

The Food for Freedom Act, however, goes further than merely providing food for hungry people throughout the world—it is designed to encourage the recipient nations to develop the means by which they can produce sufficient food to meet their own needs. The legislation recognizes—for the first time as a matter of U.S. policy—the relationship between the expanding world population and the shortage of food in the world.

Consequently, the proposed law requires that the President, in determining the aid that each country should receive under this program, consider the efforts of the countries to meet their population problems. Furthermore, the United States will be committed to helping countries—where they request help—in dealing with problems of population growth and family planning and stipulates that foreign currencies generated by the sale of U.S. agricultural commodities may be used, when requested by the recipient countries, to finance programs related to the problems of population growth.

The emphasis of the proposed legislation would mean two things to the American economy: First, it would open the opportunity to bring back eventually from retirement much of the 60 million acres of American Farmland now bedded down under various farm programs so that we will be able to produce enough food for the starving areas of the world while they are raising their own agricultural production levels; and second, it would open up new opportunities for business and industry by increasing farm exports. With farm production up, there would, of course, be a greater demand at home for more fertilizer and machinery, and as other countries develop their own agriculture they will be seeking imports of this equipment.

Both of these developments will have an impact on Maryland's economy which relies so heavily on agricultural production and the activities of the Port of Baltimore. As a result of this program, Maryland's agricultural production can be expected to rise above its present level of approximately \$300 million annually and the Port of Baltimore can be expected to expand its foreign shipments beyond the present level of about \$1.6 billion.

The food-for-freedom program is badly needed. As the report of the Committee on Agriculture so dramatically points out:

Two-thirds of the world is undernourished. Thousands of persons die each day as a result of malnutrition. The specter of famine and mass starvation, in the near years ahead, hangs over great areas of the world where populations are exploding. Hunger blocks the path to world peace.

It is particularly appropriate, therefore, that the United States, which is part of that one-third of the world which is well-fed, should make this commitment to the two-thirds of the world that is going hungry. I strongly urge adoption of this legislation.

Mr. RODINO. Mr. Chairman, there is probably no problem of greater immediate concern to millions of people on this earth than the threat of human hunger. Recently we have all become aware of the life and death race between population

growth and food supplies, and even though the underdeveloped nations must face this growing crisis daily, the well-being and security of all nations is at stake. The Food for Freedom Act, which strengthens and realistically improves Public Law 480 gives me confidence that we are on the right track, and that we are capable of adjusting our efforts to meet and effectively deal with disturbing changes that seem to occur ever more frequently in our crisis ridden age. Even though we have sent 140 million tons of food to hungry people overseas during the last decade, the American farmer has yet to be challenged to demonstrate the extent of our capacity. Our strength, then, is a mighty tool that, with compassionate employment and thoughtful diplomacy, ought to hearten us all in hopefully looking toward a solution to the age-old menace of hunger and security. This legislation combines the best traditions of American humanitarianism with an enlightened and pragmatic recognition of our national interest, I fully support this measure.

Mr. FASCELL. Mr. Chairman, I consider it a privilege to have this opportunity to present a brief statement in support of H.R. 14929, the Food for Freedom Act of 1966. First of all I wish to compliment the Members of the House Committee on Agriculture and committee chairman, the Honorable HAROLD D. COOLEY, on the comprehensive scope of the hearings held on this bill and for reporting favorably on legislation which will open the way for an effective "World War on Hunger."

For more than a decade the food-for-peace program, carried out under provisions of Public Law 480, has provided food assistance to needy people in at least 100 nations throughout the world. This proposed Food for Freedom Act of 1966, provides for a broad expansion of America's food-for-peace program and places emphasis on aid to those friendly nations helping themselves toward a greater degree of self-reliance in providing sufficient food to meet the needs of their own people.

The broadened concept of H.R. 14929, would permit deliberate production of food in the United States for feeding hungry people in other nations, whereas heretofore such food assistance has been limited primarily to surplus food accumulated under various farm production adjustment programs. The new act provides for a wider variety of commodities that may be made available to recipient nations. It includes any agricultural commodity or product thereof and domestically produced fishery products—except fish concentrate until approved by the Food and Drug Administration for U.S. consumption.

This proposed Food for Freedom Act recognizes for the first time the world population explosion relationship to the world food crisis. The new program will encourage and assist those activities undertaken by recipient countries related to the problem of population growth.

This proposed Food for Freedom Act retains, strengthens, and expands provisions of the current food-for-peace law which restrict food aid to Communist countries. New provisions are added to

deny food sales for local currencies or long-term dollar credit to nations which sell or furnish, or use their ships or aircraft, to supply North Vietnam or Cuba with equipment, materials, or commodities.

Mr. Chairman, in view of the great need for food in the numerous food deficit areas of the world, it is my hope that this bill will be enacted into law at the earliest possible date.

Mr. WOLFF. Mr. Chairman, I most wholeheartedly support the food-for-freedom program and our Government's participation in this type of program. We, the richest nation on earth, have a moral responsibility to help those people in the world who are still deprived of even the most basic needs—adequate food, shelter, and health care. That responsibility is clearly recognized in the food-for-freedom program which President Johnson presented to Congress, proposing that "the United States lead the world in a war against hunger." He also said, "There can only be victors in this war." I completely support this view. We have heard much talk about "guns or butter." If we marshal our forces behind the kind of "butter" proposed by the food-for-freedom bill, in my opinion we will eventually have no need for "guns."

The food-for-freedom program follows in the tradition of many programs of aid to needy nations which began with the proclamation of the four freedoms of mankind by President Franklin D. Roosevelt. We have come a long way since then. The Marshall plan gave Europe the assistance needed to accomplish the miracle of reconstruction and recovery that has taken place since World War II. President Kennedy's Alliance for Progress instituted a comparable effort for the countries of Latin America. Over the past 10 years alone we have provided through the USDA over 140 million tons of food to hungry people. Yet, as President Johnson stated, "the problem of world hunger is more serious today than ever before."

It has become increasingly clear that direct food aid alone will never provide the final solution to this problem of world hunger. The productive capacity of all the helping nations cannot keep pace with the dramatically increasing food needs of a world population in constant growth.

The final elimination of want will only come if that aid is accompanied by the continuing development of the economic productivity of the nations receiving our assistance. This goal cannot be achieved unless the dependent nations are committed to a program of self-help in the development of their own economic self-reliance. It is this kind of self-reliance which is, and must always be, the ultimate goal of our aid programs.

I regard, therefore, as one of the most significant aspects in the food-for-freedom bill—and one also emphasized by the President—that provision which would make "self-help" on the part of recipient nations an integral part of our food aid program.

The decision to incorporate the "self-help" concept as an essential part of the

food-for-freedom program came after careful analysis by the Department of Agriculture of the anticipated food needs of recipient nations in the years up to 1975 and beyond as they relate to the potential productive capacity of the United States and to a continuation of present trends in grain production in the developing countries. The conclusion was clearly stated by Secretary of Agriculture Orville Freeman in his testimony before the House Agriculture Committee. He indicated that by 1985, even if the total productive capacity of the United States were called into play, food aid alone could not supply world food needs, and there would be a disastrous gap between need and available supply if the rate of production in developing countries does not sharply increase between now and 1985. This is why the food-for-freedom program places the highest emphasis on self-help and why I so strongly endorse this particular aspect of the proposed program.

It ought to be made clear that the self-help area of the food-for-freedom bill will be implemented by making both technical and capital assistance available to those countries which embark on effective programs to increase their own food-producing ability.

Parenthetically, I would like to state that my support of this self-help concept is based strongly on my own experience as a businessman and my service as a member of President Kennedy's Economic Trade Mission for Underdeveloped Countries. In that capacity I participated in the initiation of programs based on the self-help concept and designed to assist small businessmen in a number of countries in the Far East to set up and sustain their own businesses. This program was eminently successful in the Philippines, Taiwan, Malaysia, and other countries. I pursued this idea last November when, as a Member of Congress, I led a group of American small businessmen on a trip to Vietnam to explore the possibilities of a joint venture program, designed to find a way to bring a beginning of stability to the Vietnamese economy by establishing equal partnership arrangements between American and Vietnamese businessmen in the establishment of small business ventures in Vietnam.

It has been my firm belief that every attempt to encourage self-help on the part of developing countries in every area of their life and economy can have only positive results in the efforts to arrive at a world both peaceful and free from want.

The second new feature which I regard as important in the Food for Freedom Act is the provision which would eliminate the surplus requirement for food aid. In the past, commodities available for aid have been limited to large degree by the kind held in surplus stocks. Under the new program this will no longer be true.

The new bill provides that the Secretary of Agriculture take into account the food-for-freedom needs in projecting our domestic farm programs. He will determine both the kind and quantities of commodities available, using five criteria listed in title III, section 301, of

the food-for-freedom bill, H.R. 12785, which require that he take into account "productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carry-over" in his determinations with regard to commodities and quantities to be included in negotiations with each country.

The significance of the elimination of the surplus requirement is quite clear. It will make it possible in the future to gear the kind of commodities sent abroad as aid measures to the needs of the countries involved, most specifically the nutritional needs, which the President has stressed as so crucial a factor in the promotion of the health and progress of developing countries.

In conclusion, may I reaffirm my support for the food-for-freedom bill and my enthusiasm for the particular sections I have discussed above. I would like to state, too, that the ultimate success of this or any aid program will rest strongly on how successfully we bring the benefits of such programs directly to the people of the recipient nations. Only as the people benefit quickly and directly from assistance—whether it be food, health care, or education—we hope to stimulate the kind of incentive and determination for self-help which will be the foundation for the progress and productivity in developing countries necessary to permit them to take their place as contributing members of a peaceful world society free from hunger and want.

Mr. HARVEY of Indiana. Mr. Chairman, I want to take this opportunity to thank my colleagues on the Agriculture Committee for the very kind treatment and consideration I have enjoyed during the years it has been my privilege to serve in the Congress.

Public Law 480 has had one unique distinction in that it is one of the few acts that has come to be known by its assigned number. When it was first enacted in 1954, very few people, even the most optimistic supporters, could have anticipated the impact it would have upon the affairs of the world.

Not only has this program had a pronounced effect upon commercial, political, and humanitarian affairs of the world, but it has been a tremendous weapon in the struggle for freedom against the forces of Communist domination.

The acknowledgment by our Government that we had a role to play in attempting to alleviate hunger of other nations which were not so blessed with abundances was a new and revolutionary concept. To be sure, our Nation has historically responded to humanitarian calls and we have willingly used our food resources to alleviate hunger during and following wars, but this program was and is designed to provide assistance where hunger has been endemic.

Two paramount motives were set forth in the legislative intent of the original Public Law 480 program: one was market development and, two, surplus disposal. With regard to the first of these objectives, we have had really substantial results. Foreign markets for our farm products have increased so materially that we are now expecting them to

exceed \$6 billion for the fiscal year just closing. Our agriculture imports will approximate \$4 billion for this same period, so we have a definite favorable balance of trade in this program which is sorely needed to alleviate the alarming gold drain which is a great concern to us.

The other purpose of the act, having to do with surplus commodity disposal, has been given much attention in recent years. In many instances the countries we were attempting to help deprecated our good intentions and insisted we were not really motivated by humanitarian intentions. Nothing could be farther from the truth, and I am confident history will record this as a fabrication of the facts.

As a matter of public knowledge many recipient nations even today feel that they are doing us a favor by taking commodities off our hands. This we are not only de-emphasizing because of diplomatic overtones, but we are also doing it for the simple reason that we no longer have these commodities in surplus, at least not in the quantities as of yore.

No doubt some of the criticisms directed at this program have some merit. I would like to say that our committee has endeavored, along with the administrators of the program, to improve the operation continuously. One of the largest of the many nations we have tried to assist is India. This overpopulated country has experienced starvation almost constantly since we have had any knowledge of the area. In an effort to help the hundreds of millions comprising India's states, we mounted a massive long-range program of assistance which I am sorry to say has not been nearly as successful as we had hoped. Possibly it was a more complicated problem than we anticipated and perhaps we expected too much too soon from a people who had just recently acquired their own independence. It takes time to shake off centuries of lethargy and neglect and India is no exception.

Regardless of how we may choose to interpret this particular program, in all fairness it should be pointed out that three different Chief Executives have found it in the national interest to support the purposes of this act. As a result we have accumulated more than a billion dollars which for all practical purposes is frozen in the respective recipient countries banks. Often this money which is not redeemable in dollars is referred to as counterpart funds.

During Madame Ghandi's recent visit to the United States, she and President Johnson agreed upon a plan to utilize a portion of India's contribution for the establishment of an educational institution there. This is in keeping with the basic purposes of the act and it is in fact a step that should have initiated much earlier.

In view of our diminishing surpluses, however, recipient nations should be impressed with their own responsibilities of self-help. If the participating nations are given a clearer and firmer understanding of their own responsibilities, plus our obligations to the people of our Nation, I am confident the program will grow and become an even greater tool for the welfare of mankind.

I want to commend our able chairman of the House Agriculture Committee for the time provided interested citizens to appear and register their views on this important legislation. I believe adequate time was afforded for the committee's drafting of the legislative language of the bill in executive session. It has been tremendously inspiring to note the interest that has been aroused throughout the world in the Public Law 480 program, and the hundreds of pages of testimony taken by the committee are certainly evidence of the widespread concern that people have for the problems connected with feeding a hungry world.

Obviously, in any effort so far reaching and important, there are bound to be differences of opinion as to the content of this measure. However, I can report to you that we bring this legislation to the Committee today with an almost unanimous report. Bypartisan action such as this is further proof of the conscientious effort that has been displayed by the leadership as well as by the entire membership.

There will undoubtedly be some amendments offered on the floor; my suggestion is that they be given as objective consideration as possible, bearing in mind the extremely fine screening the bill has already had. We do not come to the floor today with an ill-considered or hastily approved proposal.

Now as to the actual content of H.R. 14929, I will review briefly some of the outstanding features for the benefit of the Committee of the Whole. It will extend the act for 2 years and be known as the Food for Freedom Act of 1966. It authorizes an expenditure of \$3.3 billion, a goodly portion of which should eventually return to the Treasury.

Two-thirds of the world is undernourished. Thousands of persons die each day as the result of malnutrition. The specter of famine and mass starvation, in the years ahead, hangs over great areas of the world where populations are exploding. Hunger blocks the path to world peace.

H.R. 14929—the new Food for Freedom Act—sets in motion a policy and a program which in times to come, with the active participation of other nations, may be heralded as one of history's greatest steps forward. This is a world war on hunger. Its aim is to deal with the oldest and severest agony of mankind. Victory would save more lives than have been lost in all the wars of history. It is a war in which all nations and all peoples may join.

Its new objectives are as follows:

First, permits deliberate production of food in the United States to feed hungry people in other nations. Heretofore our food shipments under the food-for-peace program have been limited to surpluses accumulated under various farm programs;

Second, places emphasis particularly on aid to those friendly countries helping themselves toward self-reliance in producing sufficient food to meet the needs of their own people;

Third, recognizes for the first time, as a matter of U.S. policy, the world population explosion relationship to the world

food crisis, providing that the new food-for-freedom program shall make available resources to promote voluntary activities in other countries dealing with the problem of population growth and family planning;

Fourth, takes into account the need for clothing among impoverished peoples, by authorizing the shipment through this program of textiles where raw cotton accounts for a substantial portion of the cost;

Fifth, established a farmer-to-farmer program by which the Department of Agriculture would administer in cooperation with the various land-grant and other colleges the use of American farm "know-how and show-how" to help developing countries meet rising food needs, commonly called the "bread and butter corps";

Sixth, protects normal trade and commerce; and

Seventh, strengthens provisions of the present food-for-peace law restricting aid to Communist dominated countries.

A very important provision in this bill refers to the Public Law 480 program as a free world, free enterprise undertaking. Food sales for local currencies or long-term dollar credit would be denied those nations which sell or furnish, or permit ships or aircraft under their registry to supply North Vietnam or Cuba with any equipment, materials or commodities. These concessional sales would also be denied nations which have expropriated property of American citizens without payment of just compensation or have not taken appropriate action upon a judgment in favor of such U.S. citizens.

The new program will encourage the development of free enterprise in the recipient developing countries. It expands the Cooley loan program through which foreign currencies accumulated under the program are made available for loans to U.S. firms and their affiliates for business development and trade expansion in the recipient countries.

Basically, H.R. 14929 amends Public Law 480, under which the food-for-peace program supplies food to hungry peoples, first, through sales for the currencies of other nations; second, long-term dollar credit sales; and third, by donations. Public Law 480, as amended, is extended for 2 years, to December 31, 1968.

Expenditures amounting to \$3.3 billion annually would be authorized for the new program. Approximately \$2 billion now is being expended under the food-for-peace program.

In conclusion I would just like to say a hungry world is a dangerous world. It is a world fruitful to communism. But communism cannot feed the people it enslaves. Communism can offer the underdeveloped world only hunger and starvation. The genius of America's farmers and the American system of free enterprise can save mankind from famine and mass starvation, if implanted and accepted in the far corners of the earth.

We are planning a new war, a new kind of war.

The President has said there should be only victors, no vanquished. In this undertaking it will be well to remind from time to time the recipient governments and peoples that the United States of America, not many years ago, as measured by the span of time, was an underdeveloped country, and that, under free enterprise by a free people, this underdeveloped land has become the most prosperous and most powerful nation on earth.

One witness during the committee's public hearings recalled that in the early history of our country 1 million American Indians lived marginally, in mean circumstances, on the land embraced in the continental United States, while today almost 200 million Americans eat well from the same land, and have food to share with others throughout the world.

Mr. DAGUE. Mr. Chairman, I rise in support of H.R. 14929. This bill extends and amends Public Law 480, a landmark law enacted by the Republican 83rd Congress a dozen years ago and extended on a bipartisan basis on a number of occasions since. This bill is in that bipartisan tradition and during the 4 months that it has been considered in the committee, many changes and improvements have been made. Amendments and suggestions were made from both sides of our committee aisle in an effort to strengthen this valuable program which is of such great importance to millions of people, both here at home and overseas.

Naturally, I suppose, none of us feel that all the amendments that were adopted are desirable or that the committee acted wisely in rejecting some suggestions. I personally have serious reservations about the committee amendment which permits repayment periods on long-term dollar credit sales to run as long as 40 years. Others in the committee and in this House may question other provisions in the bill, but by and large the entire membership of the committee has worked diligently to bring forth a bill which has overwhelming support.

Throughout the testimony presented to the committee there was one common, and I might add, ominous theme. That theme was and is the very real likelihood of a serious food shortage in many parts of the world within the next few decades. This shortage of food is growing more and more acute each year as a result of exploding populations and less than adequate world food production.

In my opinion H.R. 14929 is a recognition of this problem. It also offers three constructive approaches toward doing something about this ever-growing world food gap.

First, this legislation calls for expanded U.S. agricultural production which will either be donated to needy people throughout the world or will be sold to them on very generous terms.

Second, this bill, for the first time in my recollection, recognizes the problems of population growth and provides ways and means to implement family planning in those parts of the world which desire this type of necessary assistance.

Third, this bill places heavy emphasis, both in policy and in execution, upon self-help activities designed to expand world food production and distribution.

The goal of this bill is not to see each nation entirely self-sufficient in food. Rather it is to help friendly developing nations achieve the economic ability to finance their own needs, either at home or by hard currency purchases of food and fiber from the United States. Or to put it another way, the market development aspects of this new law, the Agriculture Trade Development and Assistance Act of 1954, are still retained and emphasized by H.R. 14929.

The one amendment to this bill which I do oppose is the committee amendment to permit dollar credit sales to be extended for periods of 40 years with 10-year grace periods during which no principal will be repaid.

These terms, in my opinion, make the program overly generous and not in the interest of U.S. taxpayers who must foot the bill. Interest rates, at 1 percent per year for 10 years and 2½ percent per year thereafter, are well below the cost of money to the Treasury. Ten-year grace periods, in my opinion, can only aggravate the balance-of-payment problem. Forty years is too long a time to expect repayment for perishables. The grandchildren of today's grandfathers who ate that food may not wish to, nor be able to, pay for this food two score years later.

It must also be borne in mind that title IV of the present statute limits dollar credit sales to 20 years with 2-year grace periods. The committee voted 21 to 12 to retain present law, but later reversed itself on the committee amendment which should be rejected by the House.

There are two provisions in this bill, which were not in the legislation recommended by the administration, that I would like to comment upon.

The first is the provision which extends this program for 2 years. The administration had sought a 5-year extension. The committee wisely chose the shorter extension in order to give Congress a continuing review and a better grasp of this \$3.3 billion a year program.

It is important that Congress retain this review authority because this program, unlike the regular foreign aid program, is all wrapped up in one package. There is no authorization with a subsequent appropriation under this program. The money is spent by the Commodity Credit Corporation which then is later reimbursed by the Congress. Therefore, a 2-year extension gives the Committee on Agriculture and the House an effective opportunity to examine and review the policies and the administration of the program, rather than remaining, from a practical standpoint, powerless to do so for a period of 5 years.

Another provision in this bill which has received considerable attention is the so-called North Vietnam-Cuba amendment. The committee bill carries what, in essence, this House approved by a 3-to-1 margin several weeks ago, as an amend-

ment to the 1967 agricultural appropriations bill.

This amendment does not punish the hungry in any country of the world because it applies only to the concessional sales program under title I. In other words, it does not affect food donations made under title II of the act.

This amendment does not impose any burden upon anyone. It simply offers a choice to any nation which seeks our help under the concessional sales program embodied in Public Law 480. That choice is to either carry on commerce with Havana and Hanoi or enjoy local currency sales and long-term dollar credit sales of U.S. farm commodities under this program. The amendment is not an ex post facto amendment. It applies only to the present, and once a nation ceases its commerce with our enemies in North Vietnam and Cuba it becomes eligible once again for these very generous sales agreements with the United States.

This amendment has been discussed at length together with the various other "friendly" nation provisions in the bill, and I for one would certainly urge the House to support the Committee's actions on the North Vietnam-Cuba provision.

In conclusion, Mr. Chairman, let me say that in the absence of substantial changes being made by the House, I expect to vote for H.R. 14929 on final passage. I believe, however, that the rejection of the committee amendment allowing 40-year dollar credits would further improve the bill. Likewise any amendments to weaken the "friendly nations" provisions of the bill should also be rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having resumed the chair, Mr. MOORHEAD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, pursuant to House Resolution 878, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

Mr. HARVEY of Indiana. Mr. Speaker, I demand a separate vote on the second committee amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put the remaining amendments en gros.

Mr. HARVEY of Indiana. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HARVEY of Indiana. I would ask the chairman to make sure that that is the committee amendment dealing with

the period of credit extended to Communist countries.

The SPEAKER pro tempore. Will the gentleman advise what page the amendment to which he refers is found on?

Mr. QUIE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it, but the Chair is trying to ascertain where in the bill the amendment is located to which the gentleman makes reference.

Mr. QUIE. Page 13, line 17, according to the committee report.

Mr. HARVEY of Indiana. That is correct. Page 13, line 17.

The SPEAKER. The question is on the remainder of the amendments.

Mr. QUIE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. QUIE. To make certain, this is the amendment that provides for a 40-year loan and a 10-year grace period, is it not?

The SPEAKER pro tempore. The Chair is unable to construe the amendment. The amendment appears in the bill as indicated by the gentleman.

Mr. QUIE. I would say that that is the intention.

The SPEAKER pro tempore. The Chair is endeavoring to put the question on the adoption of the remaining amendments en gros. The question is on the remaining amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Page 13, line 19, strike out the language beginning with "Provided, That payment shall be made", down through and including line 5 on page 14, and insert "In any event such agreement shall be no less favorable to the United States than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended."

The SPEAKER pro tempore (Mr. ALBERT). The question is on the amendment.

Mr. COOLEY. Mr. Speaker—
Mr. HARVEY of Indiana. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER pro tempore. The Chair is unable to hear two Members speaking at the same time.

Mr. COOLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. COOLEY. Mr. Speaker, I understand that it is to strike out the language which appears in the bill at page 14 thereof, beginning with line 1 through line 8.

The SPEAKER pro tempore. Page 13, beginning on line 19 with "Provided," and continuing on page 14 into line 5 and inserting in lieu thereof the new language.

The question is on the amendment.

On that the gentleman from Indiana [Mr. HARVEY] demands the yeas and nays.

The yeas and nays were ordered.
The question was taken; and there were—yeas 193, nays 165, not voting 73, as follows:

[Roll No. 133]

YEAS—193

Addabbo	Greigg	O'Hara, Mich.
Albert	Grider	Olsen, Mont.
Anderson, Tenn.	Griffiths	Olson, Minn.
Annunzio	Hagen, Calif.	O'Neill, Mass.
Ashley	Halpern	Ottinger
Aspinall	Hamilton	Patman
Bandstra	Hanley	Patten
Barrett	Hanna	Pepper
Beckworth	Hansen, Iowa	Perkins
Bennett	Hansen, Wash.	Philbin
Bingham	Hathaway	Pike
Boggs	Hawkins	Poage
Boland	Hays	Price
Brademas	Hechler	Purcell
Brooks	Helstoski	Randall
Burke	Henderson	Redlin
Burton, Calif.	Hicks	Reid, N.Y.
Byrne, Pa.	Holland	Resnick
Callan	Howard	Reuss
Carey	Hull	Rhodes, Pa.
Celler	Hungate	Rodino
Chelf	Huot	Rogers, Colo.
Clark	Irwin	Ronan
Clevenger	Jacobs	Roncalio
Cohelan	Jarman	Rooney, Pa.
Conyers	Jennings	Rosenthal
Cooley	Joelson	Rostenkowski
Corman	Johnson, Calif.	Roybal
Culver	Johnson, Okla.	Ryan
Daddario	Jones, Ala.	St Germain
Daniels	Jones, Mo.	St. Onge
Delaney	Jones, N.C.	Scheuer
Diggs	Karsten	Schisler
Dingell	Karth	Schmidhauser
Donohue	Kastenmeier	Shipley
Dow	Kee	Sickles
Dulski	Kelly	Sisk
Duncan, Oreg.	King, Calif.	Siack
Edmondson	King, Utah	Smith, Iowa
Edwards, Calif.	Kirwan	Staggers
Evans, Colo.	Kluczynski	Stalbaum
Farbstein	Kornegay	Steed
Farnsley	Krebs	Stratton
Farnum	Long, Md.	Stubblefield
Fascell	Love	Sullivan
Feighan	McCarthy	Taylor
Fisher	McDowell	Tenzer
Fogarty	McFall	Thomas
Foley	McGrath	Thompson, Tex.
Ford	McVicker	Todd
William D. Fountain	Machen	Tunney
Fraser	Mackie	Udall
Friedel	Madden	Ullman
Gallagher	Mahon	Van Deerlin
Garmatz	Matthews	Vanik
Gialmo	Meeds	Vigorito
Gibbons	Mink	Vivian
Gilbert	Moeller	Watts
Gonzalez	Monagan	Weltner
Grabowski	Moorhead	White, Idaho
Gray	Morgan	Whitener
Green, Oreg.	Murphy, Ill.	Wright
Green, Pa.	Natcher	Yates
	Nedzi	Young
	O'Brien	Zablocki

NAYS—165

Abernethy	Byrnes, Wis.	Duncan, Tenn.
Adair	Cabell	Dwyer
Adams	Cahill	Edwards, Ala.
Anderson, Ill.	Callaway	Erlenborn
Andrews	Cameron	Everett
George W. Andrews	Carter	Fallon
Andrews	Casey	Findley
Glenn Andrews	Cederberg	Ford, Gerald R.
N. Dak. Andrews	Chamberlain	Frelinghuysen
Arends	Clancy	Fulton, Pa.
Ashbrook	Cleveland	Fuqua
Ayres	Collier	Gathings
Bates	Conable	Gettys
Battin	Conte	Goodell
Belcher	Corbett	Gross
Bell	Craley	Grover
Berry	Cramer	Gurney
Betts	Cunningham	Haley
Bow	Curtin	Hall
Bray	Curtis	Halleck
Brock	Dague	Hansen, Idaho
Broomfield	Davis, Ga.	Harsha
Brown, Clarence J., Jr.	Davis, Wis.	Harvey, Ind.
Broyhill, N.C.	Derwinski	Horton
Broyhill, Va.	Devine	Hutchinson
Buchanan	Dickinson	Ichord
Burleson	Dole	Johnson, Pa.
Burton, Utah	Dorn	Jonas
	Dowdy	Keith
	Downing	King, N.Y.

Kunkel	Passman	Skubitz
Laird	Pickle	Smith, Calif.
Langen	Pirnie	Smith, N.Y.
Latta	Poff	Smith, Va.
Leggett	Pool	Springer
Lipscomb	Pucinski	Stafford
McClary	Quie	Stanton
McCulloch	Quillen	Stephens
McDade	Reid, Ill.	Teague, Calif.
McEwen	Reifel	Teague, Tex.
MacGregor	Reinecke	Thomson, Wis.
Mackay	Rhodes, Ariz.	Tuck
Mailliard	Roberts	Tuten
Marsh	Robison	Walker, Miss.
Martin, Ala.	Rogers, Fla.	Walker, N. Mex.
Martin, Mass.	Rogers, Tex.	Watkins
Martin, Nebr.	Roudebush	Watson
Mathias	Roush	Whalley
May	Rumsfeld	White, Tex.
Michel	Satterfield	Whitten
Minshall	Saylor	Widnall
Moore	Schneebeli	Wilson, Bob
Morse	Schweiker	Wolf
Morton	Secrest	Wylder
Nelsen	Selden	Younger
O'Konski	Shriver	
O'Neal, Ga.	Sikes	

NOT VOTING—73

Abbott	Hagan, Ga.	Murray
Ashmore	Hardy	Nix
Baring	Harvey, Mich.	O'Hara, Ill.
Blatnik	Hébert	Pelly
Bolling	Herlong	Powell
Bolton	Holifield	Race
Brown, Calif.	Hosmer	Rees
Clausen	Keogh	Rivers, Alaska
Don H. Clawson	Kupferman	Rivers, S.C.
Del	Landrum	Rooney, N.Y.
Colmer	Lennon	Scott
Dawson	Long, La.	Senner
de la Garza	McMillan	Sweeney
Dent	Macdonald	Talcott
Denton	Matsunaga	Thompson, N.J.
Dyal	Miller	Toll
Edwards, La.	Mills	Trimble
Ellsworth	Minish	Tupper
Evins, Tenn.	Mize	Utt
Fino	Morris	Waggonner
Flood	Morrison	Williams
Flynt	Mosher	Willis
Fulton, Tenn.	Moss	Wilson
Gilligan	Multer	Charles H. Wyatt
Gubser	Murphy, N.Y.	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Talcott against.
Mr. Rooney of New York for, with Mr. Pelly against.
Mr. Holifield for, with Mr. Hosmer against.
Mr. Dent for, with Mr. Fino against.
Mr. Lennon for, with Mr. Ellsworth against.
Mr. Minish for, with Mr. Hagan of Georgia against.
Mr. Miller for, with Mr. Utt against.
Mr. Rivers of Alaska for, with Mr. Don H. Clausen against.
Mr. Multer for, with Mr. Del Clawson against.
Mr. Evins of Tennessee for, with Mr. Gubser against.

Until further notice:

Mr. Matsunaga with Mr. Wyatt.
Mr. Gilligan with Mr. Mize.
Mr. Race with Mr. Harvey of Michigan.
Mr. Morris with Mrs. Bolton.
Mr. Hébert with Mr. Mosher.
Mr. Morrison with Mr. Tupper.
Mr. Long of Louisiana with Mr. Kupferman.
Mr. Murphy of New York with Mr. Mills.
Mr. Macdonald with Mr. McMillan.
Mr. Sweeney with Mr. Scott.
Mr. Senner with Mr. Colmer.
Mr. Ashmore with Mr. Herlong.
Mr. Blatnik with Mr. Landrum.
Mr. Brown of California with Mr. Dawson.
Mr. Denton with Mr. Nix.
Mr. O'Hara of Illinois with Mr. Willis.
Mr. Trimble with Mr. Waggonner.
Mr. Charles H. Wilson with Mr. Williams.
Mr. Toll with Mr. Thompson of New Jersey.
Mr. Dyal with Mr. Flynt.
Mr. Fulton of Tennessee with Mr. Edwards of Louisiana.

Mr. Hardy with Mr. Baring.
Mr. Rivers of South Carolina with Mr. de la Garza.
Mr. Moss with Mr. Powell.
Mr. Rees with Mr. Abbitt.
Mr. Flood with Mr. Murray.

Mr. ADAIR changed his vote from "yea" to "nay."

Mr. FOUNTAIN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

MOTION TO RECOMMIT

Mr. WALKER of Mississippi. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman from Mississippi opposed to the bill?

Mr. WALKER of Mississippi. Mr. Speaker, I am, in its present form.

The SPEAKER pro tempore. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WALKER of Mississippi moves to recommit the bill H.R. 14929 to the Committee on Agriculture with instructions to report the same back forthwith with the following amendments:

Page 4, line 3, strike the words "for foreign currencies".

Page 27, line 25, after the word "That" insert the words "notwithstanding any other provision of this Act or any other Act."

Page 28, line 3, strike out the words "25 per centum" and insert the words "50 per centum".

Page 28, line 9, strike the period and quotation marks and insert the words ", or 80 per centum of the current parity price for such commodity plus reasonable carrying charges, whichever is the higher."

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 157, nays 200, not voting 75, as follows:

[Roll No. 134]

YEAS—157

Abernethy	Brook	Curtin
Adair	Broomfield	Curtis
Anderson, Ill.	Brown, Clarence J., Jr.	Dague
Andrews	Broyhill, N.C.	Davis, Ga.
George W. Andrews	Broyhill, Va.	Davis, Wis.
Andrews	Buchanan	Derwinski
Glenn Andrews	Burleson	Devine
N. Dak. Andrews	Burton, Utah	Dickinson
Arends	Byrnes, Wis.	Dole
Ashbrook	Cahill	Dorn
Ayres	Callaway	Dowdy
Bates	Carter	Downing
Battin	Cederberg	Duncan, Tenn.
Belcher	Chamberlain	Dwyer
Bell	Clancy	Edwards, Ala.
Bennett	Cleveland	Erlenborn
Berry	Collier	Findley
Betts	Conable	Fisher
Bow	Cramer	Ford, Gerald R.
Bray	Cunningham	Fountain
		Fulton, Pa.

Fuqua
Goodell
Gross
Grover
Gurney
Haley
Hall
Halleck
Halpern
Hansen, Idaho
Harsha
Harvey, Ind.
Horton
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jonas
Keith
King, N.Y.
Kornegay
Kunkel
Kupferman
Laird
Langen
Latta
Lipscomb
McClory
McCulloch
McDade
McEwen
MacGregor
Mahon

Mailliard
Marsh
Martin, Ala.
Martin, Mass.
Martin, Nebr.
May
Michel
Minshall
Moore
Morton
Natcher
Nelsen
O'Konski
O'Neal, Ga.
Passman
Pirnie
Poff
Pool
Pucinski
Quie
Quillen
Redlin
Reid, Ill.
Reifel
Reinecke
Rhodes, Ariz.
Robison
Rogers, Fla.
Rogers, Tex.
Roudebush
Rumsfeld
Satterfield
Saylor

Schneebell
Schweiker
Secrest
Selden
Shriver
Sikes
Skubitz
Smith, Calif.
Smith, N.Y.
Smith, Va.
Springer
Stafford
Stanton
Steed
Stephens
Taylor
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tuck
Vigorito
Walker, Miss
Walker, N. Mex.
Watkins
Watson
Whalley
Whitener
Whitten
Widnall
Wilson, Bob
Wydler
Younger

NAYS—200

Adams
Addabbo
Albert
Anderson, Tenn.
Annunzio
Ashley
Aspinall
Bandstra
Barrett
Beckworth
Bingham
Boggs
Boland
Brademas
Brooks
Burke
Burton, Calif.
Byrne, Pa.
Cabell
Callan
Cameron
Carey
Casey
Celler
Chelf
Clark
Clevenger
Cohelan
Conte
Cooley
Corbett
Corman
Craley
Culver
Daddario
Daniels
Delaney
Diggs
Dingell
Donohue
Dow
Dulski
Duncan, Oreg.
Edmondson
Edwards, Calif.
Evans, Colo.
Everett
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Fogarty
Foley
Ford,
William D.
Fraser
Frelinghuysen
Friedel
Gallagher
Garmatz
Gathings
Gettys
Giaino
Gibbons
Gilbert

Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Greigg
Grider
Griffiths
Hagen, Calif.
Hamilton
Hanley
Hanna
Hansen, Iowa
Hansen, Wash.
Hathaway
Hawkins
Hays
Hechler
Helstoski
Henderson
Hicks
Holland
Howard
Hull
Hungate
Huot
Irwin
Jacobs
Jennings
Joelson
Johnson, Calif.
Johnson, Okla.
Jones, Ala.
Jones, Mo.
Jones, N.C.
Karsten
Kastenmeier
Kee
Kelly
King, Calif.
King, Utah
Kirwan
Kluczynski
Krebs
Leggett
Long, Md.
Love
McCarthy
McDowell
McFall
McGrath
McVicker
Machen
Mackay
Mackie
Madden
Mathias
Matthews
Meeds
Moeller
Monagan
Moorhead
Morgan
Morse
Murphy, Ill.
Nedzi

O'Brien
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin
Pickle
Pike
Poage
Price
Randall
Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Roberts
Rodino
Rogers, Colo.
Ronan
Roncalio
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
St. Onge
Scheuer
Schisler
Schmidhauser
Shipley
Sickles
Sisk
Slack
Smith, Iowa
Staggers
Stalbaum
Stratton
Stubblefield
Sullivan
Tenzer
Thomas
Thompson, Tex.
Todd
Tunney
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vivian
Watts
Weltner
White, Idaho
White, Tex.
Wright
Yates
Young
Zablocki

NOT VOTING—75

Abbitt
Ashmore
Baring
Blatnik
Bolling
Bolton
Brown, Calif.
Clausen,
Don H.
Clawson, Del.
Colmer
Conyers
Dawson
de la Garza
Dent
Denton
Dyal
Edwards, La.
Ellsworth
Evins, Tenn.
Fino
Flood
Flynt
Fulton, Tenn.
Gilligan
Gubser

Hagan, Ga.
Hardy
Harvey, Mich.
Hébert
Herlong
Holifield
Hosmer
Keogh
Landrum
Lennon
Long, La.
McMillan
Macdonald
Matsunaga
Miller
Mills
Minish
Mize
Morris
Morrison
Mosher
Moss
Multer
Murphy, N.Y.
Murray
Nix

O'Hara, Ill.
Pelly
Powell
Purcell
Race
Rees
Rivers, Alaska
Rivers, S.C.
Rooney, N.Y.
Scott
Senner
Sweeney
Talcott
Thompson, N.J.
Toll
Trimble
Tupper
Utt
Waggonner
Williams
Willis
Wilson,
Charles H.
Wyatt

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Talcott.
Mr. Rooney of New York with Mr. Pelly.
Mr. Holifield with Mr. Hosmer.
Mr. Dent with Mr. Fino.
Mr. Lennon with Mr. Ellsworth.
Mr. Minish with Mr. Hagan of Georgia.
Mr. Miller with Mr. Utt.
Mr. Rivers of Alaska with Mr. Don H. Clausen.
Mr. Multer with Mr. Del Clawson.
Mr. Evins of Tennessee with Mr. Gubser.
Mr. Matsunaga with Mr. Wyatt.
Mr. Gilligan with Mr. Mize.
Mr. Race with Mr. Harvey of Michigan.
Mr. Morris with Mrs. Bolton.
Mr. Hébert with Mr. Mosher.
Mr. Morrison with Mr. Tupper.
Mr. Long of Louisiana with Mr. Mills.
Mr. Murphy of New York with Mr. McMillan.
Mr. Macdonald with Mr. Scott.
Mr. Sweeney with Mr. Colmer.
Mr. Senner with Mr. Herlong.
Mr. Ashmore with Mr. Landrum.
Mr. Blatnik with Mr. Dawson.
Mr. Brown of California with Mr. Nix.
Mr. Denton with Mr. Willis.
Mr. O'Hara of Illinois with Mr. Waggonner.
Mr. Trimble with Mr. Williams.
Mr. Charles H. Wilson with Mr. Thompson of New Jersey.
Mr. Toll with Mr. Flynt.
Mr. Dyal with Mr. Edwards of Louisiana.
Mr. Fulton of Tennessee with Mr. Baring.
Mr. Hardy with Mr. de la Garza.
Mr. Rivers of South Carolina with Mr. Purcell.
Mr. Moss with Mr. Powell.
Mr. Rees with Mr. Conyers.
Mr. Flood with Mr. Murray.

Mr. JOHNSON of California changed his vote from "yea" to "nay."

Messrs. ROGERS of Texas, HALPERN, and MACGREGOR changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 333, nays 20, not voting 79, as follows:

[Roll No. 135]

YEAS—333

Abernethy
Adair
Adams
Addabbo
Albert
Anderson, Ill.
Anderson, Tenn.
Andrews,
George W.
Andrews,
Glenn
Andrews,
N. Dak.
Annunzio
Arends
Ashbrook
Ashley
Aspinall
Ayres
Bandstra
Barrett
Bates
Battin
Beckworth
Belcher
Bennett
Berry
Betts
Bingham
Boggs
Boland
Bow
Brademas
Bray
Brock
Brooks
Broomfield
Brown, Clarence J., Jr.
Broyhill, N.C.
Broyhill, Va.
Burke
Burleson
Burton, Calif.
Burton, Utah
Byrne, Pa.
Byrnes, Wis.
Cabell
Cahill
Callan
Carey
Casey
Cederberg
Celler
Chamberlain
Chelf
Clancy
Clark
Cleveland
Clevenger
Cohelan
Collier
Conable
Conte
Conyers
Cooley
Corbett
Craley
Cramer
Culver
Cunningham
Curtin
Daddario
Dague
Daniels
Davis, Wis.
Delaney
Derwinski
Devine
Diggs
Dingell
Dole
Donohue
Dorn
Dow
Dowdy
Downing
Dulski
Duncan, Oreg.
Duncan, Tenn.
Dwyer
Edmondson
Edwards, Calif.
Erlenborn
Evans, Colo.
Everett
Fallon
Farbstein
Farnsley

Farnum
Fascell
Feighan
Findley
Fisher
Fogarty
Foley
Ford, Gerald R.
Ford,
William D.
Fountain
Fraser
Frelinghuysen
Friedel
Fulton, Pa.
Fuqua
Gallagher
Garmatz
Gathings
Gettys
Giaino
Gibbons
Gilbert
Gonzalez
Goodell
Grabowski
Gray
Green, Oreg.
Green, Pa.
Greigg
Grider
Griffiths
Gross
Grover
Gurney
Hagen, Calif.
Hall
Halleck
Halpern
Hamilton
Hanley
Hanna
Hansen, Idaho
Hansen, Iowa
Hansen, Wash.
Harsha
Harvey, Ind.
Hathaway
Hawkins
Hays
Hechler
Helstoski
Henderson
Hicks
Holland
Horton
Howard
Hull
Hungate
Huot
Hutchinson
Irwin
Jacobs
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Okla.
Johnson, Pa.
Jonas
Jones, Ala.
Jones, Mo.
Jones, N.C.
Karsten
Kastenmeier
Kee
Keith
Kelly
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kornegay
Krebs
Kunkel
Kupferman
Laird
Langen
Latta
Leggett
Lipscomb
Long, Md.
Love
McCarthy
McClory
McCulloch
McDade
McDowell
McEwen

McFall
McGrath
McVicker
MacGregor
Machen
Mackay
Mackie
Madden
Mahon
Mailliard
Marsh
Martin, Mass.
Martin, Nebr.
Mathias
Matthews
May
Meeds
Michel
Mink
Minshall
Moeller
Monagan
Moore
Moorhead
Morgan
Morse
Morton
Murphy, Ill.
Natcher
Nedzi
Nelsen
O'Brien
O'Hara, Mich.
O'Konski
Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin
Pickle
Pike
Pirnie
Poage
Poff
Price
Pucinski
Purcell
Quie
Randall
Redlin
Reid, Ill.
Reid, N.Y.
Reifel
Reinecke
Resnick
Rhodes, Pa.
Roberts
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Ronan
Roncalio
Rooney, Pa.
Rosenthal
Rostenkowski
Roudebush
Roush
Roybal
Rumsfeld
Ryan
Satterfield
St Germain
St. Onge
Saylor
Scheuer
Schisler
Schmidhauser
Schneebell
Schweiker
Secrest
Selden
Shipley
Shriver
Sickles
Skubitz
Slack
Smith, Calif.
Smith, Iowa
Smith, Va.
Springer
Stafford
Staggers
Stalbaum
Stanton

Steed	Tuck	White, Idaho
Stephens	Tunney	White, Tex.
Stratton	Tuten	Whitener
Stubblefield	Udall	Whitten
Sullivan	Ullman	Widnall
Taylor	Vanik	Wilson, Bob
Teague, Calif.	Vigorito	Wolf
Teague, Tex.	Vivian	Wright
Tenzer	Walker, N. Mex.	Wydlar
Thomas	Watkins	Yates
Thompson, Tex.	Watts	Young
Thomson, Wis.	Weltner	Younger
Todd	Whalley	Zablocki

NAYS—20

Buchanan	Edwards, Ala.	Quillen
Callaway	Haley	Reuss
Cameron	Ichord	Rhodes, Ariz.
Carter	Martin, Ala.	Van Deerlin
Corman	O'Neal, Ga.	Walker, Miss.
Davis, Ga.	Passman	Watson
Dickinson	Pool	

NOT VOTING—79

Abbitt	Hagan, Ga.	O'Hara, Ill.
Ashmore	Hardy	Pelly
Baring	Harvey, Mich.	Powell
Bell	Hébert	Race
Blatnik	Herlong	Rees
Bolling	Holifield	Rivers, Alaska
Bolton	Hosmer	Rivers, S.C.
Brown, Calif.	Keogh	Rooney, N.Y.
Clausen,	Kluczynski	Scott
Don H.	Landrum	Senner
Clawson, Del	Lennon	Sikes
Colmer	Long, La.	Sisk
Curtis	McMillan	Smith, N.Y.
Dawson	Macdonald	Sweeney
de la Garza	Matsunaga	Talcott
Dent	Miller	Thompson, N.J.
Denton	Mills	Toll
Dyal	Minish	Trimble
Edwards, La.	Mize	Tupper
Ellsworth	Morris	Utt
Evins, Tenn.	Morrison	Waggonner
Fino	Mosher	Williams
Flood	Moss	Willis
Flynt	Multer	Wilson,
Fulton, Tenn.	Murphy, N.Y.	Charles H.
Gilligan	Murray	Wyatt
Gubser	Nix	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Talcott.
 Mr. Rooney of New York with Mr. Pelly.
 Mr. Holifield with Mr. Hosmer.
 Mr. Dent with Mr. Fino.
 Mr. Lennon with Mr. Ellsworth.
 Mr. Minish with Mr. Hagan of Georgia.
 Mr. Miller with Mr. Utt.
 Mr. Rivers of Alaska with Mr. Don H. Clausen.

Mr. Multer with Mr. Del Clawson.
 Mr. Evins of Tennessee with Mr. Gubser.
 Mr. Matsunaga with Mr. Wyatt.
 Mr. Gilligan with Mr. Mize.
 Mr. Race with Mr. Harvey of Michigan.
 Mr. Morris with Mrs. Bolton.
 Mr. Hébert with Mr. Mosher.
 Mr. Morrison with Mr. Tupper.
 Mr. Long of Louisiana with Mr. Mills.
 Mr. Murphy of New York with Mr. McMillan.

Mr. Macdonald with Mr. Scott.
 Mr. Sweeney with Mr. Colmer.
 Mr. Senner with Mr. Herlong.
 Mr. Ashmore with Mr. Landrum.
 Mr. Blatnik with Mr. Dawson.
 Mr. Brown of California with Mr. Nix.
 Mr. Denton with Mr. Willis.
 Mr. O'Hara of Illinois with Mr. Waggonner.
 Mr. Trimble with Mr. Williams.
 Mr. Charles H. Wilson with Mr. Thompson of New Jersey.

Mr. Toll with Mr. Flynt.
 Mr. Dyal with Mr. Edwards of Louisiana.
 Mr. Fulton of Tennessee with Mr. Baring.
 Mr. Hardy with Mr. de la Garza.
 Mr. Rivers of South Carolina with Mr. Abbitt.

Mr. Moss with Mr. Powell.
 Mr. Rees with Mr. Curtis.
 Mr. Flood with Mr. Bell.
 Mr. Sikes with Mr. Smith of New York.
 Mr. Sisk with Mr. Kluczynski.

Mr. CARTER changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Texas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 12676. An act to amend the Tariff Schedules of the United States to provide that certain forms of copper be admitted free of duty.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15151) entitled "An act to permit the planting of alternate crops on acreage which is unplanted because of a natural disaster."

ADJOURNMENT OVER

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CALENDAR WEDNESDAY BUSINESS DISPENSED WITH

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule on Wednesday next may be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FATHER'S DAY

Mr. RESNICK. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 873.

The Clerk read the resolution, as follows:

H. RES. 873

Resolved, That the third Sunday in June of each year is hereby designated as "Father's Day". The President is authorized and requested to issue annually a proclamation calling on the appropriate Government officials to display the flag of the United States on all Government buildings on such day, inviting the governments of the States and com-

munities and the people of the United States to observe such day with appropriate ceremonies, and urging our people to offer public and private expressions on such day to the abiding love and gratitude which they bear for their fathers.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. RESNICK addressed the House. His remarks will appear hereafter in the Appendix.]

AMENDMENT OFFERED BY MR. RESNICK

Mr. RESNICK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Page 1, line 1, strike out "each year" and insert "1966"

Page 1, line 3, strike the word "annually".

The amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. RESNICK asked and was given permission to revise and extend his remarks.)

VIETNAM AND PRESS COVERAGE

(Mr. HULL asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include an editorial.)

Mr. HULL. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial which appeared recently in the St. Joseph, Mo., News-Press:

VIETNAM AFFAIR AND PRESS COVERAGE

Every administration in Washington sooner or later shoots at the press for its own shortcomings. It was true of Theodore Roosevelt who invented an Ananias Club to which he consigned reporters who printed the truth, news not colored as T.R. wanted it. It was true of Herbert Hoover who shied away from all publicity after his gorgeous honeymoon wrecked confidence in his administration over the world depression. It was most surely true of Franklin D. Roosevelt, perhaps most of all. (Remember his satirical gesture awarding an Iron Cross to a White House correspondent who dared print the truth?)

And so it is with the Lyndon B. Johnson administration. The President himself stays in the background but very recently a White House secretary spoke of "inexperienced reporters" and "headline type of coverage" as to Viet Nam. Another aide spoke of "distorted reports from Viet Nam."

Fortunately, we the press of America, have a top newspaper man who knows news. He happens to be Wes Gallagher, general manager of the Associated Press. He is a man who has come up through the ranks, having been with that famed, and leading news-gathering organization since 1937. Wes is sick and tired of the sniping from the Palace Guard of the President. He defies AP and all news gathering detractors in words that are worthy to be read by the general public.

"The fact is" says Wes Gallagher, "the press always has been attacked in wartime because its reports frequently clash with government views and with the image government would like to present. And reporters too must bring unpleasant, confusing and discouraging reports to the public which reacts, as all people do, with irritation."

Mr. Gallagher correctly states that criticism of the press by the government rises in direct proportion to the amount of adverse news printed which may not be in line with government policy.

89TH CONGRESS
2^D SESSION

H. R. 14929

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1966

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Food for Freedom Act
4 of 1966".

5 SEC. 2. The Agricultural Trade Development and As-
6 sistance Act of 1954, as amended, is amended—

7 (A) By amending section 2 to read as follows:

8 "SEC. 2. The Congress hereby declares it to be the
9 policy of the United States to expand international trade;
10 to develop and expand export markets for United States

1 agricultural commodities; to use the abundant agricultural
2 productivity of the United States to combat hunger and mal-
3 nutrition and to encourage economic development in the
4 developing countries, with particular emphasis on assistance
5 to those countries that are determined to improve their own
6 agricultural production; and to promote in other ways the
7 foreign policy of the United States.”

8 (B) By amending title I to read as follows:

9 “TITLE I

10 “SEC. 101. In order to carry out the policies and accom-
11 plish the objectives set forth in section 2 of this Act, the
12 President is authorized to negotiate and carry out agree-
13 ments with friendly countries to provide for the sale of
14 agricultural commodities for dollars on credit terms or for
15 foreign currencies.

16 “SEC. 102. For the purpose of carrying out agreements
17 concluded under this Act the Commodity Credit Corporation
18 is authorized to finance the sale and exportation of agricul-
19 tural commodities whether from private stocks or from stocks
20 of the Commodity Credit Corporation.

21 “SEC. 103. In exercising the authorities conferred upon
22 him by this title, the President shall—

23 “(a) take into account efforts of friendly countries
24 to help themselves toward a greater degree of self-
25 reliance, especially in providing enough food to meet

1 the needs of their people, their activities related to
2 the problems of population growth, and the resources
3 required to attain such objectives;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars at
6 a rate whereby the transition can be completed by
7 December 31, 1971: *Provided*, That provision may be
8 included in any agreement for payment in foreign cur-
9 rencies to the extent that the President determines that
10 such currencies are needed for the purpose of subsections
11 (a), (b), (c), (e), and (h) of section 104;

12 “(c) take reasonable precautions to safeguard usual
13 marketings of the United States and to assure that sales
14 under this title will not unduly disrupt world prices of
15 agricultural commodities or normal patterns of commer-
16 cial trade with friendly countries;

17 “(d) makes sales agreements only with those coun-
18 tries which he determines to be friendly to the United
19 States: *Provided*, That the President shall periodically
20 review the status of those countries which are eligible
21 under this subsection and report the results of such re-
22 view to the Congress. As used in this Act, ‘friendly
23 country’ shall not include (1) any country or area
24 dominated or controlled by a foreign government or
25 organization controlling a world Communist movement,

1 or (2) for the purpose only of sales of agricultural
2 commodities for foreign currencies under title I of this
3 Act, any country or area dominated by a Communist
4 government, or (3) for the purpose only of sales of
5 agricultural commodities under title I of this Act any
6 nation which sells or furnishes or permits ships or aircraft
7 under its registry to transport to or from Cuba or
8 North Vietnam (excluding United States installations in
9 Cuba) any equipment, materials, or commodities, so long
10 as they are governed by a Communist regime, or (4)
11 for the purposes only of sales under title I of this Act
12 the United Arab Republic, unless the President deter-
13 mines that such sale is in the national interest of the
14 United States. No sales to the United Arab Republic
15 shall be based upon the requirements of that nation for
16 more than one fiscal year. The President shall keep the
17 President of the Senate and the Speaker of the House of
18 Representatives fully and currently informed with re-
19 spect to sales made to the United Arab Republic under
20 title I of this Act. Notwithstanding any other
21 Act, the President may enter into agreements for
22 the sale of agricultural commodities for dollars on
23 credit terms under title I of this Act with coun-
24 tries which fall within the definition of 'friendly country'
25 for the purpose of such sales and no sales under this Act

1 shall be made with any country if the President finds
2 such country is (a) an aggressor, in a military sense,
3 against any country having diplomatic relations with the
4 United States, or (b) using funds, of any sort, from the
5 United States for purposes inimical to the foreign policies
6 of the United States;

7 “(e) take appropriate steps to assure that private
8 trade channels are used to the maximum extent practi-
9 cable both with respect to sales from privately owned
10 stocks and with respect to sales from stocks owned by
11 the Commodity Credit Corporation and that small busi-
12 ness has adequate and fair opportunity to participate in
13 sales made under the authority of this Act;

14 “(f) give special consideration to the development
15 and expansion of foreign markets for United States agri-
16 cultural commodities, with appropriate emphasis on
17 more adequate storage, handling, and food distribution
18 facilities as well as long-term development of new and
19 expanding markets by encouraging economic growth;

20 “(g) obtain commitments from purchasing coun-
21 tries that will prevent resale or transshipment to other
22 countries, or use for other than domestic purposes, of
23 agricultural commodities purchased under this title, with-
24 out specific approval of the President;

25 “(h) obtain rates of exchange applicable to the sale

1 of commodities under such agreements which are not less
2 favorable than the highest of exchange rates legally ob-
3 tainable in the respective countries by any nation which
4 would not discriminate against commodities sold under
5 this Act;

6 “(i) promote progress toward assurance of an ade-
7 quate food supply by encouraging countries with which
8 agreements are made to give higher emphasis to the pro-
9 duction of food crops than to the production of such
10 nonfood crops as are in world surplus;

11 “(j) exercise the authority contained in title I of
12 this Act to assist friendly countries to be independent of
13 domination or control by any world Communist move-
14 ment. Nothing in this Act shall be construed as author-
15 izing sales agreements under title I with any gov-
16 ernment or organization controlling a world Com-
17 munist movement or with any country with which the
18 United States does not have diplomatic relations;

19 “(k) whenever practicable require upon delivery
20 that not less than 5 per centum of the purchase price
21 of any agricultural commodities sold under title I of this
22 Act be payable in dollars or in the types or kinds of
23 currencies which can be converted into dollars;

24 “(l) obtain commitments from friendly purchasing
25 countries that will insure, insofar as practicable, that

1 food commodities sold for foreign currencies under title
2 I or this Act shall be marked or identified at point of
3 distribution or sale as being provided on a concessional
4 basis to the recipient government through the generosity
5 of the people of the United States of America.

6 “SEC. 104. Notwithstanding any other provision of law,
7 the President may use or enter into agreements with foreign
8 countries or international organizations to use the foreign
9 currencies, including principal and interest from loan repay-
10 ments, which accrue in connection with sales for foreign
11 currencies under this title for one or more of the following
12 purposes:

13 “(a) For payment of United States obligations (in-
14 cluding obligations entered into pursuant to other legis-
15 lation) ;

16 “(b) For carrying out programs of United States
17 Government agencies to—

18 (1) help develop new markets for United States
19 agricultural commodities on a mutually benefiting
20 basis. From sale proceeds and loan repayments un-
21 der this title not less than the equivalent of 5 per
22 centum of the total sales made each year under this
23 title shall be set aside in the amounts and kinds of
24 foreign currencies specified by the Secretary of
25 Agriculture and made available in advance for use

1 as provided by this paragraph over such period of
2 years as the Secretary of Agriculture determines
3 will most effectively carry out the purpose of this
4 subsection: *Provided*, That the Secretary of Agri-
5 culture may release such amounts of the foreign
6 currencies as set aside as he determines not to be
7 needed, within a reasonable period of time, for such
8 purposes. Provision shall be made in sale and
9 loan agreements for the convertibility of such amount
10 of the proceeds thereof (not less than 2 per centum)
11 as the Secretary of Agriculture determines to be
12 needed to carry out the purpose of this paragraph
13 in those countries which are or offer reasonable
14 potential of becoming dollar markets for United
15 States agricultural commodities. Such sums shall
16 be converted into the types and kinds of foreign
17 currencies as the Secretary deems necessary to carry
18 out the provisions of this paragraph and such sums
19 shall be deposited to a special Treasury account and
20 shall not be made available or expended except for
21 carrying out the provisions of this paragraph. Not-
22 withstanding any other provision of law, if sufficient
23 foreign currencies for carrying out the purpose of
24 this paragraph in such countries are not otherwise
25 available, the Secretary of Agriculture is authorized

1 and directed to enter into agreements with such
2 countries for the sale of agricultural commodities in
3 such amounts as the Secretary of Agriculture deter-
4 mines to be adequate and for the use of the proceeds
5 to carry out the purpose of this paragraph. In
6 carrying out agricultural market development activi-
7 ties, nonprofit agricultural trade organizations shall
8 be utilized to the maximum extent practicable. The
9 purpose of this paragraph shall include such repre-
10 sentation of agricultural industries as may be re-
11 quired during the course of discussions on trade
12 programs relating either to individual commodities
13 or groups of commodities;

14 “(2) finance international educational and cul-
15 tural exchange activities under the programs au-
16 thorized by the Mutual Educational and Cultural
17 Exchange Act of 1961 (22 U.S.C. 2451 et seq.) ;

18 “(3) collect, collate, translate, abstract, and
19 disseminate scientific and technological information
20 and conduct research and support scientific activities
21 overseas including programs and projects of scien-
22 tific cooperation between the United States and
23 other countries such as coordinated research against
24 diseases common to all of mankind or unique to indi-

vidual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

“(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

“(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the

1 deposit thereof in libraries and research centers in
2 the United States specializing in the areas to which
3 they relate;

4 “(c) To procure equipment, materials, facilities,
5 and services for the common defense including internal
6 security;

7 “(d) For assistance to meet emergency or extraor-
8 dinary relief requirements;

9 “(e) For use to the maximum extent under the
10 procedures established by such agency as the President
11 shall designate for loans to United States business firms
12 (including cooperatives) and branches, subsidiaries, or
13 affiliates of such firms for business development and trade
14 expansion in such countries, including loans for private
15 home construction, and for loans to domestic or foreign
16 firms (including cooperatives) for the establishment of
17 facilities for aiding in the utilization, distribution, or
18 otherwise increasing the consumption of, and markets
19 for, United States agricultural products: *Provided, how-*
20 *ever,* That no such loans shall be made for the manufac-
21 ture of any products intended to be exported to the
22 United States in competition with products produced in
23 the United States and due consideration shall be given
24 to the continued expansion of markets for United States
25 agricultural commodities or the products thereof. For-

1 eign currencies may be accepted in repayment of such
2 loans;

3 “(f) To promote multilateral trade and agricul-
4 tural and other economic development, under proce-
5 dures established by the President, by loans or by use
6 in any other manner which the President may determine
7 to be in the national interest of the United States,
8 particularly to assist programs of recipient countries
9 designed to promote, increase, or improve food produc-
10 tion, processing, distribution, or marketing in food-
11 deficit countries friendly to the United States, for which
12 purpose the President may utilize to the extent prac-
13 ticable the services of nonprofit voluntary agencies
14 registered with and approved by the Advisory Com-
15 mittee on Voluntary Foreign Aid: *Provided*, That no
16 such funds may be utilized to promote religious
17 activities;

18 “(g) For the purchase of goods or services for other
19 friendly countries;

20 “(h) For financing, at the request of such country,
21 programs emphasizing maternal welfare, child health
22 and nutrition, and activities, where participation is volun-
23 tary, related to the problems of population growth,
24 under procedures established by the President through
25 any agency of the United States, or through any local

1 agency which he determines is qualified to administer
2 such activities;

3 “(i) for paying, to the maximum extent practicable,
4 the costs outside the United States of carrying out the
5 program authorized in section 406 of this Act; and

6 “(j) For sale for dollars to United States citizens
7 and nonprofit organizations for travel or other purposes
8 of currencies determined to be in excess of the needs of
9 departments and agencies of the United States for such
10 currencies. The United States dollars received from the
11 sale of such foreign currencies shall be deposited to the
12 account of Commodity Credit Corporation: *Provided*,
13 That section 1415 of the Supplemental Appropriation
14 Act, 1953, shall apply to currencies used for the pur-
15 poses specified in subsections (a) and (b).

16 “SEC. 105. Foreign currencies received pursuant to this
17 Act shall be deposited in a special account to the credit of
18 the United States and shall be used only pursuant to section
19 104, and any department or agency of the Government using
20 any of such currencies for a purpose for which funds have
21 been appropriated shall reimburse the Commodity Credit
22 Corporation in an amount equivalent to the dollar value of
23 the currencies used. The President shall utilize foreign
24 currencies received pursuant to this Act in such manner as

1 will, to the maximum extent possible, reduce any deficit in
2 the balance of payments of the United States.

3 “SEC. 106. Payment by any friendly country for com-
4 modities purchased for dollars on credit shall be upon terms
5 as favorable to the United States as the economy of such
6 country will permit. In any event such agreement shall be
7 no less favorable to the United States than for development
8 loans made under section 201 of the Foreign Assistance Act
9 of 1961, as amended.

10 “SEC. 107. (a) It is also the policy of the Congress to
11 stimulate and maximize the sale of United States agricul-
12 tural commodities for dollars through the private trade and
13 to further the use of private enterprise to the maximum,
14 thereby strengthening the development and expansion of
15 foreign commercial markets for United States agricultural
16 commodities. In furtherance of this policy, the Secretary of
17 Agriculture is authorized, notwithstanding any other pro-
18 vision of law, to enter into agreements with foreign and
19 United States private trade for financing the sale of agricul-
20 tural commodities for export over such periods of time and
21 on such credit terms as the Secretary determines will accom-
22 plish the objectives of this section. Any agreement entered
23 into under this section shall provide for the development and
24 execution of projects which will result in the establishment
25 of facilities designed to improve the storage or marketing

1 of agricultural commodities, or which will otherwise stimu-
2 late and expand private economic enterprise in any friendly
3 country. Any agreement entered into under this section
4 shall also provide for the furnishing of such security as the
5 Secretary determines necessary to provide reasonable and
6 adequate assurance of payment of the purchase price in
7 dollars with interest at a rate which will as nearly as prac-
8 ticable be equivalent to the average cost of funds to the
9 United States Treasury, as determined by the Secretary of
10 the Treasury, on outstanding marketable obligations of the
11 United States having maturities comparable to maturities
12 of credits extended under this section. In no event shall
13 the rate of interest be less than the minimum rate, or the
14 term of credit longer than the maximum term, authorized in
15 section 106. In carrying out this Act, the authority pro-
16 vided in this section for making dollar sales shall be used
17 to the maximum extent practicable.

18 “(b) In carrying out the provisions of this section,
19 the Secretary shall take reasonable precautions to avoid
20 displacing any sales of United States agricultural commod-
21 ities which the Secretary finds and determines would other-
22 wise be made for cash dollars.

23 “(c) The Secretary shall obtain commitments from
24 purchasers that will prevent resale or transshipment to other

1 countries, or use for other than domestic purposes, of agri-
2 cultural commodities purchased under this section.

3 “(d) In carrying out this Act, the provisions of sections
4 102, 103 (d), 103 (e), 103 (f), 103 (j), 103 (k), 108,
5 402, 403, 407, 408, and 409 shall be applicable to sales
6 under this section. Sections 102 and 403 shall also be ap-
7 plicable to sales made under the Commodity Credit Corpora-
8 tion export credit sales program.

9 “SEC. 108. The Commodity Credit Corporation may
10 bear the cost of ocean transportation incurred pursuant to
11 agreements entered into hereunder only to the extent that
12 such charges are higher (than would otherwise be the case)
13 by reason of a requirement that the commodities be trans-
14 ported in United States-flag vessels. The balance of such
15 charges for transportation in United States vessels shall be
16 required to be paid in dollars by the nations or organizations
17 with whom the international agreement is entered into, and
18 dollar credit terms may be extended therefor on the same
19 terms as those provided in section 106 for dollar credit sales.

20 “SEC. 109. Before entering into agreements with de-
21 veloping countries for the sale of United States agricultural
22 commodities on whatever terms, the President shall consider
23 the extent to which the recipient country is undertaking
24 wherever practicable self-help measures to increase per capita

1 production and improve the means for storage and distribu-
2 tion of agricultural commodities, including:

3 “ (1) devoting land resources to the production of
4 needed food rather than to the production of nonfood
5 crops—especially nonfood crops in world surplus;

6 “ (2) development of the agricultural chemical,
7 farm machinery and equipment, transportation and other
8 necessary industries through private enterprise;

9 “ (3) training and instructing farmers in agricul-
10 tural methods and techniques;

11 “ (4) constructing adequate storage facilities;

12 “ (5) improving marketing and distribution systems;

13 “ (6) creating a favorable environment for private
14 enterprise and investment, both domestic and foreign,
15 and utilizing available technical know-how;

16 “ (7) establishing and maintaining Government
17 policies to insure adequate incentives to producers; and

18 “ (8) allocating for these purposes sufficient national
19 budgetary and foreign exchange resources (including
20 those supplied by bilateral, multilateral and consortium
21 aid programs) and local currency resources (resulting
22 from loans or grants to recipient governments of the pro-
23 ceeds of local currency sales) : *Provided*, That notwith-
24 standing any other provisions of this Act, in agreements

1 with nations not engaged in armed conflict against Com-
2 munist forces or against nations with which the United
3 States has no diplomatic relations, not less than 20 per
4 centum of the foreign currencies set aside for purposes
5 other than those in sections 104 (a), (b), (e), and
6 (j) shall be allocated for the self-help measures set
7 forth in this section.

8 “SEC. 110. Agreements shall not be entered into under
9 this title during any calendar year which will call for an ap-
10 propriation to reimburse the Commodity Credit Corporation
11 in any amount in excess of \$2,500,000,000, plus any amount
12 by which agreements entered into in prior years have called
13 or will call for appropriations to reimburse the Commodity
14 Credit Corporation in amounts less than authorized for such
15 prior years.”

16 (C) By amending title II to read as follows:

17 “TITLE II

18 “SEC. 201. The President is authorized to determine
19 requirements and furnish agricultural commodities, on behalf
20 of the people of the United States of America, to meet
21 famine or other urgent or extraordinary relief requirements;
22 to combat malnutrition, especially in children; to promote
23 economic and community development in friendly develop-
24 ing areas; and to provide assistance for needy persons and
25 for nonprofit school lunch and preschool feeding programs

1 outside the United States. The Commodity Credit Corpora-
2 tion shall make available to the President such agricultural
3 commodities determined to be available under section 401
4 as he may request.

5 "SEC. 202. The President may furnish commodities for
6 the purposes set forth in section 201 through such friendly
7 governments and such agencies, private or public, includ-
8 ing intergovernmental organizations such as the world food
9 program and other multilateral organizations in such manner
10 and upon such terms and conditions as he deems appropriate.
11 The President shall, to the extent practicable, utilize non-
12 profit voluntary agencies registered with, and approved by.
13 the Advisory Committee on Voluntary Foreign Aid. Inso-
14 far as practicable, all commodities furnished hereunder shall
15 be clearly identified by appropriate marking on each package
16 or container in the language of the locality where they are
17 distributed as being furnished by the people of the United
18 States of America. The assistance to needy persons shall
19 insofar as practicable be directed toward community and
20 other self-help activities designed to alleviate the causes
21 of the need for such assistance. Except in the case of emer-
22 gency, the President shall take reasonable precaution to
23 assure that commodities furnished hereunder will not dis-
24 place or interfere with sales which might otherwise be made.

25 "SEC. 203. The Commodity Credit Corporation may.

1 in addition to the cost of acquisition, pay with respect to
2 commodities made available under this title costs for pack-
3 aging, enrichment, preservation, and fortification; processing,
4 transportation, handling, and other incidental costs up to the
5 time of their delivery free on board vessels in United States
6 ports; ocean freight charges from United States ports to desig-
7 nated ports of entry abroad, or, in the case of landlocked coun-
8 tries, transportation from United States ports to designated
9 points of entry abroad; and charges for general average con-
10 tributions arising out of the ocean transport of commodities
11 transferred pursuant thereto.

12 "SEC. 204. Programs of assistance shall not be under-
13 taken under this title during any calendar year which call
14 for an appropriation of more than \$800,000,000 to reim-
15 burse the Commodity Credit Corporation for all costs in-
16 curred in connection with such programs (including the
17 Corporation's investment in commodities made available)
18 plus any amount by which programs of assistance undertaken
19 in the preceding calendar year have called or will call for
20 appropriations to reimburse the Commodity Credit Corpora-
21 tion less than were authorized for such purpose during such
22 preceding year. In addition to other funds available for
23 such purposes under any other Act, funds made available
24 under this title may be used in an amount not exceeding
25 \$7,500,000 annually to purchase foreign currencies accruing

1 under title I of this Act in order to meet costs (except the
2 personnel and administrative costs of cooperating sponsors,
3 distributing agencies, and recipient agencies, and the costs
4 of construction or maintenance of any church owned or
5 operated edifice or any other edifices to be used for sectarian
6 purposes) designed to assure that commodities made avail-
7 able under this title are used to carry out effectively the
8 purposes for which such commodities are made available or
9 to promote community and other self-help activities designed
10 to alleviate the causes of the need for such assistance: *Pro-*
11 *vided, however,* That such funds shall be used only to supple-
12 ment and not substitute for funds normally available for such
13 purposes from other non-United States Government sources.”

14 (D) By changing the designation “TITLE III—GEN-
15 ERAL PROVISIONS” to “TITLE III” and by striking
16 out sections 304, 305, 306, 307, and 308.

17 (E) By amending title IV to read as follows:

18 “TITLE IV

19 “SEC. 401. After consulting with other agencies of the
20 Government affected and within policies laid down by the
21 President for implementing this Act, and after taking into
22 account productive capacity, domestic requirements, farm
23 and consumer price levels, commercial exports, and adequate
24 carryover, the Secretary of Agriculture shall determine the
25 agricultural commodities and quantities thereof available for

1 disposition under this Act, and the commodities and quan-
2 tities thereof which may be included in the negotiations with
3 each country.

4 “SEC. 402. The term ‘agricultural commodity’ as used
5 in this Act shall include any product of an agricultural com-
6 modity. Subject to the availability of appropriations there-
7 for, any domestically produced fishery product may be made
8 available under this Act.

9 “SEC. 403. There are hereby authorized to be appro-
10 priated such sums as may be necessary to carry out this Act
11 including such amounts as may be required to make pay-
12 ments to the Commodity Credit Corporation, to the extent
13 the Commodity Credit Corporation is not reimbursed under
14 sections 104 (j) and 105, for its actual costs incurred or to
15 be incurred.

16 “SEC. 404. The programs of assistance undertaken pur-
17 suant to this Act shall be directed toward the attainment of
18 the humanitarian objectives and national interest of the
19 United States.

20 “SEC. 405. The authority and funds provided by this
21 Act shall be utilized in a manner that will assist friendly
22 countries that are determined to help themselves toward a
23 greater degree of self-reliance in providing enough food to
24 meet the needs of their people and in resolving their prob-
25 lems relative to population growth.

1 “SEC. 406. (a) In order to further assist friendly de-
2 veloping countries to become self-sufficient in food produc-
3 tion, the Secretary of Agriculture is authorized, notwith-
4 standing any other provision of law—

5 “(1) To establish and administer through existing agen-
6 cies of the Department of Agriculture a program of farmer-
7 to-farmer assistance between the United States and such
8 countries to help farmers in such countries in the practical
9 aspects of increasing food production and distribution and
10 improving the effectiveness of their farming operations;

11 “(2) To enter into contracts or other cooperative agree-
12 ments with, or make grants to, land-grant colleges and uni-
13 versities and other institutions of higher learning in the
14 United States to recruit persons who by reason of training,
15 education, or practical experience are knowledgeable in the
16 practical arts and sciences of agriculture and home economics,
17 and to train such persons in the practical techniques of trans-
18 mitting to farmers in such countries improved practices in
19 agriculture, and to participate in carrying out the program in
20 such countries including, where desirable, additional courses
21 for training or retraining in such countries;

22 “(3) To consult and cooperate with private non-profit
23 farm organizations in the exchange of farm youth and farm
24 leaders with developing countries and in the training of

1 farmers of such developing countries within the United States
2 or abroad;

3 “(4) To conduct research in tropical and subtropical
4 agriculture for the improvement and development of tropical
5 and subtropical food products for dissemination and cultiva-
6 tion in friendly countries;

7 “(5) To coordinate the program authorized in this sec-
8 tion with the activities of the Peace Corps, the Agency for
9 International Development, and other agencies of the United
10 States and to assign, upon agreement with such agencies,
11 such persons to work with and under the administration of
12 such agencies: *Provided*, That nothing in this section shall
13 be construed to infringe upon the powers or functions of the
14 Secretary of State;

15 “(6) To establish by such rules and regulations as he
16 deems necessary the conditions for eligibility and retention
17 in and dismissal from the program established in this section,
18 together with the terms, length and nature of service, com-
19 pensation, employee status, oaths of office, and security clear-
20 ances, and such persons shall be entitled to the benefits and
21 subject to the responsibilities applicable to persons serving
22 in the Peace Corps pursuant to the provisions of section 612,
23 volume 75 of the Statutes at Large, as amended; and

24 “(7) To the maximum extent practicable, to pay the
25 costs of such program through the use of foreign currencies

1 accruing from the sale of agricultural commodities under this
2 Act, as provided in section 104 (i) .

3 “(b) There are hereby authorized to be appropriated
4 not to exceed \$33,000,000 during any fiscal year for the
5 purpose of carrying out the provisions of this section.

6 “SEC. 407. There is hereby established an advisory
7 committee composed of the Secretary of Agriculture, the
8 Director of the Bureau of the Budget, the Administrator of
9 the Agency for International Development, the chairman,
10 the vice chairman and the two ranking minority members
11 of the House Committee on Agriculture, and the chairman,
12 the next ranking majority member and the two ranking
13 minority members of the Senate Committee on Agriculture
14 and Forestry. The advisory committee shall survey the
15 general policies relating to the administration of the Act,
16 including the manner of implementing the self-help provi-
17 sions, the uses to be made of foreign currencies which accrue
18 in connection with sales for foreign currencies under title I,
19 the amount of currencies to be reserved in sales agreements
20 for loans to private industry under section 104 (e) , rates of
21 exchange, interest rates, and the terms under which dollar
22 credit sales are made, and shall advise the President with
23 respect thereto.

24 “SEC. 408. The President shall make a report to Con-

gress with respect to the activities carried out under this Act at least once each year.

“SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

“SEC. 410. The provisions of section 620 (e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act.”

SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol “(1)”, by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out “foreign distribution”.

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: “and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other

1 appropriate department or agency of the Federal Govern-
2 ment and intergovernmental organizations for use in the
3 assistance of needy persons and in nonprofit school lunch
4 programs outside the United States”; and “and (4) above”;
5 “, in the case of commodities made available for use within
6 the United States, or their delivery free alongside ship or
7 free on board export carrier at point of export, in the case of
8 commodities made available for outside the United States”;
9 and “The assistance to needy persons provided in (4) above
10 shall, insofar as practicable be directed toward community
11 and other self-help activities designed to alleviate the causes
12 of the need for such assistance.”

13 (d) Section 8 of Public Law 85-931 (72 Stat. 1792)
14 is amended by amending the proviso to read as follows:
15 “*Provided*, That only those products may be financed in
16 which the raw cotton content accounts for a substantial por-
17 tion of the sales price.”

18 (e) (1) Notwithstanding any other provision of law, in
19 order to assure a continuous and adequate and stable supply
20 of food and fiber to meet all domestic and export require-
21 ments at fair and reasonable prices, the Secretary shall in the
22 formulation of any voluntary adjustment program for any
23 such commodity provide for the production of an adequate
24 supply of such commodity. Such production shall be not less
25 than that needed to assure that at the end of the marketing

1 year the carryover of such commodity will not be less than
2 25 per centum of the total estimated requirements for such
3 marketing year.

4 (2) Section 407 of the Agriculture Act of 1949, as
5 amended, is amended by striking the period at the end of the
6 third sentence thereof and adding the following: “: *Provided,*
7 That whenever the Secretary of Agriculture determines that
8 the carryover at the end of any marketing year of a price
9 supported agricultural commodity for which a voluntary ad-
10 justment program is in effect will be less than 25 per centum
11 of the estimated export and domestic consumption of such
12 commodity during such marketing year, the Commodity
13 Credit Corporation shall not sell any of its stocks of such
14 commodity during such year for unrestricted use at less than
15 115 per centum of the current price support loan plus reason-
16 able carrying charges.”

17 SEC. 4. The amendments made by this Act shall take
18 effect as of January 1, 1967.

Passed the House of Representatives June 9, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

89TH CONGRESS
2^D SESSION

H. R. 14929

AN ACT

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

JUNE 13, 1966

Read twice and referred to the Committee on
Agriculture and Forestry

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued June 27, 1966
For actions of June 24, 1966
89th-2nd; No. 104

CONTENTS

Animal research.....5	Inflation.....13	Screw-worm.....11
Claims.....1	Legislative program....12	Statute of limitations..1
Farm prices.....8	Milk.....10	Tariff.....9
Firefighters.....15	Pay.....12	Vehicles.....6
Food for freedom.....3	Personnel.....2,12	Water.....7
Food prices.....13	Research.....5	Watersheds.....14
Foreign trade.....4	School milk.....10	Wheat.....4

HIGHLIGHTS: Sen. Proxmire called school milk program essential to good scholarship. Sen. Allott spoke in favor of measure to remove certain agricultural products from consideration for tariff reductions. Sen. McGovern urged higher income for farmers. Sen. McGovern urged removal of restrictions on wheat shipments to Russia. Rep. Leggett praised small watershed program.

SENATE

1. CLAIMS. The Judiciary Committee reported without amendment H. R. 13650, to increase to \$25,000 the amount of a claim which Government agencies may settle under the Federal Tort Claims Act (S. Rept. 1327); H. R. 13652, to establish a statute of limitations for certain actions brought by the Government (S. Rept. 1328); H. R. 14182, to provide that when the Government loses a lawsuit, a judgement for cost may be awarded the prevailing party (S. Rept. 1329); and, with amendment H. R. 13651, to authorize Government agencies to compromise claims up to \$5,000 under joint regulations of the Attorney General and the Comptroller General (S. Rept. 1331). p. 13538

2. PERSONNEL. Passed as reported H. R. 1535, to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases. p. 13543
3. FOOD FOR FREEDOM. Sen. Mondale submitted and discussed two amendments to the food for freedom bill, the first calling upon other advanced countries to play a greater role in the war in world hunger, the second urging increased emphasis on adaptive agricultural research in nations receiving food for freedom assistance. pp. 13539-40
4. FOREIGN TRADE. Sen. Carlson inserted his speech, "Agricultural Trade with Japan-Bond of Prosperity and Friendship." pp. 13541-2
Sen. McGovern criticized the "unwise export restriction" on the sale of wheat to Russia and inserted an editorial, "Bridge of Wheat." p. 1356-9
5. RESEARCH ANIMALS. Conferees were appointed on H. R. 13881, to authorize this Department to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for research (p. 13630). House conferees have already been appointed.
6. VEHICLES. Passed, 76-0, with amendments S. 3005, to establish motor vehicle safety standards. pp. 13570-616
7. WATER UTILIZATION. Sen. Church inserted an editorial opposing the suggestion that water from the Pacific Northwest be diverted to the American Southwest. pp. 13569-70
8. FARM PRICES. Sen. McGovern commended and inserted an editorial "on food prices and the farmers' right to an equitable return." p. 13566
9. TARIFFS. Sen. Allott spoke in favor of S. J. Res. 171, to require the removal of certain agricultural products from negotiation of tariff reductions under the Trade Expansion Act of 1962. pp. 13558-9
10. SCHOOL MILK. Sen. Proxmire commended the school milk program as essential to proper nourishment and good scholarship. p. 13546
11. SCREW-WORM. Sen. Yarborough commended and inserted an article, "Between Atoms and Computers: The Screw-Worm's Days Are Numbered." pp. 13557-8
12. LEGISLATIVE PROGRAM. Sen. Mansfield announced that it is "the present intention of the leadership" to take up the Federal employees' pay raise bill in the week following the Fourth of July recess. p. 13540

ITEMS IN APPENDIX

13. INFLATION. Extension of remarks of Rep. Ullman discussing the "dangerous situation" of our economy and inserting an article, "Economic Takeoff Levels Out in May." p. A3396
Rep. Anderson, Tenn., inserted an editorial refuting "President Johnson's claim that 'food prices and three metals are responsible for 80% of inflation'." p. A3398

The memorandum, presented by Mr. BARTLETT, is as follows:

MEMORANDUM

The change proposed in the Vessel Exchange Act by this bill is an emergency measure occasioned by the immediate and urgent need for additional specialized vessels by the Department of Defense. It appears that vessels that would qualify for trade-in under the Act are not readily available. This shortage of vessels for purposes of trading in and the need for additional American-flag vessels, especially for the carriage of defense cargoes, has created an abnormal, speculative and inflationary market for obsolete American-flag tonnage that was not contemplated by the Act.

The bill would provide temporary relief from an extraordinary situation by permitting the Secretary of Commerce to waive the trade-in requirement where the vessels to be acquired from the Reserve Fleet have been certified by the Secretary of Defense to be necessary for national defense or military purposes. The applicant for such vessels would be required to pay the Government in cash the fair market value of the vessel acquired and would be required to convert, reconstruct or rebuild such vessel for use to carry defense cargoes. Each such proposal would require the approval of the Defense Department.

Recently, most of the vessels traded in under the Vessel Exchange Act have been traded in for scrap. In fact, of the 68 vessels traded in since the Act was originally passed, 35 have been scrapped. Vessels that would qualify for such trade-ins have now become exceedingly scarce items, with any available vessels selling on the market for many times their real value. Some speculators, aware of this curious and specialized application of the law of supply and demand, have collected such vessels for purposes of resale. These vessels have become known in the trade as "box tops" for the Vessel Exchange Act.

The acquisition of an immobile and economically useless vessel by an operator for purposes of trading in the vessel under the Vessel Exchange Act is largely engaging in subterfuge. For all intents and purposes, the Government is selling the traded out vessel to the operator, since the traded in vessel has no conceivable value to the Government or to anyone else except as scrap. Vessels that would qualify for trade-ins under the Vessel Exchange Act are available for prices of between \$100,000 and \$200,000 more than their trade-in value under the Vessel Exchange Act. The shortage of trade-in vessels and the exorbitantly high prices of the limited vessels that are available may prevent some operators from offering proposals to MSTs for the carriage of military cargoes, and the situation may reflect itself in higher costs to the Government than would otherwise be the case.

LEGISLATION TO MAKE TRAVEL IN INTERSTATE COMMERCE WITH INTENT TO EVADE LEGAL FAMILY RESPONSIBILITIES A FEDERAL CRIME

Mr. ERVIN. Mr. President, today I am introducing legislation which will make it a Federal offense for a parent or husband to move or travel in interstate or foreign commerce with the intent of evading his or her legal obligation to support a wife and children. This proposal is aimed at one of the most troublesome problems of our time—the problem of providing support for the dependent wife or children who have been separated from the man of the family.

Much attention, publicity, and discussion has been centered in recent months on the problem of family breakdown in this country. The absence of the father from the family and his refusal to provide for the support of his family has serious consequences, for both the family and for the community.

Welfare departments across the country face this situation continually. In many welfare cases, it is the desertion of the father, or his delinquency in paying the support payments required by court order which causes the family to apply for welfare funds. Unless the father can be found and forced to face his responsibility for the maintenance of his wife and children, this family will continue on the welfare rolls.

This is a burden felt not only by the State and local governments. The Federal Government, too, has a stake in this problem through their ever-growing contributions to the aid to families of dependent children program. A comprehensive study undertaken in 1961 revealed that in two-thirds of the families receiving aid from this program, the father was absent from the home and not providing support for the family. This absence was due to a number of reasons, but in all cases the father was living and legally responsible for the support of his family. These families included a total of 1,652,661 children, for whom \$68 million a month in Federal funds was being paid under the AFDC program. The cost to State and local welfare departments is also high. Unfortunately, the situation appears to be growing worse. In the period since 1961 there is estimated to have been a 6.8-percent increase in the number of families in which the father is absent. This means that currently AFDC aid is being paid to about 761,000 families, with 2,286,209 children, in cases where the father is not present or providing support.

In recent years uniform reciprocal enforcement of support legislation has been adopted in the 50 States and the District of Columbia. This arrangement permits an obligee to secure support from an obligor without traveling from his State to bring suit. However, this solves only a small part of the problem. The uniform reciprocal enforcement of support acts may be effective only when the whereabouts of the father is known.

Unfortunately, if the father is attempting to evade his responsibility he may move from State to State and his disappearance will prevent effective use of the reciprocal acts. His dependent wife may have to file one suit after another in her own State in an effort to locate the husband and father and require his support. This is a very costly and cumbersome process and is probably out of the question in the case of a woman left in necessitous circumstances.

The enactment of Federal legislation would provide an equitable and economical solution to be utilized in cases not easily taken care of by existing reciprocal laws. It would involve a one-step process instead of the complicated procedure presently required. By making it a

Federal offense to travel across State lines to avoid compliance with court support orders, the force of criminal law would be brought to bear. Federal legislation would overcome the reluctance of various Federal agencies, such as the Veterans' Administration and the Social Security Administration, to provide information as to the whereabouts of the obligor. Location would also be facilitated through use of Federal law enforcement personnel. Under rule 18 of the Rules of Criminal Procedure as to venue, the defendant could be returned to the State where his family resides, and the court order requiring his support for his family could eventually be enforced.

Federal legislation in this area would overcome the difficulties of staff shortage and indifference to the plight of a deserted wife and children which may be encountered in the State where the deserting husband is residing. State and county welfare departments which currently cannot afford the expenditure necessary to locate absent fathers would be aided under this legislation in their efforts to bring families together and require support from the man of the family.

Although the problem of the deserting father is by far the most extensive, this law would also apply to mothers who desert their children, when responsible for their support. This was found to be the case of 4 percent of the families receiving aid to families of dependent children in the survey made in 1961.

I urge serious consideration of this proposal. The problem of deserting fathers is of national significance and requires Federal legislation to rectify it.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3555) to amend title 18, United States Code, to make a misdemeanor the flight, in interstate or foreign commerce, by any person who is the parent of a minor child or who is a married man, if such person so flees with the intent of evading his legal responsibilities with respect to the support or maintenance of his minor child or of his wife, introduced by Mr. ERVIN, was received, read twice by its title, and referred to the Committee on the Judiciary.

FOOD FOR FREEDOM OF 1966—AMENDMENTS

AMENDMENTS NOS. 620 AND 621

Mr. MONDALE. Mr. President, I send to the desk two amendments to H.R. 14929, the proposed Food for Freedom Act of 1966, and ask that they be appropriately referred.

The first of my amendments would call upon other advanced countries to play a greater role in the war on world hunger. The second would urge increased emphasis on adaptive agricultural research in hungry nations receiving food for freedom assistance.

In many ways, the Food for Freedom Act in its present form represents a landmark victory for those of us who have been supporting expanded U.S. participation in an all-out war on world hunger. In particular, the elimination of

the principle of surplus disposal and the increased emphasis on self-help in agriculture in developing countries are vital changes which I hope that the Senate will uphold.

Yet in its present form, the bill is deficient in at least two respects. My amendments seek to deal with these problems.

In the hearings before the Senate Agriculture and Forestry Committee earlier this year, repeated concern was expressed about the need for other advanced nations, particularly those which export large amounts of farm commodities for cash, to play their proper role in meeting the world hunger explosion.

I was most gratified to learn that, at the time when Secretary Rusk testified on the resolution to supply emergency food to India, 23 nations had made contributions to averting famine in that country. I am informed that, since that time, 22 others have joined them.

We can likewise rejoice that the world food program, under the auspices of the United Nations and its Food and Agriculture Organization, has expanded to a target program level of \$275 million for 1966-68, and that pledges totaling \$209.3 million had already been made by 60 nations as of April 30 of this year.

But this program remains pitifully small when compared to our own efforts. Its present target level is less than 5 percent of the food aid which the United States will provide in the same 3 years. And there is real doubt that even this modest target can be attained.

I believe that the Congress should go on record in favor of increased efforts by other advanced nations in this area. My amendment would put the Congress on record to this effect.

It would support an expansion of the world food program to achieve this objective, and express the sense of the Congress that the United States should agree to match any contributions by other nations—in commodities, cash, or services—which are in excess of the present target of the program.

This would not mean additional cost to the United States, since it would mean channeling a slightly greater proportion of our food aid through the international program rather than increasing the total amount of such aid. But it would, I believe, be a strong demonstration of our support for such international efforts, and would encourage others who can well afford it to contribute more to them.

My second amendment would emphasize the role of adaptive agricultural research as an indispensable part of farm progress in developing countries.

Two weeks ago, I introduced a similar amendment to the economic assistance bill, calling for increased emphasis on supporting adaptive agricultural research in our aid to agriculture programs. I have been disturbed by the nearly unanimous testimony of experts such as Prof. Theodore Schultz of the University of Chicago, who said that "agricultural research has been postponed, put off, and grossly neglected" in our foreign aid program.

As one example of this neglect, we can look at the statistics for Latin America.

In the period from 1960 to 1962, the U.S. Government and international and regional agencies together spent less than \$8 million on agricultural research in tropical Latin America. At the same time, we spend nearly \$2 billion—about 250 times as much—on adaptive agricultural research in the United States.

Such research is essential to adapt seeds, fertilizers, techniques, and farm equipment which have worked in other locations to the particular conditions in developing countries. We all recognize the invaluable contribution which such research has made to agricultural development in this country.

But I regret that the neglect of agricultural research seems to be continued in the Food for Freedom Act as presently drafted.

As passed by the House, H.R. 14929 lists eight self-help measures which recipient countries should undertake, and the United States should support, to improve agricultural production and distribution. Included are agricultural extension, production of fertilizers and farm machinery, providing adequate incentives to producers, and improving storage, marketing and distribution systems. All of these I favor. But I consider it a serious omission that adaptive agricultural research is not mentioned.

My amendment would remedy this by listing "establishing and expanding institutions for adaptive agricultural research" as one of the self-help measures the United States would encourage and support.

The PRESIDING OFFICER. The amendments will be received, printed, and appropriately referred.

The amendments (Nos. 620 and 621) were referred to the Committee on Agriculture and Forestry.

FEDERAL EMPLOYEES' PAY BILL AND MILITARY PAY BILL

Mr. MONRONEY. Mr. President, as chairman of the Committee on Post Office and Civil Service, I reported to the Senate on May 26, 1966, H.R. 14122, the Federal employees' pay bill for 1966.

Since that date, no action has been taken, no move has been made, and virtually no word has been said about when the Senate would take up the bill. As we all know, the bill has an effective date of July 1, 1966. If the Senate does not take action to have the bill before the President before July 1, every agency in the Government will have to compute retroactive pay from the date of enactment back to July 1, 1966. If this is a way to reduce the costs of Government in the executive branch, it is a very odd way.

The House of Representatives Committee on Post Office and Civil Service unanimously reported the bill with an effective date of July 1, 1966. The House passed the bill by a vote of 393 to 1. The Senate committee unanimously reported the bill.

On the specific issue of the effective date, I supported the administration's recommendation that the pay raise be later than July 1. But other members of the committee did not share this view-

point, and the effective date of July 1 was approved by a vote of 11 to 1.

I think it is crystal clear that the administration's recommendation that the bill be effective January 1 or October 1 has been given careful consideration by the Members of Congress, and will not be accepted.

The pay bill is now pending before the Senate. I know that many Senators, if not all of them, are anxious for the opportunity to express themselves on this measure. Around 2 million Federal employees also are anxious about the bill. The opportunity to express our views of this legislation and to vote on its merits cannot arise so long as it lies on the Senate Calendar.

The pay bill should be taken up and voted upon as soon as possible so that the problems and the considerable expenses attached to a retroactive pay bill can be avoided.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I am happy to yield to the ranking minority member of the Post Office and Civil Service Committee.

Mr. CARLSON. Mr. President, I concur in the statements that have just been made by the chairman of the Post Office and Civil Service Committee, the distinguished Senator from Oklahoma, in regard to the pay bill which is pending on the Senate Calendar.

I sincerely hope that action will be taken. As the Senator from Oklahoma has so well stated, it is my personal opinion that nothing can be gained by delaying action on this matter, in the hope that a later effective date for the pay raise increase can be obtained. It is my personal opinion, as one who is a member of that committee and who supported July 1 as the date, that I shall not change my position; and should the matter be presented to the Senate for action, I shall stress and urge and insist on a vote on the July 1 date.

The Senator from Oklahoma has made a most timely statement.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Oklahoma may have an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I appreciate the remarks made by the distinguished chairman of the Committee on Post Office and Civil Service and by the ranking minority member of that committee, as well.

The intention is not to delay the consideration of the Federal pay raise bill. I am certain that my distinguished colleagues are aware that at this time a military pay raise bill also is being considered. It was the hope of the leadership that once that matter was decided—the question is still in conference—the Senate would then take up both bills. It is the present intention of the leadership to take up the Federal employees pay raise bill in the week after we return from the Fourth of July recess.

I hope that this definite statement and the fact that consideration of the Federal employees pay bill is tied to the military pay bill—which is just as impor-

August 24, 1966

17. RECLAMATION. Received from Interior a draft of proposed legislation to amend the Small Reclamation Projects Act; to Interior and Insular Affairs Committee. p. 19576
 18. DEFENSE APPROPRIATION BILL. Received the conference report on this bill, H. R. 15941, which includes funds for milk for military personnel which previously has been financed by USDA (H. Rept. 1886). pp. 19502-3
 19. PACKAGING. Rep. Nelsen inserted an article which expresses concern that if the truth in packaging bill is passed it will be "the foundation upon which a vast regulatory structure will be based." pp. 19558-9
- SENATE
20. ORGANIZATION OF CONGRESS. The Rules and Administration Committee reported with amendments S. Res. 293, to create a special committee on the organization of the Congress (S. Rept. 1490). p. 19579
 21. LANDS. The Interior and Insular Affairs Committee reported with an amendment S. 3178, to amend the Taylor Grazing Act in order to eliminate gaps in Interior's exchange authority under the act (S. Rept. 1493). p. 19579
 22. PATENTS. The Judiciary Committee reported with amendments S. 2207, to amend the Trademark Act with respect to appeals in patent and trademark cases (S. Rept. 1500). p. 19579
 23. INDEPENDENT OFFICES APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 14921. This bill will now be sent to the President. pp. 19635-41
 24. LABOR STANDARDS. Began debate on H. R. 13712, to increase minimum wages and to extend such coverage to additional employees. pp. 19582, 19616-34, 19645-54
 25. FOOD FOR FREEDOM. The Agriculture and Forestry Committee voted to report (but did not actually report) H. R. 14929, the food for freedom bill. p. D798
 26. GRAINS. The "Daily Digest" states that the Agriculture and Forestry Committee "rescinded its action of Wednesday, August 3, when it ordered favorably reported S. 3585, to amend the U. S. Grain Standards Act to permit inspection of certain grain on the basis of submitted samples." p. D798
 27. COSPONSORS. Senators Hart and Mondale were added as cosponsors to S. 3721, to strengthen the Flammable Fabrics Act, and Sen. Church was added as a cosponsor to S. 3699, the proposed Fair Farm Budget Act. p. 19582
 28. INFLATION. Sen. Curtis claimed that "Neither the farmer nor the food industry are responsible for the high cost of living. It is Government policies that are to blame." p. 19594
 29. WATER POLLUTION. Sen. Tower spoke in support of S. 3598, the proposed Pollution Abatement Incentive Act of 1966. pp. 19602-3
 30. SCHOOL MILK. Sen. Proxmire expressed disappointment in the \$104 million appropriated for the school milk program and stated that he intended to ask for additional funds in a supplemental appropriations bill. pp. 19603-4

31. SOIL SURVEYS. Sen. Williams, N. J., commended House passage of S. 902, to permit this Department to make its soil survey service available to developing urban areas. p. 19607

ITEMS IN APPENDIX

32. ADMINISTRATION. Sen. Scott inserted a statement by Sen. Morton "Outline for Republican Victory," which includes items of interest to this Department. pp. A4466-68
33. FARM PROGRAM. Extension of remarks of Rep. Dole and insertion of articles critical of Secretary Freeman and the farm program. pp. A4472, A4476, A4480
34. FARM SAFETY. Rep. Mackay inserted an editorial calling attention to the recently celebrated National Farm Safety Week, and that the area of farm safety needs improvement. pp. A4485-6
35. MEXICAN FARM IMPORTS. Rep. Talcott inserted a table of figures showing the increase in imports of agricultural products from Mexico in the last ten years which he stated adversely affects the general standard of living in the U. S. p. A4489
36. MILK PRODUCTION. Rep. Robison inserted a letter to Secretary Freeman from the president of the N. Y. State Farm Bureau opposing direct government payments to milk producers. p. A4499

BILLS INTRODUCED

37. WATER AND AIR POLLUTION. H. R. 17227 by Rep. Boland, to amend the Internal Revenue Code of 1954 to encourage the abatement of water and air pollution by permitting the amortization for income tax purposes of the cost of abatement works over a period of 36 months; to Ways and Means Committee.
H. R. 17253 by Rep. McClory, to amend the Internal Revenue Code of 1954 to allow an incentive tax credit for a part of the cost of constructing or otherwise providing facilities for the control of water or air pollution, and to permit the amortization of such cost within a period of from 1 to 5 years; to Ways and Means Committee.
38. DIET FOODS. H. C. Res. 986 by Rep. Roybal and H. C. Res. 987 by Rep. Kelly, expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to Interstate and Foreign Commerce Committee.
39. FOREST LANDS. H. R. 17216 by Rep. Gubser and H. R. 17217 by Rep. Miller, to establish certain policies with respect to certain use permits for national forest lands; to Agriculture Committee.
40. RECLAMATION. H. R. 17225 by Rep. Aspinall, to amend the Small Reclamation Projects Act of 1956, as amended; to Interior and Insular Affairs Committee.
41. PERSONNEL. H. R. 17231 by Rep. Halpern, to provide for improved employee-management relations in the Federal service; to Post Office and Civil Service Committee.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued August 26, 1966
For actions of August 25, 1966
89th-2nd; No. 142

CONTENTS

Accounting.....46	Housing.....20	Property.....45
Acreage allotment.....32	Inflation.....36	Public Law 480.....16
Agricultural	Invasion of privacy.....19	Reclamation.....6
commodities.....6,16	Labor standards.....15,30	Recreation.....3,22,39
Appropriations.....9,25	Lands.....41	Research.....2,12,28,44
Auto safety.....23	Manpower.....8,26	Rice.....11
Barley.....32	Marketing.....31	School lunch.....9
CCC.....24	Marketing orders and	School milk.....13
Child nutrition.....21	agreements.....18	Soil surveys.....14
Conservation.....28,40	Metric system.....29	Transportation.....5,33
Contractors.....27	Military construction...24	User charges.....18
Dogs and cats.....48	Milk.....13	Vehicles.....17
Farm labor.....15	National parks.....34	Water pollution.....35
Farm program.....38	Organization.....42	Water resources.....7,37
Food for freedom.....1	Pacific Islands.....4	Weights and measures....29
Foreign agriculture.....10	Personnel.....19	Wheat.....32
Foreign service.....43	Prices.....47	

HIGHLIGHTS: House Rules Committee cleared child nutrition bill. Senate committee reported food for freedom bill. Rep. Abernethy opposed limitations on farm program benefits based on size of operation.

SENATE

- 1. FOOD FOR FREEDOM.** The Agriculture and Forestry Committee reported with an amendment H. R. 14929, the food for freedom bill (S. Rept. 1527). p. 19663
- 2. RESEARCH.** The Interior and Insular Affairs Committee reported with amendments S. 3460, to authorize Interior to enter into contracts for scientific and technological research (S. Rept. 1523). p. 19663
- 3. RECREATION.** The Interior and Insular Affairs Committee reported with an amendment S. 1607, to establish the Point Reyes National Seashore in the State of Calif. (S. Rept. 1526). p. 19663

4. PACIFIC ISLANDS. The Interior and Insular Affairs Committee reported with amendments S. 3504, to increase authorizations for the operation of the civil government of the Trust Territory of the Pacific Islands (S. Rept. 1524). p. 19663
5. TRANSPORTATION. Agreed to the conference report on S. 3700, to amend the Urban Mass Transportation Act of 1964. pp. 19732-4
6. RECLAMATION. Concurred in House amendments to S. 490, to authorize the Secretary of the Interior to construct the Manson unit, Chelan division, Chief Joseph Dam project, Wash. The bill includes a provision prohibiting, for ten years, the delivery of water from the project for the production of basic agricultural commodities in surplus supply, unless the Secretary of Agriculture authorizes production in the interest of national security. This bill will now be sent to the President. p. 19760
Received from Interior a draft of proposed legislation to amend the Small Reclamation Projects Act; to Interior and Insular Affairs Committee. p. 19662
7. WATER RESOURCES. Agreed to the conference report on S. 3034, to authorize the Interior Department to engage in studies of the feasibility of certain water resource development proposals. This bill will now be sent to the President. pp. 19761-3
8. MANPOWER. Sen. Nelson welcomed GOP support for the proposed Scientific Manpower Utilization Act of 1965. pp. 19779-83
9. SCHOOL LUNCH; APPROPRIATIONS. Sen. Hart expressed disappointment in reduction of school lunch funds. pp. 19778-9
10. FOREIGN AGRICULTURE. Sen. Tower discussed land reform in Latin America and stated that the key to the economic development of Latin America is, therefore, the bringing into production of lands presently unproductive. pp. 19714-6
11. RICE. Sen. Mondale inserted an article outlining the efforts of the International Rice Research Institute in the Philippines to increase rice yields through developing improved seed varieties and more effective farming techniques. pp. 19712-3
12. RESEARCH. Sen. Jackson stressed the need for this Nation to move forward quickly and efficiently in oceanographic research and development. pp. 19705-6
13. MILK. Sen. Proxmire stated that if additional funds are necessary for the school milk program they should be taken from public works moneys. p. 19702
14. SOIL SURVEYS. Concurred in House amendments to S. 902, to authorize this Department to provide soil information assistance to States and other public agencies to assist them in community planning and resources development, including planning for such facilities as highway construction, recreational facilities, and water and sewage facilities. This bill will now be sent to the President. p. 19742
15. LABOR STANDARDS. Continued debate on H. R. 13712, to increase minimum wages and to extend such coverage to additional employees. (pp. 19727-32, 19742-59, 19763-76, 19785). Rejected, 37-51, Holland amendment to strike those provisions in the bill extending minimum wage coverage to agricultural workers. Rejected.

FOOD FOR PEACE ACT OF 1966

AUGUST 25, 1966.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany H.R. 14929]

The Committee on Agriculture and Forestry, to which was referred the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

SHORT EXPLANATION

This bill extends Public Law 480, 83d Congress, for 2 years, through December 31, 1968. It authorizes agreements for the sale of agricultural commodities for foreign currencies and dollar credit in each of those 2 years in an amount requiring appropriations not exceeding \$1.9 billion plus the authority carried over from the preceding year (estimated at \$1.7 billion as of December 31, 1966). Title II authority (donations) would be \$600 million per year, plus the carryover from the preceding year (estimated at \$772 million as of December 31, 1966).

In addition the bill makes a number of changes in Public Law 480, the principal changes being as follows:

- (1) Removal of "surplus" requirement.
- (2) Transition in 5 years to dollar sales or sales for foreign currencies on terms as favorable to the United States as provided for Development Loan Fund loans.
- (3) Emphasis on "self-help" by recipient countries.
- (4) Exclusion of nations not having diplomatic relations with the United States and, unless the national interest otherwise requires, the United Arab Republic and nations dealing with North Vietnam and Cuba from local currency or dollar credit sales.
- (5) Specific authority for the use of foreign currencies for population control, farmer-to-farmer programs, and nutrition program planning.

(6) 5 percent of the price on all sales must be paid in cash in dollars whenever practicable.

(7) Addition of the second ranking majority and minority members of the congressional agricultural committees to the advisory committee.

(8) Appropriation of up to \$33 million per year for farmer-to-farmer technical assistance.

(9) Specific statement that section 620(e) of the Foreign Assistance Act of 1961 applies to the assistance provided through sales under Public Law 480 (sec. 620(e) prohibits assistance to countries expropriating property of U.S. citizens).

(10) Financing of entire price of cotton product exports in the same manner as products of other surplus agricultural commodities (instead of financing only the raw cotton content of any cotton product export).

(11) Minimum CCC release price of 120 percent of current price support loan plus carrying charges for any price supported commodity subject to a voluntary adjustment program when estimated carryover will be less than 25 percent (35 percent in the case of wheat) of domestic consumption and exports (subject to the usual statutory exceptions and use for redemption of PIK certificates).

(12) Repeal of 5-year limit on credit under dollar credit sales to Poland and other countries subject to the Battle Act.

(13) Title II no longer restricted to CCC commodities.

(14) Convertibility of currency to cover American tourist expenses (up to 25 percent of currencies received under future agreements).

(15) Extension to dollar credit sales of various provisions now applicable to foreign currency sales (e.g., dollar limits on total agreements, requirement that purchaser pay basic freight costs, restrictions on sales to the United Arab Republic and countries dealing with Cuba).

BACKGROUND

The Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 and Food for Peace, was enacted in 1954. The existing authority under titles I and II will expire December 31, 1966. During the 12 years of operation the original act has been amended extensively in order to meet changing conditions.

Under existing law the so-called Food for Peace Program is operated under four titles. Title I which was the mainstay of the original law provides for the sale of surplus U.S. agricultural commodities to friendly countries with payments in the currency of the recipient country.

Title II authorizes donations of farm products held in stock by the Commodity Credit Corporation for famine and disaster relief, community development, school feeding, and other economic development purposes in foreign countries.

Title III of the existing law provides for the disposition of Commodity Credit Corporation-owned surplus commodities to carry out two types of programs. First, they may be used for domestic donation programs administered by appropriate Federal, State, and local government agencies or by recognized voluntary nonprofit charitable and relief organizations and for foreign donations to needy peoples through American voluntary agencies and international organizations. Second, such commodities can also be used for barter to obtain certain strategic materials and for offshore procurement of goods and services.

Title IV of the existing law provides for sales of commodities on credit terms for dollars. The dollar credit is repayable over an extended period with low interest rates.

As amended by the bill recommended by the Senate Committee on Agriculture and Forestry Public Law 480 would continue to have four titles. However, title I would combine existing titles I and IV of the present law and provide for both sales for foreign currencies and long-term credit sales for dollars.

Title II combines the foreign donation programs now contained in titles II and III of the law.

Title III would still provide for barter of agricultural commodities, and title IV would contain general provisions and definitions.

HISTORICAL INFORMATION

FOREIGN CURRENCY SALES UNDER TITLE I

During the period July 1, 1954, through December 31, 1965, agreements with foreign countries were signed for sales for foreign currencies totaling \$14.9 billion at estimated Commodity Credit Corporation cost. The export market value of the agricultural commodities amounted to \$9.6 billion. These agreements call for shipment of 3.3 billion bushels of wheat and wheat flour equivalent, 457 million bushels of feed grains, 104 million hundredweight of rice, over 9 million bales of cotton, 711 million pounds of dairy products, 8.2 billion pounds of fats and oils, 37 million pounds of poultry, 150 million pounds of meat, about 196 million pounds of fruits and vegetables, and about 1 million pounds of beans, peas, and lentils. This information is contained in table I in more detail.

Currencies generated from the sale of these agricultural commodities are deposited to the account of the U.S. Treasury in the country of purchase with the exceptions of some portions which are required to be converted to foreign exchange for use in promoting agricultural market development and international educational exchange programs. These currencies may be expended only in the countries to which the commodities are sold. Section 104 of the law authorizes the various uses for which the currencies may be utilized and the sales agreements specify the particular uses for which currencies accruing under each agreement are to be available. Under the agreements signed since its inception through December 31, 1964, 9.5 percent were used for common defense, 17.7 percent for grants for economic development, 5.7 percent for loans to private enterprise, 44.3 percent for loans to foreign governments, and 22.8 percent for other U.S. uses. Included in the last category are such purposes as payment of U.S. embassy expenses, agricultural market development programs, the educational exchange program, and various other activities sponsored by this country. To this degree the use of Public Law 480 currencies for these purposes reduces the dollar expenditures which would otherwise be necessary and to that extent has a favorable effect on the U.S. balance-of-payments position.

DONATIONS UNDER TITLE II

Donations under title II of the law through December 31, 1965, amounts to \$2 billion at estimated Commodity Credit Corporation

cost, including ocean freight cost. These farm products have been used for disaster relief, community development, school feeding, and other economic development programs.

In 1965 the United States provided food assistance to victims of various disasters such as volcanic eruption in the Philippines, a cyclone in Pakistan, an earthquake in El Salvador, droughts in Chile, Ethiopia, Kenya, Rwanda, Mali, and Somali Republic, floods in Korea and civil strife in Iraq and the Dominican Republic.

In order to promote economic and community development, food was used in 1965 as a direct self-help incentive for part payment of wages on projects such as land clearing, construction of schools, roads, dams, irrigation and drainage facilities, reforestation, soil and water conservation, and installation of sanitary facilities. Food is also being provided to farmers and their families while they are bringing new land into production or changing existing land use. (See table II.)

DONATIONS UNDER TITLE III

Donations under title III of the law through December 31, 1965, total \$2.9 billion at estimated Commodity Credit Corporation cost. Under this program voluntary relief organizations such as CARE, Catholic Relief Service, Church World Service, UNICEF, Lutheran World Relief, and a host of other organizations have distributed over 5 billion pounds of nondry milk, 3.2 billion pounds of cornmeal, 1.2 billion pounds of wheat, 9.3 billion pounds of flour, over 1 million pounds of bulgur, and a number of other commodities.

From their own resources the voluntary agencies are maintaining staffs of 800 U.S. citizens overseas as field representatives and employ 6,700 local personnel. In 1965 the services of these organizations reached about 63 million people. (See table III.)

Under the barter provisions of title III of the law, procurement to meet the needs of Government agencies amounted to \$163.9 million in 1965. Barter procurements for the Department of Defense were valued at \$112.1 million and for AID at \$51.8 million. Accumulative value of barter contracts since 1954 amounts to approximately \$2 billion.

CREDIT SALES FOR DOLLARS UNDER TITLE IV

Under title IV of the law, agreements have been signed through December 31, 1964, for a total estimated Commodity Credit Corporation cost of \$697.9 billion. Wheat and flour account for \$237.3 million, cotton \$93.6 million, feed grains \$36.5 million, oil and oil seeds \$61 million, rice \$27.8 million, tobacco \$20.8 million, dairy products \$3 million, and all other commodities \$4.7 million. (See table 4.) The major objectives of this program are to stimulate and increase the sale of surplus U.S. commodities for dollars through the extension of credit which will assist in maximizing dollar export of such commodities, develop markets for U.S. agricultural commodities and assist in the development of the economies of friendly nations. As an example of the way in which credit sales for dollars are used to assist in the economic development of a country, an agreement with the Ryukyu Islands is aimed at increased livestock output in order to meet local demand. Proceeds from the sales of title IV commodities are

used to make loans to producers for increased hog production, to finance the construction of facilities for marketing, slaughtering, and processing of livestock and livestock products and for importing, processing, and distributing grain. (See tables IV and V.)

TABLE 1.—Commodity composition of all title I agreements signed, July 1, 1954, through Dec. 31, 1965

Commodity	Unit	Approximate quantity	Export market value	Estimated CCC cost
		<i>Thousand</i>	<i>Million dollars</i>	<i>Million dollars</i>
Wheat and wheat flour.....	Bushel.....	¹ 3,308,521	5,597.2	8,513.6
Feed grains.....	do.....	² 457,557	552.2	662.8
Rice.....	Hundredweight.....	103,996	610.5	1,026.9
Cotton.....	Bale.....	9,298	1,309.7	1,868.7
Cotton linters.....	do.....	7	.3	.3
Tobacco.....	Pound.....	435,552	315.7	316.7
Dairy products.....	do.....	711,389	138.0	192.1
Fats and oils.....	do.....	8,173,704	1,037.0	1,042.0
Poultry.....	do.....	37,581	11.3	11.3
Meat.....	do.....	150,270	52.0	52.0
Fruit and vegetables.....	do.....	196,945	18.0	18.0
Dried edible beans, peas, and lentils.....	Hundredweight.....	1,098	6.6	6.6
Seeds.....	Pound.....	10	.4	.4
Total commodities.....			9,648.9	13,711.4
Ocean transportation (agreements through Dec. 31, 1964). ³			1,187.4	1,187.4
Differential transportation (agreements after Jan. 1, 1965). ³			30.1	30.1
Total, including ocean transportation and differential.			10,866.4	14,928.9

¹ Wheat and wheat flour equivalent.

² Consists of the following:

Barley.....	<i>Bushels (thousands)</i>	150,327
Corn.....		224,451
Grain sorghums.....		71,235
Oats.....		6,807
Rye.....		4,737
Total.....		457,557

³ Public Law 88-638, Oct. 8, 1964, provided that, under agreements signed after Dec. 31, 1964, ocean freight charges would be financed by CCC only to the extent that they were higher (than they would be otherwise) because of a requirement that shipments be made in U.S.-flag vessels.

TABLE 2.—Title II, Public Law 480 transfer authorizations issued and value of commodities July 1, 1954, through Dec. 31, 1965

Commodities	[In thousands]	Value
Bread grains.....		\$954,689
Coarse grains.....		210,781
Fats and oils ¹		95,769
Dry beans.....		7,440
Milk and milk products.....		149,567
Rice.....		51,651
Raw cotton.....		18,681
Total value of commodities.....		1,488,578
Ocean freight ²		574,139
Grand total (CCC cost).....		2,062,717

¹ Includes butter and butter oil.

² Includes transportation to point of entry for landlocked countries.

³ Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.

TABLE 3.—Quantities and cost of title III foreign donations, July 1, 1954, through Dec. 31, 1965

Commodity	Foreign donations	
	Quantity (thousand pounds)	Cost ¹ (thousand dollars)
Beans, dry.....	263, 208	20, 856
Bulgur.....	1, 018, 578	155, 364
Butter.....	227, 344	152, 641
Butter oil.....	299, 168	243, 114
Cheese.....	616, 549	266, 979
Corn.....	492, 392	18, 407
Cornmeal.....	3, 237, 699	282, 833
Flour.....	9, 339, 513	562, 674
Ghee.....	9, 402	7, 771
Grain sorghum.....	6, 147	110
Grits, corn.....		
Milk, nonfat dry.....	5, 213, 910	903, 266
Rice.....	736, 062	90, 156
Shortening.....	260, 330	49, 967
Vegetable oils.....	483, 668	88, 766
Wheat.....	1, 235, 806	55, 230
Wheat, rolled.....	170, 939	9, 383
Total.....	23, 610, 715	2, 907, 517

¹ Estimated CCC cost.

TABLE 4.—Title IV, Public Law 480 dollar value of commodities programed, July 1, 1961, through Dec. 31, 1965

Commodities	[In millions]	Value
Wheat and flour.....		\$237. 3
Feed grains.....		36. 5
Rice.....		27. 8
Cotton.....		93. 6
Tobacco.....		20. 8
Dairy products.....		3. 0
Oils and oil seeds.....		61. 0
Other.....		4. 7
Market value.....		484. 7
Ocean transportation.....		53. 8
Other CCC costs.....		159. 4
Total estimated cost.....		697. 9

TABLE 5.—Foreign loans and other credits

[U. S. Department of Agriculture, Commodity Credit Corporation; reporting unit, Public Law 480, title IV; status as of Mar. 31, 1966; repayable in U. S. dollars]

FOOD FOR PEACE ACT OF 1966

7

Obligor	Commitments and agreements			Credit utilized	Collections		Amount outstanding
	Gross amount	Cancellations and expirations	Unutilized balance		Principal	Interest	
Algeria.....	\$12,594,000	.....	\$11,902,431	\$691,569	.....	.....	\$691,569
Bolivia.....	4,913,000	.....	4,363,206	4,549,794	.....	\$55,119	4,397,771
Chile.....	41,933,000	.....	8,098,344	33,834,656	2,962,461	644,741	30,872,195
China (Taiwan).....	62,704,000	.....	33,924,531	28,779,469	4,356,420	225,456	24,423,049
Taiwan Development Corp. (Taiwan).....	2,994,000	.....	2,600,544	393,456	.....	.....	393,456
Columbia.....	23,583,000	.....	18,499,651	5,083,349	267,545	76,369	4,815,804
Dominican Republic.....	24,050,000	.....	11,185,349	12,864,651	297,330	125,758	12,567,321
Ecuador.....	8,816,000	.....	2,982,407	5,833,593	145,853	52,888	5,687,740
El Salvador.....	7,618,000	.....	1,351,167	648,833	424,278	69,948	224,555
Ethiopia.....	33,358,000	.....	5,399,221	2,218,779	201,851	111,971	2,016,928
Greece.....	4,758,000	.....	15,108,291	18,249,709	3,877,386	301,905	14,372,323
Iceland.....	19,040,000	.....	2,543,715	2,214,285	602,565	57,578	1,611,720
Iran.....	3,000,000	.....	3,069,599	15,970,401	296,486	11,713	15,673,915
Bank of Omran (Iran).....	750,000	.....	43,182	2,956,818	.....	.....	2,956,818
Persigas (Iran).....	1,975,000	.....	250,045	499,955	.....	.....	499,955
Pars Cotton Ginning & Oil Mill Corp. (Iran).....	14,815,000	.....	1,975,000	11,896,914	1,483,770	175,902	10,413,144
Iraq.....	4,007,000	.....	1,246,796	2,760,204	516,778	15,928	2,243,426
Ivory Coast.....	14,087,000	.....	3,994,753	10,092,247	.....	.....	10,092,247
Kenya.....	3,574,000	.....	3,574,000	1,034,198	192,639	68,744	841,559
Kenya-Uganda-Tanzania.....	9,483,000	.....	8,448,802	29,218	.....	.....	29,218
Liberia.....	2,000,000	.....	122,282	1,764,619	352,924	224,434	1,411,695
Paraguay.....	24,075,000	.....	235,381	22,633,821	4,685,093	1,676,466	17,948,728
Portugal.....	24,563,000	.....	1,441,179	7,758,411	107,983	68,572	7,650,428
Ryukyu Islands.....	2,148,000	.....	16,804,589	936,642	.....	.....	936,642
Sierra Leone.....	35,000,000	.....	1,211,358	.....	.....	.....	.....
C. O. E. S. (Spain).....	1,724,000	.....	35,000,000	.....	.....	.....	.....
Alonso Hernandez (Spain).....	1,795,000	.....	1,724,000	.....	.....	.....	.....
Syrian Arab Republic.....	14,639,000	.....	1,412,319	382,681	.....	.....	382,681
United Arab Republic (Egypt).....	38,940,000	.....	11,602,772	3,036,228	.....	.....	3,036,228
Venezuela.....	280,096,000	\$25,000,000	13,940,000	218,371,589	18,030,653	6,298,031	200,340,936
Yugoslavia.....	725,153,500	25,000,000	61,694,411	415,486,089	38,954,038	10,261,523	376,532,051
Total.....			294,667,411				

AGREEMENTS SIGNED MAR. 31 THROUGH JUNE 6, 1966

Brazil.....	\$63,724,000
Indonesia.....	8,198,000
Israel.....	8,500,000
Morocco.....	3,143,000

GENERAL STATEMENT

Under the bill the disposition of surplus agricultural commodities would no longer be a necessary objective of Public Law 480. This change in objective requires substantial changes in concepts and administration, as follows:

First, the program should be limited to commodities which the recipient country cannot obtain through its own resources. Before entering into an agreement, the President should obtain assurance that the recipient is making every effort to produce what it needs and is not diminishing its expenditures for imports. A fair proportion of the recipient country's budget should be devoted to production to meet its immediate needs, not counting expenditures (such as those for colleges and research stations) which cannot be expected to help meet the country's immediate needs. The recipient country should be expected to maintain its commercial imports at a level at least as high as its highest level of commercial imports during recent years.

Second, we cannot, alone, provide all needy people with adequate food and clothing. Every dollar spent for a nonsurplus commodity is an additional dollar that must be collected from the taxpayer. It cannot be offset by any savings in storage cost, but adds to our costs of storage, transportation, and administration. We cannot give beyond our means, and should not try to assume more than our fair share of the burden. Our assistance should be conditional upon other countries assuming their proper share.

Third, great care should be taken to avoid expansion of our production facilities and re-creation of surplus stocks. World War II legislation provided many safeguards to protect farmers from the after effects of the expansion requested of them to meet wartime needs. Despite these safeguards, the disposition of the surpluses created by that expansion has proved difficult for farmers and costly for the Government.

Fourth, we should assure ourselves that the assistance given will actually reach the intended beneficiaries and result in their receiving more adequate food and clothing. Aid should not be given where its result will be to permit payment of debts to other countries; and it should be conditioned upon forbearance by other creditors. Extension of aid should also be conditioned on proper measures to prevent its dissipation through waste or loss or spoilage. Likewise, we must realize that if increases in food and clothing are matched by increases in population, there can be no individual improvement. We should not attempt the impossible. While the bill provides for voluntary programs to control population, the administration should assess the country's efforts to meet this problem and should formulate future assistance accordingly.

Success in the undertaking provided for in this bill will rest ultimately upon the measure of cooperation of other nations, particularly in the underdeveloped areas of the world, in self-help, in encouraging agricultural development, and in providing incentives for increased economic activity. Individual initiative and ingenuity must be developed and fostered among millions of people or the program will fail. To be sure illiteracy, taboos, and social customs which are inimical to the best interests of the country must be overcome. The committee understands the nature of the problem facing the underdeveloped countries. That is why emphasis is placed upon providing

food for those countries where the government and people are trying to improve themselves, their agriculture, and their economies. It is felt that a disservice would be done to nations and to people by encouraging the belief that the United States alone can supply limitless amounts of food and fiber in the years ahead without help from other nations and without effort on the part of recipient nations.

It is intended that the administration and expenditure of funds under this Act for self-help programs will be calculated to encourage local action required to meet domestic food needs of the recipient country. Two of the greatest problems facing U.S. agricultural exports are unfair trade restrictions and competition in world markets. With the emphasis on self-help and freedom from hunger given by this legislation, it is expected that special care in the form of priorities and guidelines will be required to avoid these problems.

The changes brought about by the proposed legislation, above all the strong emphasis on self-help in agriculture, will mean increased administrative responsibilities for all Departments and agencies involved in implementing this program, including personnel at home and overseas. The committee feel sure that the President, the Secretary of Agriculture, the AID Administrator, and other responsible high officials will review carefully the capacity of existing staffing arrangements to fulfill these responsibilities—concerning themselves particularly with the number of men trained in food and agriculture—and will take the steps to strengthen staffs at home and overseas wherever necessary.

A part of the cotton exported under Public Law 480 has returned to this country in the form of cotton products. It is costly and wasteful to export cotton overseas on a concessional basis and then bring back the same cotton in processed form, paying the full market price therefor. In addition, such action amounts to subsidizing competition with our domestic industry. We have a large and efficient textile industry capable of meeting all of this country's requirements for cotton cloth. We have a large labor force dependent upon employment in that industry. In the administration of Public Law 480 the President should seek, through agreements with recipient countries and otherwise, to assure that the cotton we sell is not returned to this country in processed form.

The House of Representatives approved the administration's full request for a yearly authorization of \$2.5 billion for sales for foreign currencies and credit sales for dollars and \$800 million for donations.

After reviewing the record the Senate Committee on Agriculture and Forestry approved an authorization of \$1.9 billion per year to cover sales for foreign currencies and credit sales for dollars and \$600 million for donations. The reasons for this action were several. First, when Public Law 480 was originally enacted this country was moving into a very serious food surplus problem and all indications pointed to the fact that that trend would not soon be reversed. In 1954, when Public Law 480 was enacted, wheat carryover stocks amounted to 933 million bushels and by 1961 had increased to 1.4 billion bushels. Corn stocks increased from 920 million bushels to 2 billion bushels and all feed grains taken together increased from 32 million tons to 84.7 million tons. However, with the enactment of this law these conditions no longer exist.

Wheat stocks on July 1 of this year amounted to only 536 million bushels. Corn stocks on October 1 are now estimated at only 950 million bushels and all feed grains taken together total only 47 million tons. When these low levels of carryover stocks are considered in relation to the population level that now exists in this country, both human and animal, it is evident that surpluses as such no longer exist. Second, while the authorizations in the bill of \$1.9 billion for local currency and credit sales and \$600 million for donations may seem low in light of the administration's request, the fact is that the carryover authorization not used from previous years in the case of foreign currencies and credit sales amounts to \$1.7 billion and the carryover for donations amounts to about \$772 million. These carryovers will be available under the bill. Third, the costs to this country of reducing our surpluses has been substantial. Both this year and last, for example, over 36 million acres of potential feed grain production were put to conserving uses. This was accomplished at great cost. Since 1961 direct payments to feed grain producers for diversion and price-support payments amounts to over \$5.5 billion. Diversion payments to wheat producers amounts to \$494.5 million.

Under these circumstances the committee did not feel that it should in any way encourage the expansion of our agricultural plant to the point where surpluses would again accumulate. This is wasteful and accomplishes no purpose. The committee feels that this country should do all in its power to help our friends abroad help themselves. Food is needed and we will supply our share and more, as we have always done, but we must be circumspect in our purpose.

COMMITTEE AMENDMENT

The committee amendment, which is in the nature of a substitute for the text of the House bill, restores a number of provisions of Public Law 480 which were omitted from the House bill, and makes a few other minor changes. The committee felt that the omitted provisions had been carefully considered by Congress before their adoption, and provided safeguards which should be continued in the law. The committee substitute differs from the House text in that it—

(1) Changes the short title of the bill to "Food for Peace Act of 1966."

(2) Clarifies the language of section 103(a).

(3) Amends section 103(b) to reflect the change in dollar credit terms described in item (17) hereof.

(4) Permits sales determined by the President to be in the interest of the United States to countries dealing with Cuba and North Vietnam.

(5) Restores the exchange rate provision currently in the law.

(6) Provides for publicizing the concessional nature of title I sales, instead of marking the commodities themselves.

(7) Restores the existing requirement that foreign currencies be convertible to the extent consistent with the purpose of the act, and in any event to the extent necessary to pay obligations to the host country.

(8) Requires foreign currencies received under future agreements to be convertible to the extent of American tourist expenses, or 25 percent of the currencies so received, whichever is less.

(9) Restores the existing requirement (for government-to-government transactions, as well as private trade sales) that dollar credit sales not displace cash sales.

(10) Clarifies the language of section 104(b)(3).

(11) Restores the existing provision limiting the use of foreign currencies without appropriation for emergency relief to nonfood relief and \$5 million per year.

(12) Permits sales of foreign currencies for dollars to U.S. citizens in nonexcess, as well as excess, currency countries.

(13) Provides for the use of foreign currencies to finance the planning of nutrition programs in friendly countries.

(14) Restores the existing limits on grants and uses of repayments so as to subject them to Appropriation Act or committee approval.

(15) Restores the existing minimum interest rate on foreign currency loans (the cost of funds to the United States).

(16) Exempts "excess currency" countries from the requirements described in items (14) and (15). Requires the amount of the excess to be devoted to the acquisition of buildings and grounds for U.S. purposes and to additional agricultural self-help. Requires Presidential reports on the extent and use of the excess.

(17) Restores the existing requirements that deliveries on dollar credit sales be made within 10 years and that payments begin in 2 years and be completed in 20 years. (This amendment, together with that described in item (3), preserves the significance of dollar credit terms as "hard" terms while permitting the transition contemplated by section 103(b). The amendment described in item (3) provides for transition either to dollar sales or to foreign currency sales which will provide the same dollar return to the United States as would be returned by the softer dollar credit terms provided for by the House text.)

(18) Requires dollar credit sales agreements to specify the economic development to which the sales proceeds will be devoted.

(19) Makes it clear that private trade dollar credit sales are subject to all applicable provisions of the act (including prohibitions against dollar displacement and the limitation on transshipment).

(20) Strikes out the provision which would have extended the CCC commercial export credit program to private stocks and authorized appropriations to reimburse CCC for credits extended under that program.

(21) Restores the current provision prohibiting CCC from financing basic freight charges (as opposed to extra costs resulting from cargo preference) and extends it to dollar credit sales.

(22) Includes establishment and expansion of institutions for adaptive agricultural research among the self-help criteria of section 109.

(23) Makes it clear that the proviso in section 109 is intended to be a positive requirement of law, rather than a standard suggested for the President's consideration.

(24) Requires title I agreements to show that the recipient country is engaging in a self-help program, and provides for termination of the agreement if such program is not carried out.

(25) Changes the title I annual authorization from \$2.5 billion, plus carryover, to \$1.9 billion, plus carryover.

(26) Changes the title II annual authorization from \$800 million, plus carryover, to \$600 million, plus carryover.

(27) Makes it clear that section 201 does not contain a broad grant of authority for nonfood assistance to needy persons.

(28) Expresses the sense of Congress that the assistance of other countries should be sought, particularly through the world food program.

(29) Restores the provision authorizing the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated.

(30) Prohibits the disposition of any commodity under the act if such disposition would result in a shortage.

(31) Makes it clear that the act is applicable only to U.S. produced agricultural commodities and products.

(32) Restores the provision requiring expenditures under the act to be shown in the budget as expenditures for international affairs and finance.

(33) Requires the President's annual report to be made not later than April 1 and to describe the progress of each country's self-help program.

(34) Amends section 3(d) of the bill provide that cotton product exports shall be financed in the same manner as exports of products of other agricultural commodities, without regard to whether the raw cotton content accounts for a substantial portion of the sales price.

(35) Strikes out the provision of section 3(e) requiring voluntary adjustment programs to be fixed so as to provide a carryover equal to at least 25 percent of consumption and exports, and further amends section 3(e) to provide that the special CCC sales price restriction would be 120 percent of current support, plus carrying charges, and would be applicable to wheat when the carryover was less than 35 percent of requirements.

SECTION-BY-SECTION ANALYSIS OF THE BILL

SECTION 1 OF H.R. 14929

Section 1 of H.R. 14929 provides that this act may be cited as the "Food for Peace Act of 1966."

SECTION 2 OF H.R. 14929

Section 2 of the bill is a revision and reenactment of the provisions of the Agricultural Trade Development and Assistance Act of 1954 as amended, commonly known as Public Law 480. Section 2 begins on page 28, line 22, and continues for about 30 pages. *For convenience in discussion, references to the provisions of section 2 will be to the revised titles and sections of Public Law 480, rather than to parts of section 2 itself.*

Section 2 of Public Law 480, as amended, states the general policy of the act. It is amended in this bill in two major respects: (1) by eliminating the reference to "surplus" agricultural commodities and basing the concessional sales and donations to be made by the United States primarily upon the need of the recipient countries for particular agricultural commodities, rather than upon those agricultural commodities which are in surplus as the result of our agricultural production in the United States; and (2) by including in the declaration of

policy the concept that those countries which receive agricultural commodities under this act should show a determination "to improve their own agricultural production."

TITLE I AMENDED

Section 101 of the Public Law 480 (as amended by this bill) authorizes the President to carry out the policies of this act by entering into agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies. In this revision of Public Law 480, the authority for sales for dollars on long-term credit terms, which is in title IV of the present law, is combined with the authority for sales for foreign currencies in title I of the amendment.

Section 102 is comparable to the similar provision in existing law and provides that sales may be made either from the stocks of the Commodity Credit Corporation or from private stocks with CCC financing.

Section 103

Section 103 established the terms and conditions under which the President is authorized to make concessional sales agreements, either for foreign currency or for extended dollar credit, under the provisions of this bill. They include the following:

Subsection (a). The President is to take into account, first of all, the efforts of friendly countries to help themselves toward a greater degree of self-reliance, particularly in meeting their problems of food production and population growth.

Subsection (b) requires that the President shall conduct this program in such a manner as to assure a progressive transition from sales for foreign currencies to sales for dollars (or to sales on terms at least as favorable to the United States as the terms for development loans under sec. 201 of the Foreign Assistance Act of 1961) at a rate whereby the transition can be completed by December 31, 1971. The policy established by this subsection is not modified by the fact that the law would not be extended beyond December 31, 1968. The termination date of the legislation is primarily for the purpose of assuring complete congressional review of the administration of this act within such period, whereas the language in this section refers not to a termination date but to a manner and policy under which the program is to be operated.

This subsection contains an exception permitting sales for foreign currencies needs for payment of U.S. obligations, other U.S. uses, common defense, Cooley loans, and financing programs emphasizing maternal welfare, child health, and activities related to population growth.

This subsection differs from the House text in that it provides for transition either to dollar sales (or to foreign currency sales on terms at least as favorable as the terms of loans under section 201 of the Foreign Assistance Act of 1961), while the House provided only for transition to dollar sales. The change, however, is essentially a technical one designed to achieve the same result as the House bill. Under the House bill dollar credit sales could be made on the terms provided by section 201 of the Foreign Assistance Act of 1961. The terms provided by section 201 are largely left to the President, and

currently permit payment over a 40-year period, with a 10-year grace period. Under the Senate committee amendment dollar credit sales terms must provide for payment in not more than 20 years with not more than a 2-year grace period. Subsection (b) therefore provides in both bills for transition to terms providing the same return to the United States.

Subsection (c) is substantially the same as the provision of existing law requiring safeguards as to usual marketings. While the committee recognizes the difficulties in administering this section of law, its concern that usual marketings of U.S.-produced commodities have not been maintained was recently corroborated by a report from the General Accounting Office. The General Accounting Office estimates commercial sales of 3 commodities to 12 countries decreased about \$715 million in 9 years. As used in Public Law 480 "usual marketings" means marketings from the United States and the committee expects this intent to be carried out by the administering agencies.

Subsection (d) provides that the President may make agreements under this act only with those countries which he determines to be friendly to the United States and that he shall periodically review the status of those countries which are eligible and report the results of such review to the Congress. The subsection then defines what Congress means by the words "friendly country".

This subsection must be considered in conjunction with subsection 103(j) which provides that the authority contained in title I of this act (to make foreign-currency and long-term dollar credit sales) shall be used to assist friendly countries to be independent of domination or control by any world Communist movement. Subsection (j) also prohibits the making of any agreement under title I with the Soviet Union or with the Communist regime in China or with countries with which the United States does not have diplomatic relations.

This definition, in section 103(d), provides: (1) no agreements under title I may be made with a country or area "dominated or controlled by a foreign government or organization controlling a world Communist movement." This means that no sales agreements of any kind can be made with any satellite country which the President determines to be under the "domination or control" of either of the major Communist regimes of the world; (2) sales for long-term dollar credit (but not sales for foreign currency) may be made to Communist countries which the President determines are not under foreign domination or control, with the obvious purpose of helping them to move further away from the world Communist orbit; (3) unless the national interest requires otherwise, no sales under title I may be made to the United Arab Republic or any country which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as these areas are governed by a Communist regime; (4) no sales under the act may be made to any country which is a military aggressor against any country having diplomatic relations with the United States, or is using U.S. funds for purposes inimical to U.S. foreign policy.

This subsection also removes the 5-year limit on dollar sale credit to friendly countries, such as Poland, which might except for the specific provisions of the bill be barred from financial assistance by the Battle Act or other law.

Subsection (e) relating to use of private trade channels in carrying out sales under this bill is substantially the same as the provision of existing law except that it incorporates a new provision "that small business has adequate and fair opportunity to participate in sales made under the authority of this Act".

Subsection (f) is comparable to a provision in existing law. New language in the subsection deals with emphasis on more adequate storage, handling and distribution facilities for food commodities and for development of new and expanding markets by encouraging economic growth.

Subsection (g) directs the President to obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under title I of Public Law 480 as amended.

Subsection (h) relating to exchange rates, is the same as existing law.

Subsection (i) is intended to encourage countries to give higher emphasis to the production of food crops, rather than to the production of crops such as cotton and tobacco which are in surplus on world markets. The bill places great emphasis on the efforts of countries receiving assistance to improve their food production, so that they will become self-reliant and able to feed their people without continued assistance. As part of this effort they should be expected to devote their agricultural plant to the production of needed food rather than to commodities already in world surplus, such as cotton. The production of unneeded commodities is economic waste. It should not be tolerated by a hungry country that should be exerting all its efforts to meet its food needs; and assistance under Public Law 480 should not be used to enable a recipient country to devote its own resources to commodities surplus to world needs.

Subsection (j) is substantially the same as a comparable provision in Public Law 480 prohibiting any sales under this act to the Soviet Union or the Communist regime in China. The word "transactions" in this subsection has been changed to "sales agreements," making it clear that it is not intended to prohibit deliveries under a previous sales agreement during the interim of a change of government in a foreign country which has not, temporarily, been recognized for diplomatic purposes by the United States.

Subsection (k) requires that the President shall whenever practicable require upon delivery of agricultural commodities under this act not less than 5 percent of the purchase price in dollars or in types or kinds of currencies which can be converted into dollars. This is a new provision. It represents a stiffening of the terms on which agricultural commodities are hereafter to be supplied to purchasing countries. This provision includes the convertibility required elsewhere in the bill, such as that for market development under section 104(b)(1).

Subsection (l) is a new provision requiring that commodities sold under title I of this bill be publicized as having been obtained from the United States on a concessional basis.

Subsection (m) requires as does existing law that the foreign currencies be convertible to the extent consistent with the effectuation of the act, but in any event to the extent necessary to permit the "U.S. uses" portion of such currencies to be used to pay U.S. obligations

to the government of the importing country. In addition, subsection (m) provides that such foreign currencies must be convertible through sales to American tourists or otherwise in the amount necessary to cover all normal expenses of such tourists (up to 25 percent of the foreign currencies received under future agreements).

Subsection (n) requires the President to take reasonable precautions to assure that sales for dollars on credit terms shall not displace any sales of U.S. agricultural commodities which would otherwise be made for cash dollars. This continues the requirement now contained in section 404 of Public Law 480. Subsection (n) would apply to dollar credit sales whether made on government-to-government basis or to the private trade.

Section 104

Section 104 delineates the uses of foreign currencies accruing under this act including interest and loan repayments. They are substantially the same as the uses provided in section 104 of Public Law 480 as presently amended. All of the uses authorized under subsections (a) and (b) are commonly referred to as "U.S. uses" and require appropriations to the U.S. agency involved. This is consistent with the existing provisions of Public Law 480.

Subsection (a) covers payment of U.S. obligations, including obligations incurred under other law. Several of these uses are mentioned specifically in the present provisions of the act, but this is made unnecessary in this bill by the general provision that all such activities shall be subject to the appropriation process.

Subsection (b)(1) continues the provisions of existing law which direct that not less than 5 percent of the foreign currencies which accrue from title I sales of agricultural commodities be available, subject to appropriation, for use to finance programs to maintain and to develop new and expanded dollar markets abroad for U.S. agricultural products as under existing law, the Secretary may release such amounts of the currencies set aside for this purpose as he determines are not needed; but the bill limits this authority by permitting its exercise only after 30 days' notice (60 days if Congress is not in session) to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture, and then only if neither of such committees has passed a resolution within such period stating that such committee does not favor such proposed release.

The bill directs that the Department shall continue to make maximum use of nonprofit agricultural trade organizations in the carrying out of market development activities authorized under this section.

This section also includes authority for such industry representation as may be required during the course of discussions on trade programs relating to individual commodities or groups of commodities.

Subsections (b) (2), (3), (4), and (5) are similar to present provisions of law. Subsection (b)(3) includes "family planning" as one of the programs which may be carried out with foreign currency by U.S. agencies.

Subsections (c) and (d), relating to the common defense emergency relief requirements are the same as in existing law.

Subsection (e) is the "Cooley loan" provision. This is similar to existing law with the following changes. Language has been added to make it clear that loans may be made not only to personal or incorporated business firms but also to cooperatives. Language has also

been added to make it clear and to emphasize that these loans may be made for private home construction in foreign countries. The proviso has been modified to carry out the emphasis in the act of local food production and self-help objectives and emphasize the overall objectives of this legislation.

Although not usually listed as a "U.S. use," foreign currency loans to private business firms, authorized in section 104(e) of Public Law 480, are high in the priority of uses which return a tangible benefit to the United States. They are of two general types: (1) To U.S. private business firms or affiliates (including cooperatives) for business development and trade expansion in a foreign country that will not compete with U.S. products or agricultural exports, and (2) to domestic or foreign private business firms (including cooperatives) for facilities which will expand the export of U.S. agricultural products.

In 1964, Congress amended section 104(e) of Public Law 480 to remove the existing ceiling of 25 percent on the amount of foreign currency which could be allotted for these loans in an agreement covering any single sale. It replaced the former 25 percent ceiling with language which stated that local currencies "shall also be available to the maximum usable extent" for these loans. In explaining this amendment, the committee said (committee Rept. No. 1467, pp. 27-28):

The committee feels that private business can and should play a much greater role in the economic development of friendly countries being assisted by Public Law 480 title I programs, and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives * * *.

The committee expects the responsible agency to accept, tabulate, and process all properly executed loan applications for Cooley funds. The responsible agency shall then take whatever steps necessary to provide the funds needed to satisfy all loan requests which are likely to bring about "business development and trade expansion" in the recipient countries and which the agency, applying normal commercial banking standards, has reasonable assurance will be repaid.

The committee notes that the AID agency has established the policy that in some countries Cooley funds are to be available only for fixed investments and not for working capital requirements. Loans for working capital requirements of existing productive facilities, especially in the countries of Latin America, where it is difficult to obtain funds on reasonable terms, contribute greatly to economic development. The committee is informed that the aforementioned AID agency policy has been necessitated by an insufficient amount of local currency being allocated for Cooley loans. It will, therefore, be necessary for the responsible agency to establish an adequate reserve of Cooley funds to meet the requirements—both for fixed assets investment and working capital needs—reasonably to be anticipated in each recipient country.

In the period immediately following the amendment and extension of Public Law 480, on October 31, 1964, to the middle of 1965, no allocation for section 104(e) Cooley loans uses exceeded 15 percent. In two cases, it is felt that the allocation of local currency for these loans was inadequate to meet existing demands.

In the Philippine agreement, signed on April 23, 1965, only 10 percent (\$1.2 million) was allocated, while pending applications for local currency funds amounted to approximately \$10 million. In that same agreement, 30 percent of the local currencies was allocated for section 104(g) loans to the Philippine Government.

In another instance, only 15 percent of the local currencies was allocated for section 104(e) Cooley loans, in an agreement with Chile signed on July 27, 1965, while a 50-percent allocation was made for section 104(g) loans to the Chilean Government. It is understood that the demand for Cooley loans in Chile substantially exceeds the 15-percent allocation made under that agreement.

The committee wants to make it clear that the revised language of section 104(e)—“for use to the maximum extent”—means simply that Congress expects AID to establish a means to ascertain the approximate demand for Cooley funds and to satisfy it. AID should establish administrative procedures for negotiations for Public Law 480 agreements so as to assure (1) that the demand for Cooley funds in each country is correctly ascertained prior to negotiations, and (2) that a sufficient allocation to satisfy that demand is made in the negotiations with the recipient country.

Subsection (f) is one of the major provisions of the “country use” assignment of the currencies accruing under foreign currency sales. It includes authority for the present use of currencies for “economic development loans” now made under section 104(g) of the existing legislation. It has been rewritten to emphasize agricultural development.

Subsection (g), relating to use of the currencies for purchase of food or services for other friendly countries, is similar to the provisions of existing law.

Subsection (h) authorizes the loan or grant of foreign currencies to the purchasing country to finance programs emphasizing maternal welfare, child health and nutrition and activities related to the problems of population growth.

Subsection (i) authorizes the use of foreign currencies for payment of costs outside the United States of the farmer-to-farmer program authorized by section 406.

Subsection (j) is similar to existing provisions of law, authorizing the sale of foreign currencies to tourists and other U.S. citizens and U.S. nonprofit organizations for use outside the United States.

Subsection (k) is new, and specifically authorizes use of foreign currencies to finance planning of nutrition programs by friendly countries.

Paragraphs (1), (2), (3), and (4) of the first proviso following subsection (k) maintain in effect the current requirements for—

(a) appropriation act authority for the use of foreign currencies for purposes set out in subsections (a) and (b), commonly referred to as U.S. uses,

(2) appropriation act authority for use for economic development grants and for use of at least 20 percent of the currencies (subject to Presidential waiver),

(3) submission to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of proposals to grant foreign currencies, or use loan repayments, and

(4) a minimum interest rate on foreign currency loans.

The second proviso following subsection (k), which is new, makes paragraphs (2), (3), and (4) inapplicable in excess currency countries. It further provides that excess currencies shall be devoted without regard to paragraph (1) to the acquisition of sites and buildings for U.S. Government use and to additional assistance to the importing country in increasing its agricultural production, storage, and distribution.

Section 105, relating to deposit of foreign currencies, is the same as in existing law.

Section 106 relates to the sale of agricultural commodities on long-term dollar credit. Provisions for such sales now appear in title IV of Public Law 480 but in this amendment are incorporated into title I. The sale terms provided for by section 106 (a) are identical to those required by existing law. Deliveries could be made over a 10-year period with payment over 20 years, subject to a 2-year grace period. The interest rate would be not less than that for development loans under section 201 of the Foreign Assistance Act of 1961.

Subsection (b), which is new, requires the sale agreement to specify the economic development purposes to which the sales proceeds will be put pending dollar payment to the United States.

Section 107 of the bill reaffirms and strengthens the policy of the Congress with respect to sales of U.S. agricultural commodities to the private trade for dollars. Under this section the Secretary of Agriculture is authorized to enter into sales agreements with the private trade for the supply and financing of the sale and purchase of U.S. agricultural commodities over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of section 107. All provisions applicable to government-to-government dollar credit sales, such as period of delivery, minimum interest rate, and delivery and grace periods, would be applicable to dollar credit sales to the private trade.

Section 108 is substantially the same as the provisions of existing law, except that it would be extended dollar credit sales. It prohibits CCC from financing the basic ocean freight costs on shipments under title I.

Section 109 is a definition of the words "self-help." The provisions of section 109 are not mandatory, but they provide the President with criteria of self-help upon which he may rely in considering the making of agreements with other countries. It further requires a certain portion of the currencies in certain countries to be set aside for self-help measures.

Section 110 limits the agreements which may be entered into in any year to those not requiring appropriations in excess of \$1.9 billion, plus any authorization carried over from the prior year.

TITLE II

Sections 2 (C) and (D) of the bill would strike the present language of title II and substituted a new title II therefor. This new title, consisting of sections 201, 202, 203, and 204 would, in effect, con-

solidate the authorities for foreign donation programs presently conducted under titles II and III into a single title.

Section 201 states the purposes for which available agricultural commodities may be used in donation programs. These purposes include uses (1) to meet famine or other urgent or extraordinary relief requirements; (2) to combat malnutrition, especially in children; (3) to promote economic and community development in friendly developing areas; (4) for needy persons and nonprofit school lunch and preschool feeding programs outside the United States.

The President would be authorized to determine the requirements for such uses. The Commodity Credit Corporation would be required to make such agricultural commodities available to the President as he may request, subject to their availability under section 401 of Public Law 480 as amended by this bill.

Section 202 lists the means through which the President may conduct the activities authorized by section 201. These include (1) friendly governments; or (2) agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations. The President may conduct such activities in such manner and upon such terms and conditions as he deems appropriate and shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

The section would also require that, insofar as practicable, all commodities furnished under title II shall be clearly identified as being furnished by the people of the United States of America. Such markings shall be on each package or container and shall be in the language of the locality where the commodities are distributed.

Assistance to needy people under title II would, to the extent practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.

The President would be required, except in the case of emergency, to take reasonable "precaution" to assure that commodities transferred under title II would not displace or interfere with sales which might otherwise be made.

Section 203 authorizes the Commodity Credit Corporation to pay, in addition to the acquisition cost of the commodities, other costs connected with the furnishing of commodities under title II. There would include costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and incidental costs up to the time of delivery free on board (f.o.b.) vessels in U.S. ports; ocean freight charges from such U.S. ports to designated ports of entry abroad, or in the case of landlocked countries, transportation charges from U.S. ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transportation of commodities donated under title II.

Section 204 would limit assistance under title II to programs not calling for appropriation of more than \$600 million in any calendar year plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations less than were authorized for such purpose during such preceding year. The figure of \$600 million plus the carryover from the preceding calendar year would include all the costs of programs under the title including the investment by the Commodity Credit Corpora-

tion in commodities made available. This authority includes the authority to make foreign donations presently authorized by section 416 of the Agricultural Act of 1949. This section would also continue the existing provision that not to exceed \$7,500,000 in each calendar year may be used to purchase foreign currencies accruing from sales under title I of this bill in support of title II programs.

TITLE III

Section 2(D) of the bill strikes out sections 304, 305, 306, 307, and 308 of the existing act. The substance of these sections, for the most part, would be contained in other sections of the act. The matters dealt with in section 304 appear in the new section 103(j). The provisions of section 305 are found in the new section 202. Section 306 authorized a food stamp plan to distribute surplus foods domestically to needy peoples effective until January 1962; a new Food Stamp Act was enacted in 1964.

[The administration did not recommend reenactment of section 307 of Public Law 480, which requires generally that any surplus agricultural commodity made available abroad under title I of that act first be made available for distribution to needy families and persons in the United States. While the committee has not included such a specific provision in this bill, it understands that this policy is to be maintained and directs that no food or food products shall be distributed abroad under the donation or foreign currency sales programs unless such food and food products are first made available to the food distribution programs in the United States for needy and low-income families, school and preschool children and in similar established domestic programs.]

Section 308 is repealed since the authority to make donations abroad under that section has been consolidated with, and made a part of, the new title II. This bill does not change the provisions of section 303 relating to barter.

TITLE IV

Section 2(E) of the bill strikes out the present title IV of Public Law 480, sales for dollars on credit, since this authority has been consolidated with the authority to finance sales for foreign currency under the new title I. The new title IV contains general provisions applicable to the program.

Section 401 authorizes the Secretary of Agriculture, after consulting with other Government agencies and within policies laid down by the President, to determine the commodities to be furnished under the act, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover. The new dimensions which this legislation gives to our food-for-peace programs are most important; in fact, they are essential to meet conditions that prevail today. The new dimensions of self-help and use of nonsurplus commodities add to the importance of the principle expressed in section 401 of this bill—that principle which assigns to the Secretary of Agriculture the responsibility for determining “the agricultural commodities and quantities thereof available for disposition under this act, and the commodities and quantities thereof which may be included in the negotiations with each country.”

The Congress has always held that the Secretary of Agriculture should have major responsibility for the Public Law 480 program. This responsibility is even more important under the new conditions that prevail today, and especially under the new concepts now being incorporated in this bill.

We are—in this legislation—eliminating the surplus requirement, which, up to now, has been a limiting factor on food-for-peace programs. This is appropriate in view of today's conditions, but it also adds significantly to the importance of administrative decisions as to the agricultural commodities and quantities that are available for programing, and the commodities and quantities which may be included in the negotiations with each country. Responsibility for such decisions must remain with the Secretary of Agriculture because they are so closely interwoven with the Secretary's responsibilities for domestic farm programs.

—There have been some ideas expressed that under this new program food aid is going to become just a part of the foreign assistance program, and that it will then be treated just like dollar aid. We want to make it clear that this is not the case.

Surely we expect that it will be administered in coordination with our other kinds of foreign assistance. And surely we expect that increasing use will be made of our expert agricultural know-how—in the USDA, in our land-grant colleges, and in the abilities of our farmers—to help the hungry nations to help themselves.

But food aid cannot be treated just like dollar aid. If we had wanted that we would have turned it into dollars and put it in the Foreign Assistance Act.

Food aid cannot be treated as dollar aid simply because this would present too great a risk to American farmers and American consumers. Domestic needs and supplies, together with price supports and acreage allotments that affect agricultural production, must be integral factors in our food aid program. This is why food aid must be handled separately and this is why section 401 insures separate handling by vesting responsibility in the Secretary of Agriculture.

This section also (1) authorizes the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated, and (2) provides that no commodities shall be made available under this act if domestic requirements, adequate carryovers, and anticipated dollar exports as determined by the Secretary could not be met.

Section 402 defines the term "agricultural commodity" to include any agricultural commodity produced in the United States and also any product thereof produced in this country. Thus, only domestically produced food and fiber are to be used under the program. The committee also wants to make it clear that commercially produced products of agricultural commodities, such as soybean meal and rolled oats, are included as agricultural commodities eligible for exports under this act. In addition, section 402 permits domestically produced fishery products to be furnished under the program using the same procedures that have already been established for making agricultural commodities available.

Section 403 would authorize the appropriation of necessary sums to pay the Commodity Credit Corporation its actual costs. Expenditures under the act are to be classified in the budget as expenditures for international affairs and finance.

Section 404 provides that the programs of assistance authorized by the act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

Section 405 provides that the programs of assistance undertaken pursuant to the new legislation shall be directed toward attaining self-help on the part of the recipient countries in meeting needs for food and in resolving problems relative to population growth.

Section 406 provides for a farmer-to-farmer program in order to further assist friendly developing countries to become self-sufficient in food production. Under this section, the Secretary of Agriculture would be authorized to establish and administer a farmer-to-farmer program consisting of persons who, by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture. It is anticipated that this would, for the most part, include people whose knowledge came largely from practical experience and informal education who would work directly and intimately with farmers in the recipient country; that the program might also include professional agricultural workers with special training and experience in encouraging the practical application of improved methods to agriculture, and others with detailed, specialized scientific knowledge to help the more practical workers in the field solve problems.

The strengthening of U.S. programs to promote agricultural progress overseas will require expanded and more effective use of our land-grant institutions here in the United States. An additional \$33 million is authorized to finance the cost of the farmer-to-farmer program.

The committee applauds the provision in this year's foreign aid legislation which would authorize the making of grants to educational and research institutions in the United States to strengthen their capacity to play a major role in our foreign assistance programs. It is hoped that this authority will be used, above all, to involve our land-grant institutions more fruitfully in ongoing programs to help hungry nations improve their food production.

Section 407 establishes a committee to advise the President with respect to general policies relating to the administration of the act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies, rates of exchange, interest rates, and the terms under which dollar credit sales are made. The advisory Committee is composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry.

Section 408 requires the President to make an annual report to the Congress with respect to the activities carried out under the act not later than April 1 of each year.

Section 409 provides that the new authority shall expire December 31, 1968.

Section 410 makes section 620(e) of the Foreign Assistance Act of 1961, as amended, applicable to assistance provided under title I of this act. Section 620(e) provides for suspending assistance to a country which expropriates or takes certain other acts affecting property owned by U.S. citizens.

SECTION 3 OF H.R. 14929

Section 3 of the bill would amend certain existing provisions of law.

Subsection (a) of section 3 would delete from section 9 of the act of September 6, 1958, the special authority to make donations abroad of fats and oils. This authority is included in the general authority provided by the new title II.

Subsection (b) of section 3 would delete from section 709 of the Food and Agriculture Act of 1965 that part authorizing the purchase of dairy products for foreign donation. This authority is included in the general authority provided by the new title II.

Subsection (c) of section 3 would delete from section 416 of the Agricultural Act of 1949 that part authorizing donation abroad of Commodity Credit Corporation stocks. This authority is consolidated into the new title II of this act.

Subsection (d) of section 3 of the bill would amend section 8 of Public Law 85-931 to authorize the financing under title I of this act of the sale of products manufactured from cotton in the same manner as any other agricultural commodity or product is made available.

Subsection (e) of section 3 of the bill would amend section 407 of the Agricultural Act of 1949 to provide that whenever the Secretary determined that the carryover at the end of any marketing year of a price-supported commodity for which a voluntary adjustment program is in effect will be less than 25 percent (35 percent in the case of wheat) of the estimated requirements, the CCC minimum sales price for unrestricted use shall be 120 percent of the current support price, excluding that part of the current support price made available through marketing certificates or payments, plus reasonable carrying charges.

SECTION 4 OF H.R. 14929

Section 4 of the bill provides that the amendments made by the bill shall take effect as of January 1, 1967.

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

(Public Law 480—83d Congress)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. [It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue

CHANGES IN EXISTING LAW

NOTES

to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States. **]** *The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.*

TITLE I [SALES FOR FOREIGN CURRENCY]

SEC. 101. **[**In furtherance of this policy**]** *In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly [nations or organizations of friendly nations] countries to provide for the sale of [surplus] agricultural commodities for dollars on credit terms or for foreign currencies. [In negotiating such agreements the President shall] SEC. 103. *In exercising the authorities conferred upon him by this title, the President shall—**

(a) *take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance,*

including efforts to meet their problems of food production and population growth;

(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales on terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: Provided, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

[(a)] (c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this [Act] title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(d) makes sales agreements only with those countries which he determines to be friendly to the United States: Provided, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, "friendly country" shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the

Note 1: The definition of "friendly nation" is currently contained in section 107 of P.L. 480. A comparison of section 107 of the existing law and the corresponding portions of proposed section 103(d) follows (language

CHANGES IN EXISTING LAW

purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime: Provided, That the President may enter into sales agreements with any such nation if he determines that such sale is in the national interest of the United States, and may use funds appropriated to carry out this Act for the formulation and administration of such agreements notwithstanding the requirements of any act appropriating funds to carry out this Act, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of "friendly country"

NOTES

contained in both sections 107 and 103(d) being shown in unbracketed roman, language contained only in section 107 being enclosed in black brackets, and language contained only in section 103(d) being shown in italic:

[SEC. 107.] As used in this Act, "friendly [nation] country" [means any country, other than] *shall not include* (1) [the U.S.S.R., or (2)] any [nation] country or area dominated or controlled by [the] a foreign government or [foreign] organization controlling [the] a world Communist movement, or [(3)] (2) for the purpose only of [title I] sales of agricultural commodities for foreign currencies under title I of this Act, any [nation] country or area dominated [or controlled] by a Communist government, or [(4)] (3) for the purpose only of [title I] sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities[, so long as Cuba is governed by the Castro regime.], so long as they are governed by a Communist regime: Provided, That the President may enter into sales agreements with any such nation if he determines that such sale is in the national interest of the United States, and may use funds appropriated to carry out this Act for the formulation and administration of such agreements notwithstanding the requirements of any act appropriating funds to carry out this Act, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. (The preceding

for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

clause (4) compares with the first sentence of the third paragraph of section 107 set out below, but applies to dollar credit sales as well as foreign currency sales. The two sentences of proposed section 103(d) which follow clause (4) are omitted here and shown below in the third paragraph.) Notwithstanding any other Act, the President [is authorized to] *may* enter into agreements for the sale of [surplus] agricultural commodities for dollars [under title IV with nations] *on credit terms under title I of this Act with countries* which fall within the definition of "friendly [nation] country" for the purpose of [that title] *such sales and.* (Balance of sentence appears in first sentence of next paragraph.) [In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.]

[The President is directed that] no sales under this Act shall be made with any country if [he] *the President* finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States[.];

The following paragraph corresponds to clause (4) of proposed section 103(d) and the two sentences following clause (4):

[No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States.] No [such sale] *sales to the United*

CHANGES IN EXISTING LAW

NOTES

Arab Republic shall be based [on] *upon* the requirements of [the United Arab Republic] *that nation* for more than one fiscal year. The President shall keep the [Foreign Relations Committee and the Appropriations Committee] President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.

[(b)] (e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and *with respect to sales from* stocks owned by the Commodity Credit Corporation *and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;*

[(c)] (f) give special consideration to [utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for] *the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on [underdeveloped and new market areas] more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;*

[(d)] (g) [seek and secure] *obtain* commitments from [participating] *purchasing* countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of [surplus]

agricultural commodities purchased under this [Act] *title*, without specific approval of the President;

[and]

[(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.]

[(f)] (h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries, and which are not less favorable than the highest of exchange rates obtainable by any other nation; [.]

[(g) require such foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purpose of this Act, but in any event to the extent necessary to permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies.]

(i) *promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;*

CHANGES IN EXISTING LAW

NOTES

(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

Note 2: Subsection (j) corresponds to section 304 of existing law. A comparison of section 304 and proposed section 103(j) follows (language contained in both sections 304 and 103(j) being shown in unbracketed roman, language contained only in section 304 being shown in black brackets, and language contained only in section 103(j) being shown in italic)

[SEC. 304. (a) The President shall] (j) exercise the authority contained in title I of this Act [(1)] to assist friendly [nations] countries to be independent of [trade with the Union of Soviet Socialist Republics or the Communist regime in China and with nations dominated or controlled by the Union of Soviet Socialist Republics or the Communist regime in China] domination or control by any world Communist movement. [and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.]

[(b)] Nothing in this Act shall be construed as authorizing [transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.] sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act

be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

(l) obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) to assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after enactment of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country; and

(n) take reasonable precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

SEC. 102. [(a)] For the purpose of carrying out agreements concluded [by the President hereunder,] under this Act the Commodity Credit Corporation[, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale

hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available] *is authorized* to finance the sale and exportation of [surplus] agricultural commodities[.] whether from private stocks or from stocks of the Commodity Credit Corporation. [In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks. The Commodity Credit Corporation shall finance ocean freight charges incurred pursuant to agreements entered into after December 31, 1964, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.]

Note 3: The last two sentences of existing section 102(a) may be compared with proposed section 108 as follows (language contained in both sections 102(a) and 108 being shown in unbracketed roman, language contained only in section 102(a) being shown in black brackets, and language contained only in section 108 being shown in *italic*):

SEC. 108. The Commodity Credit Corporation [shall] may finance ocean freight charges incurred pursuant to agreements entered into [after December 31, 1964,] *hereunder* only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United

States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

[(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.]

[SEC. 103. (a)] SEC. 403. [For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title

CHANGES IN EXISTING LAW

and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. *There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources. [Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.]*

[(b)] SEC. 110. Agreements shall not be entered into under this title during [the period beginning January 1, 1965, and ending December 31, 1966,] any calendar year which will call for [appropriations] an appropriation to reimburse the Commodity Credit Corporation in [a total] any amount in excess of [\$2,700,000,000] \$1,900,000,000 plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years [by this Act as in effect during such years: Provided, That

agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000].

SEC. 104. Notwithstanding [section 1415 of the Supplemental Appropriation Act, 1953, or] any other provision of law, the President may use or enter into agreements with [friendly nations or organizations of nations] *foreign countries or international organizations* to use the foreign currencies, including principal and interest from loan repayments, which accrue *in connection with sales for foreign currencies* under this title for one or more of the following purposes[.]:

[(a) To] (b) *For carrying out programs of United States Government agencies to—*

(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title [after the date of this amendment] shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this [subsection] *paragraph* over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines [not to be needed, within a reasonable period of time, for such purpose: *Provided*,

NOTES

CHANGES IN EXISTING LAW

further, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriations acts] cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two committees a resolution stating in substance that that committee does not favor such proposed release. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this [subsection] paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this [subsection] paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions

of this [subsection] paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this [subsection] paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of [surplus] agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this [subsection] paragraph. *In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;*

[(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;]

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

[d] (g) For [financing] the purchase of goods or services for other friendly countries;

CHANGES IN EXISTING LAW

NOTES

(e) [For promoting balanced economic development and trade among nations, for which purposes currencies shall also be available] *For use to the maximum [usable] extent [through and] under the procedures established by such agency as the President shall [direct] designate for loans [mutually agreeable to said agency and the country with which the agreement is made] to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: Provided, however, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States [or for the manufacture or production of any commodity to be marketed in competition with] and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;*

[(f)] (a) [To pay United States obligations abroad] *For payment of United States obligations (including obligations entered into pursuant to other legislation);*

[(g)] (f) [For loans to] *To promote multilateral trade and agricultural and other economic development, [made through established banking facilities of the friendly.*

Note 4. See subsection (g) (proposed subsection (f)) for grant authority.

nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate] *under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: Provided, That no such funds may be utilized to promote religious activities* [Strategic materials, services, or foreign currencies may be accepted in payment of such loans];

[(h)] (2) [For the financing of] *finance international educational and cultural exchange activities under the programs authorized by [section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641 (b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446)] the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.)* [In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where

Note 5: Comparison with proposed section 104(b)(2).

CHANGES IN EXISTING LAW

agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection];

[(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;

[(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;]

[(k)] (3) [(To)] collect, collate, translate, abstract, and disseminate scientific and technological information and [(to)] conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and [(to promote and)] support, *on request*, programs

NOTES

Note 6: Comparison with proposed section 104(b)(3).

Note 7: Comparison with proposed section 104(b)(4).

of medical and scientific research, cultural and educational development, *family planning*, health, nutrition, and sanitation [: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts];

[(1)] (4) [For the acquisition] *acquire* by purchase, lease, rental, or otherwise [of] sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and [for construction] *construct*, repair, [alteration] *alter*, and [furnishing of] *furnish* such buildings and facilities [: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts];

[(m)] For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992) or section 212(B) of the Merchant Marine Act, 1936, and (B) agricultural and horticultural fair participation and related activities;]

[(n)] (5) [For financing] *finance* under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, [in such amounts as may be specified from time to time in appropriations acts, (1)] (A) programs outside

Note 8. Comparison with proposed section 104(b)(5).

NOTES

CHANGES IN EXISTING LAW

the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; [(2)] (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and [(3)] (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

[(o)] For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

[(p)] For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;]

[(q)] (d) For assistance to meet emergency or extraordinary relief requirements other than requirements for [surplus] food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

【(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);

【(s) For the sale for dollars to American tourists under such terms and conditions as the President may prescribe;】

【(t)】 (j) For sale for dollars to United States citizens and nonprofit organizations [as provided herein. In order to provide for the foreign currency needs of United States citizens] for travel or other purposes【, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under the Foreign Assistance Act of 1961, as amended, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country】. The United States dollars received from the sale of such foreign currencies [under this subsection] shall be deposited [in the Treasury as miscellaneous receipts, except that in the

CHANGES IN EXISTING LAW

case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of [the] Commodity Credit Corporation [and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.]; and

(h) *For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;*

(i) *for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act;*

(k) *For financing the planning of national food and nutrition programs by friendly countries reflecting the food and nutritional requirements of their citizens and providing a sound basis for agricultural and food programs:*
Provided, [however,] That

(1) section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections [(d)] (f) and [(e)], (g), [and for payment of United States obligations involving grants under

subsection (f) and **]** to not less than 10 per centum of the foreign currencies which accrue **[**under this title**]** pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title, **[***Provided, however,* That no foreign currencies shall be available pursuant to subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts**]**.

(Note. The provisions relating to the advisory committee appearing at the point in the law are set out just before section 105 below.)

(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section **[,** **]** shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two Committees a resolution

CHANGES IN EXISTING LAW

stating in substance that that Committee does not favor such agreement or **[proposal.]** *proposal,*

(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee **[herein]** established *under section 407 designate a different [rate.] rate: Provided further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the*

Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

SEC. 407. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the *vice chairman*, and the two ranking minority [member] members of the House Committee on Agriculture, and the chairman, the *next ranking majority member*, and the two ranking minority [member] members of the Senate Committee on Agriculture and Forestry. [Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title, and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.] *The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign*

NOTES

CHANGES IN EXISTING LAW

currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

【The committee shall be consulted with respect to: (1) policies relating to (a) loans under subsections (e) and (g) hereof, (b) the degree of convertibility to be required under section 101(g), and (c) the amount of currency to be reserved in sales agreements for loans to private industry under subsection (e) hereof; and (2) each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in section 403.】

SEC. 105. Foreign currencies received pursuant to this 【title】 Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 【of this title】, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this 【title】 Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

SEC. 【106.】 402 【As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification

thereof, produced in the United States, either privately or publicly owned, which is at the time of exportation or donation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. **]** *The term "agricultural commodity" as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States.* **[**The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act. For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior has determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars. **]** *Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act. SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for*

NOTES

CHANGES IN EXISTING LAW

disposition under this Act. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

[Sec. 107. As used in this Act, "friendly nation" means any country, other than (1) the U.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement, or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of "friendly nation" for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.

Note 9: For comparison with proposed section 103(d), see note 1.

【The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

【No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.】

SEC. 【108.】 408. The President shall make a report to Congress *not later than April 1 each year* with respect to the activities carried 【on】 out under this Act 【at least once each year and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold】 *during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its program to improve its production, storage, and distribution of agricultural commodities.*

[SEC. 109. No transactions shall be undertaken under authority of this title after December 31, 1966, except as required pursuant to agreements theretofore entered into pursuant to this title.]

Note 10: Compares with proposed section 409:

SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

TITLE II[FAMINE RELIEF AND OTHER ASSISTANCE]

SEC. 201. [In order to enable the President to furnish emergency assistance] *The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America [to friendly peoples in meeting] to meet famine or other urgent or extraordinary relief requirements[.]; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and to provide assistance for needy persons and nonprofit school lunch and preschool feeding programs outside the United States.* [the] The Commodity Credit Corporation shall make available to the President [out of its stocks] such [surplus] agricultural commodities [(as defined in section 106 of title I)] *determined to be available under section 401 as he may request*[, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government].

[SEC. 202. In order to facilitate the utilization of surplus agricultural commodities in meeting the require-

ments of needy peoples, and in order to promote economic and community development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided, That* **Except in the case of emergency**, the President shall take reasonable precaution to assure that **[such transfers]** commodities *furnished hereunder* will not displace or interfere with sales which might otherwise be made.

Note 11: Compares with a portion of proposed section 202, which reads in its entirety as follows:

SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize non-profit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

Note 12: Comparison with proposed section 204.

SEC. [203.] 204. Programs of assistance shall not be undertaken under this title during any calendar year [beginning January 1, 1965, and ending December 31,

NOTES

CHANGES IN EXISTING LAW

1966,] which call for [appropriations] *an appropriation* of more than [\$400,000,000] *\$600,000,000* to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken *under this title* in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation [in amounts] less than were authorized for such purpose during such preceding year [by this title as in effect during such preceding year]. [The President may make transfers through such agencies including intergovernmental organizations in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable.] *Sec. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by the Advisory Committee on Voluntary Foreign Aid. [Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended,] Sec. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay*

Note 13: Compares with a portion of proposed section 202, which is set out in its entirety in Note 11.

Note 14: Compares with proposed section 203.

with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from

United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad[**L**, may be paid from funds available to carry out this title on commodities transferred pursuant hereto to or donated under said section 416,**J**; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant **[hereto]** *thereto* **[**For donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790) may be paid from such funds**]**. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of *this Act* in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title **[**or under title III**]** are used to carry out **[more]** effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for,

Note 15: Compares with proposed section 204.

CHANGES IN EXISTING LAW

funds normally available for such purposes from other non-United States Government sources. [Funds required for ocean freight costs or for the purchase of foreign currencies authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.]

[SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1966.]

SEC. 205. *It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals.*

TITLE III [GENERAL PROVISIONS]

SEC. 301. * * *

SEC. 302. * * *

SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or ex-

NOTES

Note 16: Compares with proposed section 409. SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

Note 17: Section 301, which amended section 407 of the Agricultural Act of 1949, is not affected by H.R. 14929.

Note 18: Section 302, which revised section 416 of the Agricultural Act of 1949, is not changed (although such section 416 is amended elsewhere by H.R. 14929).

change agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Govern-

CHANGES IN EXISTING LAW

NOTES

ment procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

[SEC. 304. (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics or the Communist regime in China and with nations dominated or controlled by the Union of Soviet Socialist Republics or the Communist regime in China and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

[(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.]

SEC. [305.] 202. [All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended,] Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container [and insofar as practical] in the language of the locality where [such stocks] they are distributed as being furnished by the [People] people

Note 19: For a comparison of section 304 and proposed section 103(j) see note 2.

Note 20: Comparison is with a portion of proposed section 202 which is set out in its entirety in Note 11.

of the United States of America [and where available funds accruing under title I shall be used for this purpose].

[SEC. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February 1, 1960, and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed \$250,000,000 in any 12-month period beginning February 1 and ending January 31.

[(b) In carrying out such program, the Secretary shall—
 [(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

[(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

Note 21: This section authorizing the Secretary of Agriculture to establish a Food Stamp Plan to distribute surplus foods domestically to needy people was effective until January 1962. A new Food Stamp Act was enacted in 1964.

NOTES

CHANGES IN EXISTING LAW

[(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

[(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

[(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

[(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

[(c) The Secretary shall issue to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b)(1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be

determined by the Secretary under subsection (b) (3).

[(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this section shall be ineligible for further participation under this section.

[(e) Surplus foods to be distributed under this section shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under Section 32 of Public Law 320, 74th Congress.

[(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

[(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and

NOTES

CHANGES IN EXISTING LAW

other low-income groups not eligible to receive food stamps under this section.

[(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section.

[Sec. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act.

[Sec. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

[(to dispose of its stock of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States;

[(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soy-

beans without requiring the acquisition of such commodities under the price support program. Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.】

TITLE IV【—LONG-TERM SUPPLY CONTRACTS】

【Sec. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.】 Sec. 107. (a) It is also the 【purpose】 *policy* of 【this title】 *the Congress* to stimulate and 【increase】 *maximize* the sale of 【surplus】 *United States* agricultural commodities for dollars through 【long-term supply agreements and through the extension of credit for the purchase of such commodities, by agreements either with friendly nations or with】 the private trade【, thereby assisting the development of the economics of friendly nations and maximizing dollar trade】 *and to further the use of private enterprise to the maximum, thereby strengthening the develop-*

CHANGES IN EXISTING LAW

ment and expansion of foreign commercial markets for United States agricultural commodities.

【SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations, including financial institutions acting in behalf of such nations, under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.】

SEC. 101. *In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.* In furtherance of 【the purpose of maximizing dollar sales through the private trade】 *this policy*, the Secretary of Agriculture is authorized, *notwithstanding any other provision of law*, to enter into 【sales】 agreements with foreign and United States private trade 【under which he shall undertake to provide for the delivery】 *for financing the sale of 【surplus】 agricultural commodities for export over such periods of time and 【under the terms and conditions set forth in this title】 on such credit terms as the Secretary determines will accomplish the objectives of this section.* Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or

NOTES

Note 22: "This policy" means "maximizing dollar sales through the private trade", but is set out in the first sentence of proposed section 107 (shown here in conjunction with section 401 of existing law). The balance of proposed section 107 is set out here in conjunction with existing section 402.

which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into [hereunder with the private trade] under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment [of the amount due for agricultural commodities sold pursuant to such agreement]. *The provisions of this Act shall be applicable to the extent practicable to sales under this section in the same manner as they are applicable to other sales under this Act, except that actions required to be taken by the President with respect to other sales may be taken by the Secretary with respect to sales under this section. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.*

SEC. [403] 106. [Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery](a) *Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit.*

Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not

CHANGES IN EXISTING LAW

NOTES

less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement, but this shall not preclude subsequent amendment of the sales agreement by mutual agreement.

[SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

[SEC. 405. In the case of such agreements, the Secretary may enter into agreements with other friendly and historic supply nations of such commodities for their participation

Note 23: The direction to avoid displacing cash dollar sales is contained in proposed section 107(b), but is applicable there only to private trade sales.

Note 24: The proposed new sections corresponding to existing sections 101 (b) and (c), 102, 103(a), 106, 107, and 108 are applicable to dollar credit sales.

in the supply and assistance program herein authorized on a proportionate and equitable basis.

[SEC. 406. In carrying out this title, the provisions of sections 101 (b) and (c), 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.]

SEC. 109. (a) *Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:*

(1) *devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;*

(2) *development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;*

(3) *training and instructing farmers in agricultural methods and techniques;*

(4) *constructing adequate storage facilities;*

(5) *improving marketing and distribution systems;*

(6) *creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;*

(7) *establishing and maintaining Government policies to insure adequate incentives to producers;*

(8) *establishing and expanding institutions for adoptive agriculture research; and*

(9) *allocating for these purposes sufficient national budgetary and foreign exchange resources (including*

NOTES

CHANGES IN EXISTING LAW

those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the

Secretary of Agriculture is authorized, notwithstanding any other provision of law—

(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of

CHANGES IN EXISTING LAW

such agencies: *Provided, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;*

(6) *To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and*

(7) *To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).*

(b) *There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.*

Sec. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act.

NOTES

Note 25: Section 620(e) of the Foreign Assistance Act of 1961 provides as follows:

SEC. 620. Prohibitions Against Furnishing Assistance—
* * *

(e)(1) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(A) has nationalized or expropriated or seized ownership or control of property owned by any United

States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(B) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(C) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

NOTES

Upon request of the President (within seventy days after such action referred to in subparagraphs (A), (B), or (C) of paragraph (1) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(2) Notwithstanding any other provision of law, no court in the United States shall decline on the ground of the federal act of state doctrine to make a determination on the merits giving effect to the principles of international law in a case in which a claim or title or other right to property is asserted by any party including a foreign state (or a party claiming through such state) based upon (or traced through) a confiscation or other taking after January 1, 1959, by an act of that state in violation of the principles of international law, including the principles of compensation and the other standards set out in this subsection: *Provided*, That this subpara-

graph shall not be applicable (1) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right to property acquired pursuant to an irrevocable letter of credit of not more than 180 days duration issued in good faith prior to the time of the confiscation or other taking, or (2) in any case with respect to which the President determines that application of the act of state doctrine is required in that particular case by the foreign policy interests of the United States and a suggestion to this effect is filed on his behalf in that case with the court.

ACT OF SEPTEMBER 6, 1958 (PUBLIC LAW 85-931)

* * *

Sec. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply *in the same manner as any other agricultural commodity or product is made available*, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act [Provided, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products].

NOTES

CHANGES IN EXISTING LAW

SEC. 9. Notwithstanding any other provision of law **[(1)]** those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431) **[-]**; and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949**]**.

FOOD AND AGRICULTURE ACT OF 1965

* * *
 SEC. 709. The Secretary of Agriculture is hereby authorized to use funds of the Commodity Credit Corporation to purchase sufficient supplies of dairy products at market prices to meet the requirements of any programs for the schools (other than fluid milk in the case of schools), domestic relief distribution, community action, [foreign distribution,] and such other programs as are authorized by law, when there are insufficient stocks of dairy products in the hands of Commodity Credit Corporation available for these purposes.

AGRICULTURAL ACT OF 1949

* * *
 SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable non-basic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable non-basic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable

CHANGES IN EXISTING LAW

carrying charges: *Provided*, That effective with the beginning of the marketing year for the 1961 crop, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 per centum above the current support price for cotton plus reasonable carrying charges, except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of section 342 of the Agricultural Adjustment Act of 1938, as amended: *Provided further*, That beginning August 1, 1964, the Commodity Credit Corporation may sell upland cotton for unrestricted use at not less than 105 per centum of the current loan rate for such cotton under section 103(a) plus reasonable carrying charges: *Provided*, That if a wheat marketing allocation program is in effect, the current support price for wheat shall be the support price for wheat accompanied by marketing certificate and wheat sold shall be accompanied by a marketing certificate.

[Sec. 204 of Pub. L. 88-297, 78 Stat. 183, approved April 11, 1964, as amended, provides that effective only with respect to the marketing years beginning in the calendar years 1964 through 1969, the preceding proviso is amended to read as follows: "*Provided further*, That if a wheat marketing allocation program is in effect, the cur-

rent support price for wheat shall be the support price for wheat not accompanied by marketing certificates."']

: Provided, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 120 per centum of the current price support loan plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States

CHANGES IN EXISTING LAW

NOTES

including the Virgin Islands declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U.S.C. 1855) and shall make feed owned or controlled by it available at any price not less than 75 per centum of the current basic county support rate for such feed including the value of any applicable price support payment in kind (or a comparable price if there is no current basic county support rate) for assistance in the preservation and maintenance of foundation herds of cattle (including producing dairy cattle), sheep, and goats, and their offspring, in any area of the United States including the Virgin Islands where, because of flood, drought, fire, hurricane, earthquake, storm, disease, insect infestation, or other catastrophe in such areas, the Secretary determines that an emergency exists which warrants such assistance, such feed to be made available only to persons who do not have, and are unable to obtain through normal channels of trade without undue financial hardship, sufficient feed for such livestock: *Provided*, That the Secretary may provide for the furnishing of feed or mixed feed, in accordance with regulations prescribed by him, to such persons

by feed dealers under an arrangement whereby the feed grains (or other feed being sold by the Corporation) in the feed so furnished would be replaced with feed owned or controlled by the Corporation and sold to such persons at a price determined as provided above. Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State or other area. Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities. For the purposes of this section, sales for export shall not only include sales made on condition that the identical commodities sold be exported, but shall also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form. Notwith-

NOTES

CHANGES IN EXISTING LAW

standing the foregoing, whenever prior to December 31, 1963, the Secretary determines it necessary in order to assure the Nation an adequate supply of milk free of contamination by radioactive fallout, he may make feed owned or controlled by the Commodity Credit Corporation available to producers of milk in any area or areas of the United States at such prices and on such terms and conditions as he deems appropriate in the public interest. Notwithstanding any other provision of this section, for the period August 1, 1966, through July 31, 1970, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 110 per centum of the loan rate, and (2) the Commodity Credit Corporation shall sell or make available for unrestricted use at current market prices in each marketing year a quantity of upland cotton equal to the amount by which the production of upland cotton is less than the estimated requirements for domestic use and for export for such marketing year. The Secretary may make such estimates and adjustments therein at such times as he determines will best effectuate the provisions of part (2) of the foregoing sentence and such quantities of cotton as are required to be sold under such sentence shall be offered for sale in an orderly manner and so as not to affect market prices unduly.

SEC. 416. In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and international governmental organizations for use in the assistance of

NOTES

CHANGES IN EXISTING LAW

needy persons and in nonprofit school lunch programs outside the United States]. In the case of (3) [and (4) above] the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) [and (4) above]. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency[, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States]. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the great-

Note 26: Proposed section 202 of P.L. 480, 83d Cong., under which future foreign relief donations would be made contains the following sentence:

The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.

est extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States. [The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.]

○

Calendar No. 1493

89TH CONGRESS
2D SESSION

H. R. 14929

[Report. No. 1527]

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1966

Read twice and referred to the Committee on Agriculture and Forestry

AUGUST 25, 1966

Reported by Mr. ELLENDER, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Food for Freedom Act
4 of 1966”.

5 SEC. 2. The Agricultural Trade Development and As-
6 sistance Act of 1954, as amended, is amended—

7 ~~(A)~~ By amending section 2 to read as follows:

8 “SEC. 2. The Congress hereby declares it to be the
9 policy of the United States to expand international trade;
10 to develop and expand export markets for United States

1 agricultural commodities; to use the abundant agricultural
2 productivity of the United States to combat hunger and mal-
3 nutrition and to encourage economic development in the
4 developing countries, with particular emphasis on assistance
5 to those countries that are determined to improve their own
6 agricultural production; and to promote in other ways the
7 foreign policy of the United States."

8 ~~(B) By amending title I to read as follows:~~

9 ~~"TITLE I~~

10 “SEC. 101. In order to carry out the policies and accom-
11 plish the objectives set forth in section 2 of this Act, the
12 President is authorized to negotiate and carry out agree-
13 ments with friendly countries to provide for the sale of
14 agricultural commodities for dollars on credit terms or for
15 foreign currencies.

16 “SEC. 102. For the purpose of carrying out agreements
17 concluded under this Act the Commodity Credit Corporation
18 is authorized to finance the sale and exportation of agricul-
19 tural commodities whether from private stocks or from stocks
20 of the Commodity Credit Corporation.

21 “SEC. 103. In exercising the authorities conferred upon
22 him by this title, the President shall—

23 “(a) take into account efforts of friendly countries
24 to help themselves toward a greater degree of self-
25 reliance, especially in providing enough food to meet

1 the needs of their people, their activities related to
2 the problems of population growth, and the resources
3 required to attain such objectives;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars at
6 a rate whereby the transition can be completed by
7 December 31, 1971: *Provided*, That provision may be
8 included in any agreement for payment in foreign cur-
9 rencies to the extent that the President determines that
10 such currencies are needed for the purpose of subsections
11 (a), (b), (c), (e), and (h) of section 104;

12 “(c) take reasonable precautions to safeguard usual
13 marketings of the United States and to assure that sales
14 under this title will not unduly disrupt world prices of
15 agricultural commodities or normal patterns of commer-
16 cial trade with friendly countries;

17 “(d) makes sales agreements only with those coun-
18 tries which he determines to be friendly to the United
19 States: *Provided*, That the President shall periodically
20 review the status of those countries which are eligible
21 under this subsection and report the results of such re-
22 view to the Congress. As used in this Act, ‘friendly
23 country’ shall not include (1) any country or area
24 dominated or controlled by a foreign government or
25 organization controlling a world Communist movement;

1 or (2) for the purpose only of sales of agricultural
2 commodities for foreign currencies under title I of this
3 Act, any country or area dominated by a Communist
4 government, or (3) for the purpose only of sales of
5 agricultural commodities under title I of this Act any
6 nation which sells or furnishes or permits ships or aircraft
7 under its registry to transport to or from Cuba or
8 North Vietnam (excluding United States installations in
9 Cuba) any equipment, materials, or commodities, so long
10 as they are governed by a Communist regime, or (4)
11 for the purposes only of sales under title I of this Act
12 the United Arab Republic, unless the President deter-
13 mines that such sale is in the national interest of the
14 United States. No sales to the United Arab Republic
15 shall be based upon the requirements of that nation for
16 more than one fiscal year. The President shall keep the
17 President of the Senate and the Speaker of the House of
18 Representatives fully and currently informed with re-
19 spect to sales made to the United Arab Republic under
20 title I of this Act. Notwithstanding any other
21 Act, the President may enter into agreements for
22 the sale of agricultural commodities for dollars on
23 credit terms under title I of this Act with coun-
24 tries which fall within the definition of 'friendly country'
25 for the purpose of such sales and no sales under this Act

1 shall be made with any country if the President finds
2 such country is (a) an aggressor, in a military sense,
3 against any country having diplomatic relations with the
4 United States, or (b) using funds, of any sort, from the
5 United States for purposes inimical to the foreign policies
6 of the United States;

7 “(c) take appropriate steps to assure that private
8 trade channels are used to the maximum extent practi-
9 cable both with respect to sales from privately owned
10 stocks and with respect to sales from stocks owned by
11 the Commodity Credit Corporation and that small busi-
12 ness has adequate and fair opportunity to participate in
13 sales made under the authority of this Act;

14 “(f) give special consideration to the development
15 and expansion of foreign markets for United States agri-
16 cultural commodities with appropriate emphasis on
17 more adequate storage, handling, and food distribution
18 facilities as well as long-term development of new and
19 expanding markets by encouraging economic growth;

20 “(g) obtain commitments from purchasing coun-
21 tries that will prevent resale or transshipment to other
22 countries, or use for other than domestic purposes, of
23 agricultural commodities purchased under this title, with-
24 out specific approval of the President;

25 “(h) obtain rates of exchange applicable to the sale

1 of commodities under such agreements which are not less
2 favorable than the highest of exchange rates legally ob-
3 tainable in the respective countries by any nation which
4 would not discriminate against commodities sold under
5 this Act;

6 “(i) promote progress toward assurance of an ade-
7 quate food supply by encouraging countries with which
8 agreements are made to give higher emphasis to the pro-
9 duction of food crops than to the production of such
10 nonfood crops as are in world surplus;

11 “(j) exercise the authority contained in title I of
12 this Act to assist friendly countries to be independent of
13 domination or control by any world Communist move-
14 ment. Nothing in this Act shall be construed as author-
15 izing sales agreements under title I with any gov-
16 ernment or organization controlling a world Com-
17 munist movement or with any country with which the
18 United States does not have diplomatic relations;

19 “(k) whenever practicable require upon delivery
20 that not less than 5 per centum of the purchase price
21 of any agricultural commodities sold under title I of this
22 Act be payable in dollars or in the types or kinds of
23 currencies which can be converted into dollars;

24 “(l) obtain commitments from friendly purchasing
25 countries that will insure, insofar as practicable, that

1 food commodities sold for foreign currencies under title
2 I of this Act shall be marked or identified at point of
3 distribution or sale as being provided on a concessional
4 basis to the recipient government through the generosity
5 of the people of the United States of America.

6 "SEC. 104. Notwithstanding any other provision of law,
7 the President may use or enter into agreements with foreign
8 countries or international organizations to use the foreign
9 currencies, including principal and interest from loan repay-
10 ments, which accrue in connection with sales for foreign
11 currencies under this title for one or more of the following
12 purposes:

13 "(a) For payment of United States obligations (in-
14 cluding obligations entered into pursuant to other legis-
15 lation);

16 "(b) For carrying out programs of United States
17 Government agencies to—

18 (1) help develop new markets for United States
19 agricultural commodities on a mutually benefiting
20 basis. From sale proceeds and loan repayments un-
21 der this title not less than the equivalent of 5 per
22 centum of the total sales made each year under this
23 title shall be set aside in the amounts and kinds of
24 foreign currencies specified by the Secretary of
25 Agriculture and made available in advance for use

1 as provided by this paragraph over such period of
2 years as the Secretary of Agriculture determines
3 will most effectively carry out the purpose of this
4 subsection: *Provided*, That the Secretary of Agri-
5 culture may release such amounts of the foreign
6 currencies as set aside as he determines not to be
7 needed, within a reasonable period of time, for such
8 purposes. Provision shall be made in sale and loan
9 agreements for the convertibility of such amount
10 of the proceeds thereof (not less than 2 per centum)
11 as the Secretary of Agriculture determines to be
12 needed to carry out the purpose of this paragraph
13 in those countries which are or offer reasonable
14 potential of becoming dollar markets for United
15 States agricultural commodities. Such sums shall
16 be converted into the types and kinds of foreign
17 currencies as the Secretary deems necessary to carry
18 out the provisions of this paragraph and such sums
19 shall be deposited to a special Treasury account and
20 shall not be made available or expended except for
21 carrying out the provisions of this paragraph. Not-
22 withstanding any other provision of law, if sufficient
23 foreign currencies for carrying out the purposes of
24 this paragraph in such countries are not otherwise
25 available, the Secretary of Agriculture is authorized

1 and directed to enter into agreements with such
2 countries for the sale of agricultural commodities in
3 such amounts as the Secretary of Agriculture deter-
4 mines to be adequate and for the use of the proceeds
5 to carry out the purpose of this paragraph. In
6 carrying out agricultural market development activi-
7 ties, nonprofit agricultural trade organizations shall
8 be utilized to the maximum extent practicable. The
9 purpose of this paragraph shall include such repre-
10 sentation of agricultural industries as may be re-
11 quired during the course of discussions on trade
12 programs relating either to individual commodities
13 or groups of commodities;

14 “~~(2)~~ finance international educational and cul-
15 tural exchange activities under the programs au-
16 thorized by the Mutual Educational and Cultural
17 Exchange Act of 1961 (~~22 U.S.C. 2451 et seq.~~);

18 “~~(3)~~ collect, collate, translate, abstract, and
19 disseminate scientific and technological information
20 and conduct research and support scientific activities
21 overseas including programs and projects of scien-
22 tific cooperation between the United States and
23 other countries such as coordinated research against
24 diseases common to all of mankind or unique to indi-

vidual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

“(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

“(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the

1 deposit thereof in libraries and research centers in
2 the United States specializing in the areas to which
3 they relate;

4 “(c) To procure equipment, materials, facilities,
5 and services for the common defense including internal
6 security;

7 “(d) For assistance to meet emergency or extraor-
8 dinary relief requirements;

9 “(e) For use to the maximum extent under the
10 procedures established by such agency as the President
11 shall designate for loans to United States business firms
12 ~~(including cooperatives)~~ and branches, subsidiaries, or
13 affiliates of such firms for business development and trade
14 expansion in such countries, including loans for private
15 home construction, and for loans to domestic or foreign
16 firms ~~(including cooperatives)~~ for the establishment of
17 facilities for aiding in the utilization, distribution, or
18 otherwise increasing the consumption of, and markets
19 for, United States agricultural products: *Provided, how-*
20 *ever,* That no such loans shall be made for the manufac-
21 ture of any products intended to be exported to the
22 United States in competition with products produced in
23 the United States and due consideration shall be given
24 to the continued expansion of markets for United States
25 agricultural commodities or the products thereof. For-

1 eign currencies may be accepted in repayment of such
2 loans;

3 “(f) To promote multilateral trade and agricul-
4 tural and other economic development, under proce-
5 dures established by the President, by loans or by use
6 in any other manner which the President may determine
7 to be in the national interest of the United States,
8 particularly to assist programs of recipient countries
9 designed to promote, increase, or improve food produc-
10 tion, processing, distribution, or marketing in food-
11 deficit countries friendly to the United States, for which
12 purpose the President may utilize to the extent prae-
13 ticable the services of nonprofit voluntary agencies
14 registered with and approved by the Advisory Com-
15 mittee on Voluntary Foreign Aid: *Provided*, That no
16 such funds may be utilized to promote religious
17 activities;

18 “(g) For the purchase of goods or services for other
19 friendly countries;

20 “(h) For financing, at the request of such country,
21 programs emphasizing maternal welfare, child health
22 and nutrition, and activities, where participation is vol-
23 untary, related to the problems of population growth,
24 under procedures established by the President through
25 any agency of the United States, or through any local

1 agency which he determines is qualified to administer
2 such activities;

3 “(i) for paying, to the maximum extent practicable,
4 the costs outside the United States of carrying out the
5 program authorized in section 406 of this Act; and

6 “(j) For sale for dollars to United States citizens
7 and nonprofit organizations for travel or other purposes
8 of currencies determined to be in excess of the needs of
9 departments and agencies of the United States for such
10 currencies. The United States dollars received from the
11 sale of such foreign currencies shall be deposited to the
12 account of Commodity Credit Corporation: *Provided,*
13 That section 1415 of the Supplemental Appropriation
14 Act, 1953, shall apply to currencies used for the pur-
15 poses specified in subsections (a) and (b).

16 “SEC. 105. Foreign currencies received pursuant to this
17 Act shall be deposited in a special account to the credit of
18 the United States and shall be used only pursuant to section
19 104, and any department or agency of the Government using
20 any of such currencies for a purpose for which funds have
21 been appropriated shall reimburse the Commodity Credit
22 Corporation in an amount equivalent to the dollar value of
23 the currencies used. The President shall utilize foreign
24 currencies received pursuant to this Act in such manner as

1 will, to the maximum extent possible, reduce any deficit in
2 the balance of payments of the United States.

3 “SEC. 106. Payment by any friendly country for com-
4 modities purchased for dollars on credit shall be upon terms
5 as favorable to the United States as the economy of such
6 country will permit. In any event such agreement shall be
7 no less favorable to the United States than for development
8 loans made under section 201 of the Foreign Assistance Act
9 of 1961, as amended.

10 “SEC. 107. (a) It is also the policy of the Congress to
11 stimulate and maximize the sale of United States agricul-
12 tural commodities for dollars through the private trade and
13 to further the use of private enterprise to the maximum;
14 thereby strengthening the development and expansion of
15 foreign commercial markets for United States agricultural
16 commodities. In furtherance of this policy, the Secretary of
17 Agriculture is authorized, notwithstanding any other pro-
18 vision of law, to enter into agreements with foreign and
19 United States private trade for financing the sale of agricul-
20 tural commodities for export over such periods of time and
21 on such credit terms as the Secretary determines will accom-
22 plish the objectives of this section. Any agreement entered
23 into under this section shall provide for the development and
24 execution of projects which will result in the establishment
25 of facilities designed to improve the storage or marketing

1 of agricultural commodities, or which will otherwise stimu-
2 late and expand private economic enterprise in any friendly
3 country. Any agreement entered into under this section
4 shall also provide for the furnishing of such security as the
5 Secretary determines necessary to provide reasonable and
6 adequate assurance of payment of the purchase price in
7 dollars with interest at a rate which will as nearly as prac-
8 ticable be equivalent to the average cost of funds to the
9 United States Treasury, as determined by the Secretary of
10 the Treasury, on outstanding marketable obligations of the
11 United States having maturities comparable to maturities
12 of credits extended under this section. In no event shall
13 the rate of interest be less than the minimum rate, or the
14 term of credit longer than the maximum term, authorized in
15 section 106. In carrying out this Act, the authority pro-
16 vided in this section for making dollar sales shall be used
17 to the maximum extent practicable.

18 “(b) In carrying out the provisions of this section,
19 the Secretary shall take reasonable precautions to avoid
20 displacing any sales of United States agricultural commod-
21 ities which the Secretary finds and determines would other-
22 wise be made for cash dollars.

23 “(c) The Secretary shall obtain commitments from
24 purchasers that will prevent resale or transshipment to other

1 countries, or use for other than domestic purposes, of agri-
2 cultural commodities purchased under this section.

3 “(d) In carrying out this Act, the provisions of sections
4 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108,
5 402, 403, 407, 408, and 409 shall be applicable to sales
6 under this section. Sections 102 and 403 shall also be ap-
7 plicable to sales made under the Commodity Credit Corpora-
8 tion export credit sales program.

9 “SEC. 108. The Commodity Credit Corporation may
10 bear the cost of ocean transportation incurred pursuant to
11 agreements entered into hereunder only to the extent that
12 such charges are higher (than would otherwise be the case)-
13 by reason of a requirement that the commodities be trans-
14 ported in United States-flag vessels. The balance of such
15 charges for transportation in United States vessels shall be
16 required to be paid in dollars by the nations or organizations
17 with whom the international agreement is entered into, and
18 dollar credit terms may be extended therefor on the same
19 terms as those provided in section 106 for dollar credit sales.

20 “SEC. 109. Before entering into agreements with de-
21 veloping countries for the sale of United States agricultural
22 commodities on whatever terms, the President shall consider
23 the extent to which the recipient country is undertaking
24 wherever practicable self-help measures to increase per capita

1 production and improve the means for storage and distribu-
2 tion of agricultural commodities, including:

3 “(1) devoting land resources to the production of
4 needed food rather than to the production of nonfood
5 crops—especially nonfood crops in world surplus;

6 “(2) development of the agricultural chemical,
7 farm machinery and equipment, transportation and other
8 necessary industries through private enterprise;

9 “(3) training and instructing farmers in agricul-
10 tural methods and techniques;

11 “(4) constructing adequate storage facilities;

12 “(5) improving marketing and distribution systems;

13 “(6) creating a favorable environment for private
14 enterprise and investment, both domestic and foreign,
15 and utilizing available technical know-how;

16 “(7) establishing and maintaining Government
17 policies to insure adequate incentives to producers; and

18 “(8) allocating for these purposes sufficient national
19 budgetary and foreign exchange resources (including
20 those supplied by bilateral, multilateral and consortium
21 aid programs) and local currency resources (resulting
22 from loans or grants to recipient governments of the pro-
23 ceeds of local currency sales): *Provided*, That notwith-

standing any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations; not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (c), and (j) shall be allocated for the self-help measures set forth in this section.

“SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in any amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years.”

(C) By amending title II to read as follows:

“TITLE II

“SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and to provide assistance for needy persons and

1 for nonprofit school lunch and preschool feeding programs
2 outside the United States. The Commodity Credit Corpora-
3 tion shall make available to the President such agricultural
4 commodities determined to be available under section 401
5 as he may request.

6 "SEC. 202. The President may furnish commodities for
7 the purposes set forth in section 201 through such friendly
8 governments and such agencies, private or public, includ-
9 ing intergovernmental organizations such as the world food
10 program and other multilateral organizations in such manner
11 and upon such terms and conditions as he deems appropriate.
12 The President shall, to the extent practicable, utilize non-
13 profit voluntary agencies registered with, and approved by
14 the Advisory Committee on Voluntary Foreign Aid. Inso-
15 far as practicable, all commodities furnished hereunder shall
16 be clearly identified by appropriate marking on each package
17 or container in the language of the locality where they are
18 distributed as being furnished by the people of the United
19 States of America. The assistance to needy persons shall
20 insofar as practicable be directed toward community and
21 other self-help activities designed to alleviate the causes
22 of the need for such assistance. Except in the case of emer-
23 gency, the President shall take reasonable precaution to
24 assure that commodities furnished hereunder will not dis-
25 place or interfere with sales which might otherwise be made.

1 “SEC. 203. The Commodity Credit Corporation may,
2 in addition to the cost of acquisition, pay with respect to
3 commodities made available under this title costs for pack-
4 aging, enrichment, preservation, and fortification; processing,
5 transportation, handling, and other incidental costs up to the
6 time of their delivery free on board vessels in United States
7 ports; ocean freight charges from United States ports to desig-
8 nated ports of entry abroad; or, in the case of landlocked coun-
9 tries, transportation from United States ports to designated
10 points of entry abroad; and charges for general average con-
11 tributions arising out of the ocean transport of commodities
12 transferred pursuant thereto.

13 “SEC. 204. Programs of assistance shall not be under-
14 taken under this title during any calendar year which call
15 for an appropriation of more than \$800,000,000 to reim-
16 burse the Commodity Credit Corporation for all costs in-
17 curred in connection with such programs (including the
18 Corporation's investment in commodities made available)-
19 plus any amount by which programs of assistance undertaken
20 in the preceding calendar year have called or will call for
21 appropriations to reimburse the Commodity Credit Corpora-
22 tion less than were authorized for such purpose during such
23 preceding year. In addition to other funds available for
24 such purposes under any other Act, funds made available
25 under this title may be used in an amount not exceeding

1 \$7,500,000 annually to purchase foreign currencies accruing
2 under title I of this Act in order to meet costs (except the
3 personnel and administrative costs of cooperating sponsors,
4 distributing agencies, and recipient agencies, and the costs
5 of construction or maintenance of any church owned or
6 operated edifice or any other edifices to be used for sectarian
7 purposes) designed to assure that commodities made avail-
8 able under this title are used to carry out effectively the
9 purposes for which such commodities are made available or
10 to promote community and other self-help activities designed
11 to alleviate the causes of the need for such assistance: *Pro-*
12 *vided, however,* That such funds shall be used only to supple-
13 ment and not substitute for funds normally available for such
14 purposes from other non-United States Government sources.”

15 ~~(D)~~ By changing the designation “TITLE III—GEN-
16 ERAL PROVISIONS” to “TITLE III” and by striking
17 out sections 304, 305, 306, 307, and 308.

18 ~~(E)~~ By amending title IV to read as follows:

19 “TITLE IV

20 “SEC. 401. After consulting with other agencies of the
21 Government affected and within policies laid down by the
22 President for implementing this Act, and after taking into
23 account productive capacity, domestic requirements, farm
24 and consumer price levels, commercial exports, and adequate

1 carryover, the Secretary of Agriculture shall determine the
2 agricultural commodities and quantities thereof available for
3 disposition under this Act, and the commodities and quan-
4 tities thereof which may be included in the negotiations with
5 each country.

6 "SEC. 402. The term 'agricultural commodity' as used
7 in this Act shall include any product of an agricultural com-
8 modity. Subject to the availability of appropriations there-
9 for, any domestically produced fishery product may be made
10 available under this Act.

11 "SEC. 403. There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out this Act
13 including such amounts as may be required to make pay-
14 ments to the Commodity Credit Corporation, to the extent
15 the Commodity Credit Corporation is not reimbursed under
16 sections 104(j) and 105, for its actual costs incurred or to
17 be incurred.

18 "SEC. 404. The programs of assistance undertaken pur-
19 suant to this Act shall be directed toward the attainment of
20 the humanitarian objectives and national interest of the
21 United States.

22 "SEC. 405. The authority and funds provided by this
23 Act shall be utilized in a manner that will assist friendly
24 countries that are determined to help themselves toward a
25 greater degree of self-reliance in providing enough food to

1 meet the needs of their people and in resolving their prob-
2 lems relative to population growth.

3 "SEC. 406. (a) In order to further assist friendly de-
4 veloping countries to become self-sufficient in food produc-
5 tion, the Secretary of Agriculture is authorized, notwith-
6 standing any other provision of law—

7 "(1) To establish and administer through existing agen-
8 cies of the Department of Agriculture a program of farmer-
9 to-farmer assistance between the United States and such
10 countries to help farmers in such countries in the practical
11 aspects of increasing food production and distribution and
12 improving the effectiveness of their farming operations:

13 "(2) To enter into contracts or other cooperative agree-
14 ments with, or make grants to, land-grant colleges and uni-
15 versities and other institutions of higher learning in the
16 United States to recruit persons who by reason of training,
17 education, or practical experience are knowledgeable in the
18 practical arts and sciences of agriculture and home economics;
19 and to train such persons in the practical techniques of trans-
20 mitting to farmers in such countries improved practices in
21 agriculture, and to participate in carrying out the program in
22 such countries including, where desirable, additional courses
23 for training or retraining in such countries;

24 "(3) To consult and cooperate with private non-profit
25 farm organizations in the exchange of farm youth and farm

1 leaders with developing countries and in the training of
2 farmers of such developing countries within the United States
3 or abroad;

4 “(4) To conduct research in tropical and subtropical
5 agriculture for the improvement and development of tropical
6 and subtropical food products for dissemination and cultiva-
7 tion in friendly countries;

8 “(5) To coordinate the program authorized in this sec-
9 tion with the activities of the Peace Corps, the Agency for
10 International Development, and other agencies of the United
11 States and to assign, upon agreement with such agencies,
12 such persons to work with and under the administration of
13 such agencies: *Provided*, That nothing in this section shall
14 be construed to infringe upon the powers or functions of the
15 Secretary of State;

16 “(6) To establish by such rules and regulations as he
17 deems necessary the conditions for eligibility and retention
18 in and dismissal from the program established in this section,
19 together with the terms, length and nature of service, com-
20 pensation, employee status, oaths of office, and security clear-
21 ances, and such persons shall be entitled to the benefits and
22 subject to the responsibilities applicable to persons serving
23 in the Peace Corps pursuant to the provisions of section 612,
24 volume 75 of the Statutes at Large, as amended; and

25 “(7) To the maximum extent practicable, to pay the

1 costs of such program through the use of foreign currencies
2 accruing from the sale of agricultural commodities under this
3 Act, as provided in section 104(i).

4 “(b) There are hereby authorized to be appropriated
5 not to exceed \$33,000,000 during any fiscal year for the
6 purpose of carrying out the provisions of this section.

7 “SEC. 407. There is hereby established an advisory
8 committee composed of the Secretary of Agriculture, the
9 Director of the Bureau of the Budget, the Administrator of
10 the Agency for International Development, the chairman,
11 the vice chairman and the two ranking minority members
12 of the House Committee on Agriculture, and the chairman,
13 the next ranking majority member and the two ranking
14 minority members of the Senate Committee on Agriculture
15 and Forestry. The advisory committee shall survey the
16 general policies relating to the administration of the Act,
17 including the manner of implementing the self-help provi-
18 sions, the uses to be made of foreign currencies which accrue
19 in connection with sales for foreign currencies under title I,
20 the amount of currencies to be reserved in sales agreements
21 for loans to private industry under section 104(e), rates of
22 exchange, interest rates, and the terms under which dollar
23 credit sales are made, and shall advise the President with
24 respect thereto.

1 “SEC. 408. The President shall make a report to Con-
2 gress with respect to the activities carried out under this
3 Act at least once each year.

4 “SEC. 409. No agreements to finance sales under title
5 I and no programs of assistance under title II shall be
6 entered into after December 31, 1968.

7 “SEC. 410. The provisions of section 620(e) of the
8 Foreign Assistance Act of 1961, as amended (referring to
9 nationalization, expropriation, and related governmental Acts
10 affecting property owned by United States citizens), shall be
11 applicable to assistance provided under title I of this Act.”

12 SEC. 3. (a) Section 9 of the Act of September 6, 1958
13 (7 U.S.C. 1431b), is amended, effective January 1, 1967,
14 by deleting the symbol “(1)”, by changing the semicolon
15 to a period and by striking out all of the language in the
16 section after the semicolon.

17 (b) Section 709 of the Food and Agriculture Act of
18 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
19 1967, by striking out “foreign distribution”.

20 (c) Section 416 of the Agricultural Act of 1949, as
21 amended (7 U.S.C. 1431), is amended, effective January 1,
22 1967, by striking out the following: “and (4) to donate any
23 such food commodities in excess of anticipated disposition
24 under (1), (2), and (3) above to nonprofit voluntary
25 agencies registered with the Committee on Voluntary For-

1 eign Aid of the Foreign Operations Administration or other
 2 appropriate department or agency of the Federal Govern-
 3 ment and intergovernmental organizations for use in the
 4 assistance of needy persons and in nonprofit school lunch
 5 programs outside the United States"; and "and (4) above";
 6 "~~in the case of commodities made available for use within~~
 7 ~~the United States, or their delivery free alongside ship or~~
 8 ~~free on board export carrier at point of export, in the case of~~
 9 ~~commodities made available for outside the United States";~~
 10 and "The assistance to needy persons provided in (4) above
 11 shall, insofar as practicable be directed toward community
 12 and other self-help activities designed to alleviate the causes
 13 of the need for such assistance."

14 ~~(d) Section 8 of Public Law 85-931 (72 Stat. 1792)~~
 15 ~~is amended by amending the proviso to read as follows:~~
 16 ~~"Provided, That only those products may be financed in~~
 17 ~~which the raw cotton content accounts for a substantial por-~~
 18 ~~tion of the sales price."~~

19 ~~(e)(1) Notwithstanding any other provision of law, in~~
 20 ~~order to assure a continuous and adequate and stable supply~~
 21 ~~of food and fiber to meet all domestic and export require-~~
 22 ~~ments at fair and reasonable prices, the Secretary shall in the~~
 23 ~~formulation of any voluntary adjustment program for any~~
 24 ~~such commodity provide for the production of an adequate~~
 25 ~~supply of such commodity. Such production shall be not less~~

1 than that needed to assure that at the end of the marketing
 2 year the carryover of such commodity will not be less than
 3 25 per centum of the total estimated requirements for such
 4 marketing year.

5 (2) Section 407 of the Agriculture Act of 1949, as
 6 amended, is amended by striking the period at the end of the
 7 third sentence thereof and adding the following: “: *Provided,*
 8 That whenever the Secretary of Agriculture determines that
 9 the carryover at the end of any marketing year of a price
 10 supported agricultural commodity for which a voluntary ad-
 11 justment program is in effect will be less than 25 per centum
 12 of the estimated export and domestic consumption of such
 13 commodity during such marketing year, the Commodity
 14 Credit Corporation shall not sell any of its stocks of such
 15 commodity during such year for unrestricted use at less than
 16 115 per centum of the current price support loan plus reason-
 17 able carrying charges.”

18 SEC. 4. The amendments made by this Act shall take
 19 effect as of January 1, 1967.

20 That this Act may be cited as the “Food for Peace Act of
 21 1966”.

22 SEC. 2. The Agricultural Trade Development and As-
 23 sistance Act of 1954, as amended, is amended—

24 (A) By amending section 2 to read as follows:

25 “SEC. 2. The Congress hereby declares it to be the

1 *policy of the United States to expand international trade;*
2 *to develop and expand export markets for United States*
3 *agricultural commodities; to use the abundant agricultural*
4 *productivity of the United States to combat hunger and mal-*
5 *nutrition and to encourage economic development in the*
6 *developing countries, with particular emphasis on assistance*
7 *to those countries that are determined to improve their own*
8 *agricultural production; and to promote in other ways the*
9 *foreign policy of the United States.”*

10 *(B) By amending title I to read as follows:*

11 *“TITLE I*

12 *“SEC. 101. In order to carry out the policies and accom-*
13 *plish the objectives set forth in section 2 of this Act, the*
14 *President is authorized to negotiate and carry out agree-*
15 *ments with friendly countries to provide for the sale of*
16 *agricultural commodities for dollars on credit terms or for*
17 *foreign currencies.*

18 *“SEC. 102. For the purpose of carrying out agreements*
19 *concluded under this Act the Commodity Credit Corporation*
20 *is authorized to finance the sale and exportation of agricul-*
21 *tural commodities whether from private stocks or from stocks*
22 *of the Commodity Credit Corporation.*

23 *“SEC. 103. In exercising the authorities conferred upon*
24 *him by this title, the President shall—*

25 *“(a) take into account efforts of friendly countries*

1 to help themselves toward a greater degree of self-
2 reliance, including efforts to meet their problems of food
3 production and population growth;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars (or
6 to the extent that transition to sales for dollars under the
7 terms applicable to such sales is not possible, transition to
8 sales on terms no less favorable to the United States
9 than those for development loans made under section 201
10 of the Foreign Assistance Act of 1961, as amended, and
11 on terms which permit conversion to dollars at the ex-
12 change rate applicable to the sales agreement) at a rate
13 whereby the transition can be completed by December
14 31, 1971: Provided, That provision may be included
15 in any agreement for payment in foreign currencies to
16 the extent that the President determines that such cur-
17 rencies are needed for the purpose of subsections (a),
18 (b), (c), (e), and (h) of section 104;

19 “(c) take reasonable precautions to safeguard usual
20 marketings of the United States and to assure that sales
21 under this title will not unduly disrupt world prices of
22 agricultural commodities or normal patterns of commer-
23 cial trade with friendly countries;

24 “(d) makes sales agreements only with those coun-
25 tries which he determines to be friendly to the United

1 *States: Provided, That the President shall periodically*
2 *review the status of those countries which are eligible*
3 *under this subsection and report the results of such re-*
4 *view to the Congress. As used in this Act, 'friendly*
5 *country' shall not include (1) any country or area*
6 *dominated or controlled by a foreign government or*
7 *organization controlling a world Communist movement,*
8 *or (2) for the purpose only of sales of agricultural*
9 *commodities for foreign currencies under title I of this*
10 *Act, any country or area dominated by a Communist*
11 *government, or (3) for the purpose only of sales of*
12 *agricultural commodities under title I of this Act any*
13 *nation which sells or furnishes or permits ships or air-*
14 *craft under its registry to transport to or from Cuba or*
15 *North Vietnam (excluding United States installations in*
16 *Cuba) any equipment, materials, or commodities, so long*
17 *as they are governed by a Communist regime: Provided,*
18 *That the President may enter into sales agreements with*
19 *any such nation if he determines that such sale is in the*
20 *national interest of the United States, and may use funds*
21 *appropriated to carry out this Act for the formulation*
22 *and administration of such agreements notwithstanding*
23 *the requirements of any Act appropriating funds to*
24 *carry out this Act, or (4) for the purposes only of sales*

1 *under title I of this Act the United Arab Republic, unless*
2 *the President determines that such sale is in the national*
3 *interest of the United States. No sales to the United*
4 *Arab Republic shall be based upon the requirements of*
5 *that nation for more than one fiscal year. The President*
6 *shall keep the President of the Senate and the Speaker*
7 *of the House of Representatives fully and currently in-*
8 *formed with respect to sales made to the United Arab*
9 *Republic under title I of this Act. Notwithstanding any*
10 *other Act, the President may enter into agreements for*
11 *the sale of agricultural commodities for dollars on credit*
12 *terms under title I of this Act with countries which fall*
13 *within the definition of 'friendly country' for the pur-*
14 *pose of such sales and no sales under this Act shall be*
15 *made with any country if the President finds such coun-*
16 *try is (a) an aggressor, in a military sense, against any*
17 *country having diplomatic relations with the United*
18 *States, or (b) using funds, of any sort, from the United*
19 *States for purposes inimical to the foreign policies of the*
20 *United States;*

21 *“(e) take appropriate steps to assure that private*
22 *trade channels are used to the maximum extent practi-*
23 *cable both with respect to sales from privately owned*
24 *stocks and with respect to sales from stocks owned by*
25 *the Commodity Credit Corporation and that small busi-*

1 *ness has adequate and fair opportunity to participate in*
2 *sales made under the authority of this Act;*

3 “(f) give special consideration to the development
4 *and expansion of foreign markets for United States agri-*
5 *cultural commodities, with appropriate emphasis on*
6 *more adequate storage, handling, and food distribution*
7 *facilities as well as long-term development of new and*
8 *expanding markets by encouraging economic growth;*

9 “(g) obtain commitments from purchasing coun-
10 *tries that will prevent resale or transshipment to other*
11 *countries, or use for other than domestic purposes, of*
12 *agricultural commodities purchased under this title, with-*
13 *out specific approval of the President;*

14 “(h) obtain rates of exchange applicable to the sale
15 *of commodities under such agreements which are not less*
16 *favorable than the highest of exchange rates legally ob-*
17 *tainable in the respective countries, and which are not*
18 *less favorable than the highest of exchange rates obtain-*
19 *able by any other nation;*

20 “(i) promote progress toward assurance of an ade-
21 *quate food supply by encouraging countries with which*
22 *agreements are made to give higher emphasis to the pro-*
23 *duction of food crops than to the production of such*
24 *nonfood crops as are in world surplus;*

25 “(j) exercise the authority contained in title I of

1 *this Act to assist friendly countries to be independent of*
2 *domination or control by any world Communist move-*
3 *ment. Nothing in this Act shall be construed as author-*
4 *izing sales agreements under title I with any gov-*
5 *ernment or organization controlling a world Com-*
6 *munist movement or with any country with which the*
7 *United States does not have diplomatic relations;*

8 *“(k) whenever practicable require upon delivery*
9 *that not less than 5 per centum of the purchase price*
10 *of any agricultural commodities sold under title I of this*
11 *Act be payable in dollars or in the types or kinds of*
12 *currencies which can be converted into dollars;*

13 *“(l) obtain commitments from purchasing countries*
14 *to publicize widely to their people, by public media and*
15 *other means, that the commodities are being provided on*
16 *a concessional basis through the friendship of the Ameri-*
17 *can people as food for peace;*

18 *“(m) require foreign currencies to be convertible to*
19 *dollars to the extent consistent with the effectuation of the*
20 *purposes of this Act, but in any event to the extent neces-*
21 *sary to (1) permit that portion of such currencies made*
22 *available for payment of United States obligations to be*
23 *used to meet obligations or charges payable by the United*
24 *States or any of its agencies to the government of the im-*
25 *porting country or any of its agencies, and (2) to assure*

1 *convertibility by sale to American tourists, or otherwise,*
2 *of such additional amount (up to twenty-five per centum*
3 *of the foreign currencies received pursuant to each agree-*
4 *ment entered into after enactment of the Food for Peace*
5 *Act of 1966) as may be necessary to cover all normal*
6 *expenditures of American tourists in the importing*
7 *country;*

8 *“(n) take reasonable precautions to assure that sales*
9 *for dollars on credit terms under this Act shall not dis-*
10 *place any sales of United States agricultural commod-*
11 *ities which would otherwise be made for cash dollars.”*

12 *“SEC. 104. Notwithstanding any other provision of law*
13 *the President may use or enter into agreements with foreign*
14 *countries or international organizations to use the foreign*
15 *currencies, including principal and interest from loan repay-*
16 *ments, which accrue in connection with sales for foreign*
17 *currencies under this title for one or more of the following*
18 *purposes:*

19 *“(a) For payment of United States obligations (in-*
20 *cluding obligations entered into pursuant to other legis-*
21 *lation);*

22 *“(b) For carrying out programs of United States*
23 *Government agencies to—*

24 *“(1) help develop new markets for United*

1 *States agricultural commodities on a mutually bene-*
2 *fitting basis. From sale proceeds and loan repay-*
3 *ments under this title not less than the equivalent of 5*
4 *per centum of the total sales made each year under*
5 *this title shall be set aside in the amounts and kinds*
6 *of foreign currencies specified by the Secretary of*
7 *Agriculture and made available in advance for use*
8 *as provided by this paragraph over such period of*
9 *years as the Secretary of Agriculture determines*
10 *will most effectively carry out the purpose of this*
11 *subsection: Provided, That the Secretary of Agri-*
12 *culture may release such amounts of the foreign*
13 *currencies so set aside as he determines cannot be*
14 *effectively used for agricultural market development*
15 *purposes under this section, except that no release*
16 *shall be made until the expiration of thirty days*
17 *following the date on which notice of such proposed*
18 *release is transmitted by the President to the Senate*
19 *Committee on Agriculture and Forestry and to the*
20 *House Committee on Agriculture, if transmitted*
21 *while Congress is in session, or sixty days following*
22 *the date of transmittal if transmitted while Congress*
23 *is not in session, and then only if, between the date*
24 *of transmittal and the expiration of such period there*

has not been passed by either of the two committees a resolution stating in substance that that committee does not favor such proposed release. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be

adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

“(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

“(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and support, on request, programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

1 “(4) acquire by purchase, lease, rental, or
2 otherwise, sites and buildings and grounds abroad,
3 for United States Government use including offices,
4 residence quarters, community and other facilities,
5 and construct, repair, alter, and furnish such build-
6 ings and facilities;

7 “(5) finance under the direction of the Librar-
8 ian of Congress, in consultation with the National
9 Science Foundation and other interested agencies,
10 (A) programs outside the United States for the
11 analysis and evaluation of foreign books, periodicals,
12 and other materials to determine whether they
13 would provide information of technical or scientific
14 significance in the United States and whether such
15 books, periodicals, and other materials are of cul-
16 tural or educational significance; (B) the registry,
17 indexing, binding, reproduction, cataloging, ab-
18 stracting, translating, and dissemination of books,
19 periodicals, and related materials determined to
20 have such significance; and (C) the acquisition of
21 such books, periodicals, and other materials and the
22 deposit thereof in libraries and research centers in
23 the United States specializing in the areas to which
24 they relate;

1 “(c) To procure equipment, materials, facilities,
2 and services for the common defense including internal
3 security;

4 “(d) For assistance to meet emergency or extraor-
5 dinary relief requirements other than requirements for
6 food commodities: Provided, That not more than a total
7 amount equivalent to \$5,000,000 may be made available
8 for this purpose during any fiscal year;

9 “(e) For use to the maximum extent under the
10 procedures established by such agency as the President
11 shall designate for loans to United States business firms
12 (including cooperatives) and branches, subsidiaries, or
13 affiliates of such firms for business development and trade
14 expansion in such countries, including loans for private
15 home construction, and for loans to domestic or foreign
16 firms (including cooperatives) for the establishment of
17 facilities for aiding in the utilization, distribution, or
18 otherwise increasing the consumption of, and markets
19 for, United States agricultural products: Provided, how-
20 ever, That no such loans shall be made for the manufac-
21 ture of any products intended to be exported to the
22 United States in competition with products produced in
23 the United States and due consideration shall be given
24 to the continued expansion of markets for United States
25 agricultural commodities or the products thereof. For-

1 *oreign currencies may be accepted in repayment of such*
2 *loans;*

3 *“(f) To promote multilateral trade and agricul-*
4 *tural and other economic development, under proce-*
5 *dures established by the President, by loans or by use*
6 *in any other manner which the President may determine*
7 *to be in the national interest of the United States,*
8 *particularly to assist programs of recipient countries*
9 *designed to promote, increase, or improve food produc-*
10 *tion, processing, distribution, or marketing in food-*
11 *deficit countries friendly to the United States, for which*
12 *purpose the President may utilize to the extent prac-*
13 *ticable the services of nonprofit voluntary agencies*
14 *registered with and approved by the Advisory Com-*
15 *mittee on Voluntary Foreign Aid: Provided, That no*
16 *such funds may be utilized to promote religious*
17 *activities;*

18 *“(g) For the purchase of goods or services for*
19 *other friendly countries;*

20 *“(h) For financing, at the request of such country,*
21 *programs emphasizing maternal welfare, child health*
22 *and nutrition, and activities, where participation is vol-*
23 *untary, related to the problems of population growth,*
24 *under procedures established by the President through*
25 *any agency of the United States, or through any local*

1 agency which he determines is qualified to administer
2 such activities;

3 “(i) for paying, to the maximum extent practicable,
4 the costs outside the United States of carrying out the
5 program authorized in section 406 of this Act;

6 “(j) For sale for dollars to United States citizens
7 and nonprofit organizations for travel or other purposes.
8 The United States dollars received from the sale of such
9 foreign currencies shall be deposited to the account of
10 Commodity Credit Corporation; and

11 “(k) For financing the planning of national food
12 and nutrition programs by friendly countries reflecting
13 the food and nutritional requirements of their citizens
14 and providing a sound basis for agricultural and food
15 programs:

16 *Provided, That*

17 (1) Section 1415 of the Supplemental Appropriation
18 Act, 1953, shall apply to currencies used for the purposes
19 specified in subsections (a) and (b),

20 (2) Section 1415 of the Supplemental Appropriation
21 Act, 1953, shall apply to all foreign currencies used for grants
22 under subsections (f) and (g), to not less than 10 per
23 centum of the foreign currencies which accrue pursuant to
24 agreements entered into on or before December 31, 1964,
25 and to not less than 20 per centum in the aggregate of the

1 *foreign currencies which accrue pursuant to agreements*
2 *entered into thereafter: Provided, however, That the Presi-*
3 *dent is authorized to waive such applicability of section 1415*
4 *in any case where he determines that it would be inappro-*
5 *priate or inconsistent with the purposes of this title,*

6 (3) *No agreement or proposal to grant any foreign*
7 *currencies (except as provided in subsection (c) of this*
8 *section), or to use (except pursuant to appropriation Act)*
9 *any principal or interest from loan repayments under this*
10 *section shall be entered into or carried out until the expiration*
11 *of thirty days following the date on which such agreement or*
12 *proposal is transmitted by the President to the Senate Com-*
13 *mittee on Agriculture and Forestry and to the House Com-*
14 *mittte on Agriculture, if transmitted while Congress is in*
15 *session, or sixty days following the date of transmittal if*
16 *transmitted while Congress is not in session, and then only*
17 *if, between the date of transmittal and the expiration of such*
18 *period there has not been passed by either of the two com-*
19 *mittees a resolution stating in substance that that committee*
20 *does not favor such agreement or proposal,*

21 (4) *Any loan made under the authority of this section*
22 *shall bear interest at such rate as the President may determine*
23 *but not less than the cost of funds to the United States Treas-*
24 *ury, taking into consideration the current average market*
25 *yields on outstanding marketable obligations of the United*

1 *States having maturity comparable to the maturity of such*
2 *loans, unless the President shall in specific instances upon the*
3 *recommendation of the advisory committee established under*
4 *section 407 designate a different rate:*

5 *Provided further, That paragraphs (2), (3), and (4) of*
6 *the foregoing proviso shall not apply in the case of any nation*
7 *where the foreign currencies or credits owned by the United*
8 *States and available for use by it in such nation are deter-*
9 *mined by the Secretary of the Treasury to be in excess of the*
10 *normal requirements of the departments and agencies of the*
11 *United States for expenditures in such nations for the two*
12 *fiscal years following the fiscal year in which such determina-*
13 *tion is made. The amount of any such excess shall be devoted*
14 *to the extent practicable and without regard to paragraph (1)*
15 *of the foregoing proviso, to the acquisition of sites, buildings,*
16 *and grounds under paragraph (4) of subsection (b) of this*
17 *section and to assist such nation in undertaking self-help*
18 *measures to increase its production of agricultural com-*
19 *modities and its facilities for storage and distribution of*
20 *such commodities. Assistance under the foregoing provision*
21 *shall be limited to self-help measures additional to those which*
22 *would be undertaken without such assistance. Upon the de-*
23 *termination by the Secretary of the Treasury that such an*
24 *excess exists with respect to any nation, the President shall*
25 *advise the Senate Committee on Agriculture and Forestry*

1 *and the House Committee on Agriculture of such determina-*
2 *tion; and shall thereafter report to each such Committee as*
3 *often as may be necessary to keep such Committee advised*
4 *as to the extent of such excess, the purposes for which it is*
5 *used or proposed to be used, and the effects of such use.*

6 *“SEC. 105. Foreign currencies received pursuant to this*
7 *Act shall be deposited in a special account to the credit of*
8 *the United States and shall be used only pursuant to section*
9 *104, and any department or agency of the Government using*
10 *any of such currencies for a purpose for which funds have*
11 *been appropriated shall reimburse the Commodity Credit*
12 *Corporation in an amount equivalent to the dollar value of*
13 *the currencies used. The President shall utilize foreign*
14 *currencies received pursuant to this Act in such manner as*
15 *will, to the maximum extent possible, reduce any deficit in*
16 *the balance of payments of the United States.*

17 *“SEC. 106. (a) Payment by any friendly country for*
18 *commodities purchased for dollars on credit shall be upon*
19 *terms as favorable to the United States as the economy of*
20 *such country will permit. Payment for such commodities*
21 *shall be in dollars with interest at such rates as the Secretary*
22 *may determine but not less than the minimum rate required*
23 *by section 201 of the Foreign Assistance Act of 1961 for*
24 *loans made under that section. Payment may be made in*
25 *reasonable annual amounts over periods of not to exceed*

1 *twenty years from the date of the last delivery of commodities*
2 *in each calendar year under the agreement, except that the*
3 *date for beginning such annual payment may be deferred*
4 *for a period not later than two years after such date of last*
5 *delivery, and interest shall be computed from the date of such*
6 *last delivery. Delivery of such commodities shall be made in*
7 *annual installments for not more than ten years following*
8 *the date of the sales agreement and subject to the availability*
9 *of the commodities at the time delivery is to be made.*

10 *(b) Agreements hereunder for the sale of agricultural*
11 *commodities for dollars on credit terms shall include pro-*
12 *visions to assure that the proceeds from the sale of the com-*
13 *modities in the recipient country are used for such economic*
14 *development purposes as are agreed upon in the sales agree-*
15 *ment, but this shall not preclude subsequent amendment of*
16 *the sales agreement by mutual agreement.*

17 *“SEC. 107. It is also the policy of the Congress to*
18 *stimulate and maximize the sale of United States agricul-*
19 *tural commodities for dollars through the private trade and*
20 *to further the use of private enterprise to the maximum,*
21 *thereby strengthening the development and expansion of*
22 *foreign commercial markets for United States agricultural*
23 *commodities. In furtherance of this policy, the Secretary of*
24 *Agriculture is authorized, notwithstanding any other pro-*
25 *vision of law, to enter into agreements with foreign and*

1 *United States private trade for financing the sale of agricul-*
2 *tural commodities for export over such periods of time and*
3 *on such credit terms as the Secretary determines will accom-*
4 *plish the objectives of this section. Any agreement entered*
5 *into under this section shall provide for the development and*
6 *execution of projects which will result in the establishment*
7 *of facilities designed to improve the storage or marketing*
8 *of agricultural commodities, or which will otherwise stimu-*
9 *late and expand private economic enterprise in any friendly*
10 *country. Any agreement entered into under this section*
11 *shall also provide for the furnishing of such security as the*
12 *Secretary determines necessary to provide reasonable and*
13 *adequate assurance of payment. The provisions of this Act*
14 *shall be applicable to the extent practicable to sales under this*
15 *section in the same manner as they are applicable to other*
16 *sales under this Act, except that actions required to be taken*
17 *by the President with respect to other sales may be taken by*
18 *the Secretary with respect to sales under this section. In*
19 *carrying out this Act, the authority provided in this section*
20 *for making dollar sales shall be used to the maximum extent*
21 *practicable.*

22 *“SEC. 108. The Commodity Credit Corporation may*
23 *finance ocean freight charges incurred pursuant to agreements*
24 *entered into hereunder only to the extent that such charges*
25 *are higher (than would otherwise be the case) by reason of a*

1 requirement that the commodities be transported in United
2 States-flag vessels. Such agreements shall require the balance
3 of such charges for transportation in United States vessels
4 to be paid in dollars by the nations or organizations with
5 whom such agreements are entered into.

6 “SEC. 109. (a) Before entering into agreements with de-
7 veloping countries for the sale of United States agricultural
8 commodities on whatever terms, the President shall consider
9 the extent to which the recipient country is undertaking
10 wherever practicable self-help measures to increase per capita
11 production and improve the means for storage and distribu-
12 tion of agricultural commodities, including:

13 “(1) devoting land resources to the production of
14 needed food rather than to the production of nonfood
15 crops—especially nonfood crops in world surplus;

16 “(2) development of the agricultural chemical,
17 farm machinery and equipment, transportation and other
18 necessary industries through private enterprise;

19 “(3) training and instructing farmers in agricul-
20 tural methods and techniques;

21 “(4) constructing adequate storage facilities;

22 “(5) improving marketing and distribution systems;

23 “(6) creating a favorable environment for private
24 enterprise and investment, both domestic and foreign,
25 and utilizing available technical know-how;

1 “(7) establishing and maintaining Government
2 policies to insure adequate incentives to producers;

3 “(8) establishing and expanding institutions for
4 adaptive agriculture research; and

5 “(9) allocating for these purposes sufficient national
6 budgetary and foreign exchange resources (including
7 those supplied by bilateral, multilateral and consortium
8 aid programs) and local currency resources (resulting
9 from loans or grants to recipient governments of the
10 proceeds of local currency sales).

11 “(b) Notwithstanding any other provisions of this Act,
12 in agreements with nations not engaged in armed conflict
13 against Communist forces or against nations with which the
14 United States has no diplomatic relations, not less than 20
15 per centum of the foreign currencies set aside for purposes
16 other than those in sections 104 (a), (b), (e), and (j) shall
17 be allocated for the self-help measures set forth in this section.

18 “(c) Each agreement entered into under this title shall
19 describe the program which the recipient country is under-
20 taking to improve its production, storage, and distribution of
21 agricultural commodities; and shall provide for termination
22 of such agreement whenever the President finds that such
23 program is not being adequately developed.

24 “SEC. 110. Agreements shall not be entered into under
25 this title during any calendar year which will call for an ap-

1 *appropriation to reimburse the Commodity Credit Corporation*
2 *in any amount in excess of \$1,900,000,000, plus any amount*
3 *by which agreements entered into under this title in prior*
4 *years have called or will call for appropriations to reimburse*
5 *the Commodity Credit Corporation in amounts less than*
6 *authorized for such prior years.”*

7 *(C) By amending title II to read as follows:*

8 *“TITLE II*

9 *“SEC. 201. The President is authorized to determine*
10 *requirements and furnish agricultural commodities, on behalf*
11 *of the people of the United States of America, to meet famine*
12 *or other urgent or extraordinary relief requirements; to com-*
13 *bat malnutrition, especially in children; to promote economic*
14 *and community development in friendly developing areas;*
15 *and for needy persons and nonprofit school lunch and pre-*
16 *school feeding programs outside the United States. The Com-*
17 *modity Credit Corporation shall make available to the Presi-*
18 *dent such agricultural commodities determined to be available*
19 *under section 401 as he may request.*

20 *“SEC. 202. The President may furnish commodities for*
21 *the purposes set forth in section 201 through such friendly*
22 *governments and such agencies, private or public, includ-*
23 *ing intergovernmental organizations such as the world food*
24 *program and other multilateral organizations in such manner*
25 *and upon such terms and conditions as he deems appropriate.*

1 *The President shall, to the extent practicable, utilize non-*
2 *profit voluntary agencies registered with, and approved by,*
3 *the Advisory Committee on Voluntary Foreign Aid. Inso-*
4 *far as practicable, all commodities furnished hereunder shall*
5 *be clearly identified by appropriate marking on each package*
6 *or container in the language of the locality where they are*
7 *distributed as being furnished by the people of the United*
8 *States of America. The assistance to needy persons shall*
9 *insofar as practicable be directed toward community and*
10 *other self-help activities designed to alleviate the causes*
11 *of the need for such assistance. Except in the case of emer-*
12 *gency, the President shall take reasonable precaution to*
13 *assure that commodities furnished hereunder will not dis-*
14 *place or interfere with sales which might otherwise be made.*

15 *“SEC. 203. The Commodity Credit Corporation may,*
16 *in addition to the cost of acquisition, pay with respect to*
17 *commodities made available under this title costs for pack-*
18 *aging, enrichment, preservation, and fortification; processing,*
19 *transportation, handling, and other incidental costs up to the*
20 *time of their delivery free on board vessels in United States*
21 *ports; ocean freight charges from United States ports to desig-*
22 *nated ports of entry abroad, or in the case of landlocked coun-*
23 *tries, transportation from United States ports to designated*
24 *points of entry abroad; and charges for general average con-*

1 *tributions arising out of the ocean transport of commodities*
2 *transferred pursuant thereto.*

3 “*SEC. 204. Programs of assistance shall not be under-*
4 *taken under this title during any calendar year which call for*
5 *an appropriation of more than \$600,000,000 to reimburse*
6 *the Commodity Credit Corporation for all costs incurred*
7 *in connection with such programs (including the Corpora-*
8 *tion's investment in commodities made available) plus any*
9 *amount by which programs of assistance undertaken under*
10 *this title in the preceding calendar year have called or will*
11 *call for appropriations to reimburse the Commodity Credit*
12 *Corporation less than were authorized for such purpose dur-*
13 *ing such preceding year. In addition to other funds avail-*
14 *able for such purposes under any other Act, funds made*
15 *available under this title may be used in an amount not*
16 *exceeding \$7,500,000 annually to purchase foreign cur-*
17 *rencies accruing under title I of this Act in order to meet*
18 *costs (except the personnel and administrative costs of coop-*
19 *erating sponsors, distributing agencies, and recipient agen-*
20 *cies, and the costs of construction or maintenance of any*
21 *church owned or operated edifice or any other edifices to be*
22 *used for sectarian purposes) designed to assure that com-*
23 *modities made available under this title are used to carry*
24 *out effectively the purposes for which such commodities are*
25 *made available or to promote community and other self-*

1 *help activities designed to alleviate the causes of the need*
2 *for such assistance: Provided, however, That such funds*
3 *shall be used only to supplement and not substitute for*
4 *funds normally available for such purposes from other non-*
5 *United States Government sources.*

6 *“SEC. 205. It is the sense of the Congress that the Presi-*
7 *dent should encourage other advanced nations to make*
8 *increased contributions for the purpose of combating world*
9 *hunger and malnutrition, particularly through the expansion*
10 *of international food and agricultural assistance programs.*
11 *Is further the sense of the Congress that as a means of achiev-*
12 *ing this objective, the United States should work for the*
13 *expansion of the United Nations World food program be-*
14 *yond its present established goals.”*

15 *(D) By changing the designation “TITLE III—GEN-*
16 *ERAL PROVISIONS” to “TITLE III” and by striking*
17 *out sections 304, 305, 306, 307, and 308.*

18 *(E) By amending title IV to read as follows:*

19 *“TITLE IV*

20 *“SEC. 401. After consulting with other agencies of the*
21 *Government affected and within policies laid down by the*
22 *President for implementing this Act, and after taking into*
23 *account productive capacity, domestic requirements, farm*
24 *and consumer price levels, commercial exports, and adequate*
25 *carryover, the Secretary of Agriculture shall determine the*

1 agricultural commodities and quantities thereof available for
2 disposition under this Act. The Secretary of Agriculture
3 is also authorized to determine the nations with whom
4 agreements shall be negotiated, and to determine the com-
5 modities and quantities thereof which may be included in
6 the negotiations with each country. No commodity shall
7 be available for disposition under this Act if such disposition
8 would reduce the domestic supply of such commodity below
9 that needed to meet domestic requirements, adequate carry-
10 over, and anticipated exports for dollars as determined by
11 the Secretary of Agriculture at the time of exportation of such
12 commodity.

13 “SEC. 402. The term ‘agricultural commodity’ as used
14 in this Act shall include any agricultural commodity
15 produced in the United States or product thereof produced
16 in the United States. Subject to the availability of appro-
17 priations therefor, any domestically produced fishery product
18 may be made available under this Act.

19 “SEC. 403. There are hereby authorized to be appro-
20 priated such sums as may be necessary to carry out this Act
21 including such amounts as may be required to make pay-
22 ments to the Commodity Credit Corporation, to the extent
23 the Commodity Credit Corporation is not reimbursed under
24 sections 104(j) and 105, for its actual costs incurred or to
25 be incurred. In presenting his budget, the President shall

1 *classify expenditures under this Act as expenditures for in-*
2 *ternational affairs and finance rather than for agriculture*
3 *and agricultural resources.*

4 “SEC. 404. *The programs of assistance undertaken pur-*
5 *suant to this Act shall be directed toward the attainment of*
6 *the humanitarian objectives and national interest of the*
7 *United States.*

8 “SEC. 405. *The authority and funds provided by this*
9 *Act shall be utilized in a manner that will assist friendly*
10 *countries that are determined to help themselves toward a*
11 *greater degree of self-reliance in providing enough food to*
12 *meet the needs of their people and in resolving their prob-*
13 *lems relative to population growth.*

14 “SEC. 406. (a) *In order to further assist friendly de-*
15 *veloping countries to become self-sufficient in food produc-*
16 *tion, the Secretary of Agriculture is authorized, notwith-*
17 *standing any other provision of law—*

18 “(1) *To establish and administer through existing agen-*
19 *cies of the Department of Agriculture a program of farmer-*
20 *to-farmer assistance between the United States and such*
21 *countries to help farmers in such countries in the practical*
22 *aspects of increasing food production and distribution and*
23 *improving the effectiveness of their farming operations;*

24 “(2) *To enter into contracts or other cooperative agree-*
25 *ments with, or make grants to, land-grant colleges and uni-*

1 *versities and other institutions of higher learning in the*
2 *United States to recruit persons who by reason of training,*
3 *education, or practical experience are knowledgeable in the*
4 *practical arts and sciences of agriculture and home economics,*
5 *and to train such persons in the practical techniques of trans-*
6 *mitting to farmers in such countries improved practices in*
7 *agriculture, and to participate in carrying out the program in*
8 *such countries including, where desirable, additional courses*
9 *for training or retraining in such countries;*

10 “(3) *To consult and cooperate with private non-profit*
11 *farm organizations in the exchange of farm youth and farm*
12 *leaders with developing countries and in the training of*
13 *farmers of such developing countries within the United States*
14 *or abroad;*

15 “(4) *To conduct research in tropical and subtropical*
16 *agriculture for the improvement and development of tropical*
17 *and subtropical food products for dissemination and cultiva-*
18 *tion in friendly countries;*

19 “(5) *To coordinate the program authorized in this sec-*
20 *tion with the activities of the Peace Corps, the Agency for*
21 *International Development, and other agencies of the United*
22 *States and to assign, upon agreement with such agencies,*
23 *such persons to work with and under the administration of*
24 *such agencies: Provided, That nothing in this section shall*

1 *be construed to infringe upon the powers or functions of the*
2 *Secretary of State;*

3 “(6) *To establish by such rules and regulations as he*
4 *deems necessary the conditions for eligibility and retention*
5 *in and dismissal from the program established in this section,*
6 *together with the terms, length and nature of service, com-*
7 *pensation, employee status, oaths of office, and security clear-*
8 *ances, and such persons shall be entitled to the benefits and*
9 *subject to the responsibilities applicable to persons serving*
10 *in the Peace Corps pursuant to the provisions of section 612,*
11 *volume 75 of the Statutes at Large, as amended; and*

12 “(7) *To the maximum extent practicable, to pay the*
13 *costs of such program through the use of foreign currencies*
14 *accruing from the sale of agricultural commodities under this*
15 *Act, as provided in section 104(i).*

16 “(b) *There are hereby authorized to be appropriated*
17 *not to exceed \$33,000,000 during any fiscal year for the*
18 *purpose of carrying out the provisions of this section.*

19 “SEC. 407. *There is hereby established an advisory*
20 *committee composed of the Secretary of Agriculture, the*
21 *Director of the Bureau of the Budget, the Administrator of*
22 *the Agency for International Development, the chairman,*
23 *the vice chairman and the two ranking minority members*
24 *of the House Committee on Agriculture, and the chairman,*

1 the next ranking majority member and the two ranking
2 minority members of the Senate Committee on Agriculture
3 and Forestry. The advisory committee shall survey the
4 general policies relating to the administration of the Act,
5 including the manner of implementing the self-help provi-
6 sions, the uses to be made of foreign currencies which accrue
7 in connection with sales for foreign currencies under title I,
8 the amount of currencies to be reserved in sales agreements
9 for loans to private industry under section 104(e), rates of
10 exchange, interest rates, and the terms under which dollar
11 credit sales are made, and shall advise the President with
12 respect thereto.

13 “SEC. 408. The President shall make a report to Con-
14 gress not later than April 1 each year with respect to the
15 activities carried out under this Act during the preceding
16 calendar year. Such report shall describe the progress of
17 each country with which agreements are in effect under title
18 I in carrying out its program to improve its production,
19 storage, and distribution of agricultural commodities.

20 “SEC. 409. No agreements to finance sales under title I
21 and no programs of assistance under title II shall be entered
22 into after December 31, 1968.

23 “SEC. 410. The provisions of section 620(e) of the For-
24 eign Assistance Act of 1961, as amended (referring to na-
25 tionalization, expropriation, and related governmental Acts

1 affecting property owned by United States citizens), shall
2 be applicable to assistance provided under title I of this
3 Act.”

4 SEC. 3. (a) Section 9 of the Act of September 6, 1958
5 (7 U.S.C. 1413b), is amended, effective January 1, 1967,
6 by deleting the symbol “(1)”, by changing the semicolon
7 to a period and by striking out all of the language in the
8 section after the semicolon.

9 (b) Section 709 of the Food and Agriculture Act of
10 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
11 1967, by striking out “foreign distribution”.

12 (c) Section 416 of the Agricultural Act of 1949, as
13 amended (7 U.S.C. 1431), is amended, effective January 1,
14 1967, by striking out the following: “and (4) to donate any
15 such food commodities in excess of anticipated disposition
16 under (1), (2), and (3) above to nonprofit voluntary
17 agencies registered with the Committee on Voluntary For-
18 eign Aid of the Foreign Operations Administration or other
19 appropriate department or agency of the Federal Govern-
20 ment and intergovernmental organizations for use in the
21 assistance of needy persons and in nonprofit school lunch
22 programs outside the United States”; “and (4) above”;
23 “, in the case of commodities made available for use within
24 the United States, or their delivery free alongside ship or

1 free on board export carrier at point of export, in the case of
2 commodities made available for outside the United States";
3 and "The assistance to needy persons provided in (4) above
4 shall, insofar as practicable be directed toward community
5 and other self-help activities designed to alleviate the causes
6 of the need for such assistance."

7 (d) Section 8 of Public Law 85-931 (72 Stat. 1792) is
8 amended by inserting a period in lieu of the colon after the
9 word "Act" and striking out the proviso and by inserting
10 before the comma following the words "surplus supply" the
11 words "in the same manner as any other agricultural com-
12 modity or product is made available".

13 (e) Section 407 of the Agriculture Act of 1949, as
14 amended, is amended by striking the period at the end of the
15 third sentence thereof and adding the following: ": Provided,
16 That whenever the Secretary of Agriculture determines that
17 the carryover at the end of any marketing year of a price
18 supported agricultural commodity for which a voluntary ad-
19 justment program is in effect will be less than 25 per centum
20 (35 per centum in the case of wheat) of the estimated export
21 and domestic consumption of such commodity during such
22 marketing year, the Commodity Credit Corporation shall
23 not sell any of its stocks of such commodity during such year
24 for unrestricted use at less than 120 per centum of the cur-

1 *rent price support loan plus reasonable carrying charges.”*

2 *SEC. 4. The amendments made by this Act shall take*

3 *effect as of January 1, 1967.*

Passed the House of Representatives June 9, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

Aug. 26, 1966

- 3 -

By Sen. Prouty, 37 to 37, to define a "man-day" in agricultural work as 4 hours of labor. pp. 19942-4

11. POSTAL RATES. The Post Office and Civil Service Committee reported with amendments H. R. 14904, to revise postal rates on certain fourth-class mail (S. Rept. 1534). p. 19955
12. FORESTRY. Sen. Moss spoke in support of the establishment of a Redwood National Park and expressed concern over "what appears to be a program of 'spite cutting' in the heart of the proposed park." p. 19993
13. SCHOOL MILK. Sen. Proxmire stated that he intended "to upgrade the school milk program by fighting hard for at least an additional \$6 million in a supplemental appropriations bill." p. 19993
14. WORLD HUNGER. Sen. Mondale commended and inserted an article outlining "the root causes of the world hunger problem and the steps which must be taken toward solutions." pp. 19981-4
15. PUBLIC WORKS. Sen. Tower inserted a report of the activities in Texas for the last five years by the Corps of Engineers, the Bureau of Reclamation, Soil Conservation Service and the National Park Service. pp. 19976-8
16. FARM PRICES. Sen. McGovern urged an increase in food production and a reasonable profit to farmers for doing so. pp. 19972-3
17. FOOD FOR PEACE. Began consideration of H. R. 14929, the food for peace bill, and made it the unfinished business. pp. 19995-9
18. LEGISLATIVE PROGRAM. Sen. Mansfield announced that next week following the food for peace bill the Senate will consider the parcel post, Oregon Dunes, elementary and education bills, and possibly the child safety and the HEW appropriation bills. p. 19926
19. ADJOURNED until Mon., Aug. 29. p. 19926

ITEMS IN APPENDIX

20. FOOD PRICES. Sen. Morton inserted a constituent's letter protesting the increase in the price of food. p. A4537
21. ACCOUNTING; FARM PROGRAM. Extension of remarks of Rep. Greigg endorsing "legislation to show that the major share of expenditures by the Department of Agriculture benefit the general public", and inserting two articles on this subject. p. A4542
22. FOREIGN AFFAIRS. Rep. Irwin inserted an article which reports favorably on the President's proposal for the economic integration of Latin America, "A Hemisphere Common Market." p. A4559

- 4 -
BILLS INTRODUCED

23. WATER POLLUTION. S. 3769 by Sen. Mondale, to amend the Federal Water Pollution Control Act in order to authorize comprehensive pilot programs in lake pollution prevention and control; to Public Works Committee. Remarks of author, pp. 19890-2
H. R. 17369 by Rep. Horton, to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act; to Public Works Committee. Remarks of author, pp. A4549-51
24. ORGANIZATION. H. R. 17375 by Rep. Reinecke, and H. R. 17380 by Rep. Wydler, to establish a National Commission on Public Management; to Government Operations Committee.
25. ACREAGE ALLOTMENT. S. 3770 by Sen. Tower, to amend the provisions of law relating to the planting of crops on acreage diverted under the cotton, wheat and feed grains program; to Agriculture and Forestry Committee. Remarks of author, p. 19956
26. PERSONNEL. S. 3779 by Sen. Ervin, to protect the employees of the executive branch of the U.S. Government in the enjoyment of their constitutional rights and to prevent unwarranted governmental invasions of their privacy; to Judiciary Committee. Remarks of author, pp. 19967-8
27. ELECTRIFICATION. S. J. Res. 189 by Sen. Neuberger, to provide for a study of the impact of overhead electric transmission lines and towers upon scenic assets, zoning and community planning, property values, and real estate revenues; to Commerce Committee. Remarks of author, p. 19968
28. RIVER BASIN. H. R. 17374 by Rep. O'Neill, Mass, to authorize the Secretary of the Interior to conduct a study of the Charles River and its tributaries in Massachusetts; to Interior and Insular Affairs Committee. Remarks of author, pp. 20032-3

0

COMMITTEE HEARINGS AUG. 29:

Dept. of Transportation, S. Gov't Operations (exec).
Foreign aid authorizations, conferees (exec).

oOo

steadily rising administrative costs, have not encouraged development of the full potential of the islands.

The committee, recognizing these great developmental needs, feels that increased appropriations for a 2-year program of capital improvements are vital if Micronesia is to rise above a low level of subsistence and take its place in a modern world. The money authorized to be appropriated by S. 3504 would bolster health, education, water, power, and sewage services; provide better air, ground, and water transportation; modernize and extend radio and telephone communications; and establish suitable buildings for executive, legislative, and judicial branches of the territorial government. At the same time, the higher level of economic development produced by these improvements would enable the territory to pay for a much greater portion of its financial needs.

The committee has amended the original request for a 5-year, \$172 million capital improvement program submitted by the Secretary of the Interior. The committee feels that a 2-year program, in which projects most urgently needed are given priority in the expenditure of funds, is the best means of alleviating the territory's needs. Data on needed projects and their costs, adequate to justify a 5-year program, is not available at this time. At the end of the 2 years, however, the recently appointed High Commissioner will have had a chance to review the territory's expenditures and its future needs. On the basis of his personal knowledge and review, the High Commissioner may submit such appropriations requests as he feels are necessary for the territory's development. In

addition, committee members will visit and inspect the trust territory before the next appropriation authorization is made.

The committee also feels that some limitation is necessary on authorizations for appropriations for the administration of the territory. The bill as reported contains a proviso to the effect that no funds appropriated by any act shall be used for administration of the trust territory except as may be specifically authorized by law. The Peace Corps, which has recently extended its activities to Micronesia, is recognized as an exception. However, the committee wishes to make clear that none of the Peace Corps' activities are to be charged against the new and higher ceilings provided by the authorization contained in this legislation.

The committee has added a section to the bill which designates the High Commissioner and Deputy High Commissioner of the territory as Governor and Lieutenant Governor, respectively. This would make the Commissioners titles commensurate with their authority as administering agents of the territory. The Governor of the trust territory will hereafter be appointed by the President with the advice and consent of the Senate.

COST

The committee recommends that the present \$17½ million ceiling on annual appropriation be increased to \$32 million for fiscal year 1967, and \$35 million for fiscal year 1968. There is set forth below a breakdown by activity of amounts to be spent under the proposed appropriations, together with a projection for fiscal 1969, prepared by the Office of Territories, Department of the Interior.

Trust Territory of the Pacific Islands: Proposed, fiscal year 1967, fiscal year 1968, and fiscal year 1969 program

[Civil government and capital improvements in thousands]

Civil government	Fiscal year 1967 in fiscal year 1967 congressional justifications ¹	Proposed, fiscal year 1967	Proposed, fiscal year 1968	Proposed, fiscal year 1969
I. Office of the High Commissioner.....	\$295	\$305	\$315	\$325
II. Judiciary.....	230	235	245	255
III. Programs and administration:				
(a) Public health.....	2,658	3,600	4,200	4,500
(b) Education.....	4,821	5,200	5,800	6,700
(c) Community development.....	131	590	820	520
(d) Low-cost housing development.....	0	500	500	200
(e) Political development, public information.....	240	452	512	620
(f) Resources and development and management.....	1,620	2,500	3,600	3,600
(g) Protection to persons and property.....	490	700	770	850
(h) Administration.....	1,962	2,500	2,880	3,000
(i) Public works operation and maintenance.....	2,885	4,050	4,150	5,000
(j) Air transportation services.....	350	350	350	350
(k) Sea transportation services.....	300	0	500	500
(l) Communications.....	350	480	550	670
Subtotal, civil government.....	16,362	21,462	25,192	27,090
Less anticipated reimbursements.....	-1,405	-626	-835	-1,090
Subtotal, civil government.....	14,957	20,836	24,357	26,000
Capital improvements.....	2,537	11,164	10,643	9,000
Total appropriations required.....	17,494	32,000	35,000	35,000

¹ Adjusted to distribute certain costs to "end use," for comparability with proposed fiscal years 1967 and 1968 and 1969.

FOOD FOR PEACE ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1493, H.R. 14929. I do this so that the bill will become the pending business.

The PRESIDING OFFICER. The bill will be read by title.

The LEGISLATIVE CLERK. A bill (H.R. 14929) to promote international trade in agricultural commodities, to combat

hunger and malnutrition to further economic development, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Food for Peace Act of 1966".

Sec. 2. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—

(A) By amending section 2 to read as follows:

"Sec. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

(B) By amending title I to read as follows:

"TITLE I

"Sec. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"Sec. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"Sec. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales on terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) makes sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to

transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime: *Provided*, That the President may enter into sales agreements with any such nation if he determines that such sale is in the national interest of the United States, and may use funds appropriated to carry out this Act for the formulation and administration of such agreements notwithstanding the requirements of any Act appropriating funds to carry out this Act, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries, and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(1) obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) to assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after enactment of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take reasonable precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"Sec. 104. Notwithstanding any other provision of law the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two committees a resolution stating in substance that that committee does not favor such proposed release. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not

be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

"(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

"(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and support, on request, programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

"(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

"(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to

be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

"(f) To promote multilateral trade and agricultural and other economic development, under procedures established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of non-profit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

"(g) For the purchase of goods or services for other friendly countries;

"(h) For financing, at the request of such country, programs, emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

"(i) For paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act;

"(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation; and

"(k) For financing the planning of national food and nutrition programs by friendly countries reflecting the food and nutritional requirements of their citizens and providing a sound basis for agricultural and food programs:

Provided, That

"(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

"(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided*, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

"(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the

expiration of such period there has not been passed by either of the two committees a resolution stating in substance that that committee does not favor such agreement or proposal,

"(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee established under section 407 designate a different rate:

Provided further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

"SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual install-

ments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

"(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement, but this shall not preclude subsequent amendment of the sales agreement by mutual agreement.

"SEC. 107. It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment. The provisions of this Act shall be applicable to the extent practicable to sales under this section in the same manner as they are applicable to other sales under this Act, except that actions required to be taken by the President with respect to other sales may be taken by the Secretary with respect to sales under this section. In carrying out this Act, the authority provided in this section for making dollars sales be used to the maximum extent practicable.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers;

"(8) establishing and expanding institutions for adaptive agriculture research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"Sec. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in any amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) By amending title II to read as follows:

"TITLE II

"Sec. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and non-profit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"Sec. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize non-profit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure

that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"Sec. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"Sec. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"Sec. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. Is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals."

(D) By changing the designation "TITLE III—GENERAL PROVISIONS" to "TITLE III" and by striking out sections 304, 305, 306, 307, and 308.

(E) By amending title IV to read as follows:

"TITLE IV

"Sec. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act. The Secretary of Agriculture is also authorized to determine the nations

with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"Sec. 402. The term 'agricultural commodity' as used in this Act shall include any agricultural commodity produced in the United States or products thereof produced in the United States. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"Sec. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

"Sec. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"Sec. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"Sec. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States

and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(1).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee of Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under

which dollar credit sales are made, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its program to improve its production, storage, and distribution of agricultural commodities.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

Sec. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1413b), is amended, effective January 1, 1967, by deleting the symbol "(1)", by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out "foreign distribution".

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States"; "and (4) above"; "in the case of commodities made available for use within the United States, or their delivery free alongside

ship or free on board export carrier at point of export, in the case of commodities made available for outside the United States"; and "The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended by inserting a period in lieu of the colon after the word "Act" and striking out the proviso and by inserting before the comma following the words "surplus supply" the words "in the same manner as any other agricultural commodity or product is made available".

(e) Section 407 of the Agriculture Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: "": *Provided*, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 120 per centum of the current price support loan plus reasonable carrying charges."

SEC. 4. The amendments made by this Act shall take effect as of January 1, 1967.

ADJOURNMENT TO MONDAY

Mr. MORSE. Mr. President, in accordance with the previous order, I move that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 7 o'clock and 10 minutes p.m.) the Senate adjourned until Monday, August 29, 1966, at 12 o'clock meridian.

House of Representatives

FRIDAY, AUGUST 26, 1966

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The earth is the Lord's, and the fulness thereof; the world, and they that dwell therein.—Psalm 24: 1.

O God, our Father, our help in ages past, our hope for years to come—strengthen Thou our faith in Thee. May Thy spirit become increasingly a power in our hearts, cleansing us, comforting us, controlling us, and keeping us calm amid troubled days and difficult experiences. Make us ever mindful of Thy presence and may we be assured now and always that this is Thy world and that Thy law will prevail.

"This is my Father's world

O let me ne'er forget

That though the wrong seems oft so strong,

God is the Ruler yet.

This is my Father's world,

Why should my heart be sad?

The Lord is King: let the heavens ring!

God reigns: let the earth be glad!"

Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1483. An act for the relief of the John V. Boland Construction Co.;

H.R. 1822. An act for the relief of Won Loy Jung;

H.R. 2653. An act to provide that the U.S. District Court for the District of Connecticut shall also be held at New London, Conn.;

H.R. 3233. An act for the relief of Emanuel G. Topakas;

H.R. 3999. An act to provide the same life tenure and retirement rights for judges hereafter appointed to the U.S. District Court for the District of Puerto Rico as the judges of all other U.S. district courts now have;

H.R. 5552. An act for the relief of David B. Glidden;

H.R. 7354. An act for the relief of Norman Morris Rains;

H.R. 11940. An act for the relief of Fred M. Osteen;

H.R. 12315. An act for the relief of Anthony A. Calloway; and

H.R. 12884. An act for the relief of John R. Sylvia.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 489. An act to authorize the establishment of the San Juan Island National His-

torical Park in the State of Washington, and for other purposes;

S. 490. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Manson unit, Chelan division, Chief Joseph Dam project, Washington, and for other purposes; and

S. 902. An act to provide that the Secretary of Agriculture shall conduct the soil survey program of the U.S. Department of Agriculture so as to make available soil surveys needed by States and other public agencies, including community development districts, for guidance in community planning and resource development, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3034) entitled "An act to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals."

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4665) entitled "An act relating to the income tax treatment of exploration expenditures in the case of mining," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3482. An act to grant the consent of Congress for the States of Virginia and Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact to establish an organization empowered to provide transit facilities in the National Capital Region and for other purposes and to enact said amendment for the District of Columbia.

The message also announced that the Presiding Officer of the Senate, pursuant to Public Law 115, 78th Congress, entitled "An act to provide for the disposal of certain records of the U.S. Government," appointed Mr. MONRONEY and Mr. CARLSON members of the Joint Select Committee on the part of the Senate for the Disposition of Executive Papers referred to in the report of the Archivist of the United States numbered 67.3.

PURCHASING AUTHORITY—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Mr. PATMAN. Mr. Speaker, I call up the conference report on the bill (S. 3688) to stimulate the flow of mortgage

credit for Federal Housing Administration and Veterans' Administration assisted residential construction, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of August 24, 1966).

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, it is my understanding that this conference report is brought back to the House unanimously.

Mr. PATMAN. Yes, sir; that is correct. The conferees for the other body, as well as our own conferees, all signed the conference report.

Mr. GROSS. I thank the gentleman.

(Mr. PATMAN asked and was given permission to revise and extend his remarks and to include therein statements, including a letter to the President of the United States, his reply, and Mr. PATMAN's reply, as well as other extraneous matter.)

Mr. PATMAN. Mr. Speaker, in recent days there has been much discussion about legislation to end the interest rate war which is plaguing the American economy.

Unfortunately, many of these statements have added confusion to the discussion of high interest rates.

In an effort to clarify the situation I wrote the President on Thursday, August 25. I place a copy of this letter in the RECORD along with the President's answer to me. Today, I have again written the President outlining the critical need for passage of H.R. 14026 which would set a 4½-percent ceiling on certificates of deposit under \$100,000. Mr. Speaker, I believe this correspondence will speak for itself on this issue.

AUGUST 25, 1966.

THE PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: Your press conference statements of Wednesday have inadvertently heightened the confusion over the interest rate issue.

At one point, Mr. President, you stated that: "The Senate Banking Committee now has a bill that will direct and give authority to certain Federal agencies to set ceilings on certain monetary matters. We strongly favor that bill."

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Aug. 30, 1966
For actions of Aug. 29, 1966
89th-2nd; No. 144

CONTENTS

Appropriations.....13	Forests.....7,28	Roads.....12
Barley.....27	Inflation.....19	Recreation.....5
CCC.....6	Insurance.....14	Research.....4
Consumers.....25	Interest rates.....16,24	Safety.....30
Continuing	Labeling.....30	School milk.....8
appropriations.....13	Lands.....3	Soil conservation.....11
Cotton.....23	Military construction....6	Textile imports.....23
Farm policy.....10,20	Milk.....8	Transportation.....15
Farm prices.....20,21	Personnel.....11,14	Wheat.....21
Farm production.....17	Postal rates.....2	Water pollution.....22,26
Food for freedom.....1	Property.....29	Water resources.....9,18

HIGHLIGHTS: Senate debated food for freedom bill. House received conference report on road authorization bill. Both Houses passed continuing appropriations resolution. Rep. Quie criticized farm policy. Rep. Langen criticized wheat acreage increase.

SENATE

1. **FOOD FOR FREEDOM.** Began debate on H. R. 14929, the food for freedom bill. Adopted Ellender amendment to change from "reasonable" to "maximum" the precautions to be taken that sales for dollars on credit terms shall not displace sales of U. S. farm products which would otherwise be made for cash dollars. pp. 20216-26, 20230-44

2. **POSTAL RATES.** Passed as reported H. R. 14904, to revise postal rates on certain fourth-class mail. pp. 20166-71

3. LANDS. Passed as reported S. 3178, to amend the Taylor Grazing Act in order to eliminate gaps in Interior's exchange authority under the act. pp. 20158-9
4. RESEARCH. Passed as reported S. 3460, to authorize the Secretary of the Interior to enter into contracts for scientific and technological research. pp. 20160-1
5. RECREATION. Passed as reported S. 1607, to increase the authorization for the establishment of the Point Reyes National Seashore, Calif. pp. 20162-3
6. MILITARY CONSTRUCTION. Agreed to conference report on S. 3105, the military construction bill, which includes a provision to reimburse CCC for family housing. This bill will now be sent to the President. pp. 20227-9
7. FORESTS. Sen. Kuchel commended and inserted an article urging action on the creation of a Redwood National Park in Calif. pp. 20189-90
8. SCHOOL MILK. Sen. Proxmire urged an additional increase in funds for the school milk program. p. 20196
9. WATER RESOURCES. Sen. Dirksen inserted a Sen. Jordan, Idaho, statement which urges adoption by Idaho of water development programs to stabilize and control for full utilization its water resources. p. 20191
Sen. Moss inserted an article which discusses a number of different approaches to water supply problems. pp. 20203-5
10. FARM POLICY. Sen. Hickenlooper inserted a Republican policy committee report which includes a section entitled, "Food, Farmers, and the New Electorate." pp. 20176-86
11. SOIL CONSERVATION; PERSONNEL. Sen. Bayh memorialized as a "dedicated and purposeful civil servant", John H. Wetzel, who was assistant deputy administrator for watersheds of the Soil Conservation Service. p. 20196

HOUSE

12. ROADS. Received the conference report on S. 3155, the road authorization bill, which authorizes \$33 million for forest highways and \$170 million for forest development roads and trails for each of the fiscal years 1968 and 1969, (H. Rept. 1903). pp. 20043-6
13. APPROPRIATIONS. Both Houses passed H. J. Res. 1284, the continuing appropriations resolution. This measure will now be sent to the President. Rep. Mahon stated that this resolution will continue appropriations for agencies and activities for which provision has not yet been made in the regular bills and that it will expire not later than Sept. 30. pp. 20226-7, 20047-53
14. PERSONNEL. Concurred in Senate amendments to H. R. 6926, to amend the Federal Employees' Group Life Insurance Act so as to provide that: the amount of insurance available to each employee will equal approximately 1 1/3 of his annual basic salary; each employee may carry in addition to this basic insurance protection \$2,000 insurance which will not be affected by the reduction after retirement; and change the Federal-employee cost-sharing ratio so that the employee will pay 60 percent of the total premium and the Government will pay 40 percent. This bill will now be sent to the President. pp. 20041-43

EVANS. Mr. Wilkins, may I just ask Mr. Carmichael if he would agree with that, that nobody in the country believes, as Mr. Wilkins has just stated?

CARMICHAEL. I think what Mr. Wilkins is saying—and you ought to be clear in your mind, Mr. Evans, since you are a news reporter—that we have been forced by statements in this country which remind us of the 90% and what they can do and the 180 million and what they can do. They say to us, "Now, if you don't do as exactly as we want you to do, if you don't follow what we prescribe for you, then we have the power to wipe you out." And that threat is not going to stand in my mind as a black man. I am going to move to get to things that I have to get in this country in order to be able to function as an equal.

EVANS. Mr. Wilkins, to go back, don't you think it is precisely this kind of approach to the civil rights problem, correct or incorrect, that has aroused so much basic concern, fear, perhaps hostility over the whole black power concept? Isn't this precisely what has worried so many white people today?

WILKINS. Well, I go back, without a yes or no on that, I go back to the statement of Dr. King some moments ago in the difference between southern hatred and northern hatred, he went on to say, and that he was simply arousing—not arousing it, but exposing it. The thing that I think he omitted or gave too little emphasis to was the direct job competition in the north, whereas you didn't have that sort of competition in the south. And the people in the north who feel that the Negro is the competitor for the job will be fiercer or more fierce in their reaction than those down south who only had to defend the psychological superiority. They already had the physical superiority.

EVANS. Could I ask one more question of Mr. Wilkins. Mr. Carmichael has said in Chicago recently that there is a tendency for the middle-class Negro who has achieved an exit from the ghetto, who has managed to get out of the ghetto to forget the plight of the Negro in the ghetto once he has been emancipated. Do you agree with that, and if so, is this endemic or is this peculiar to the Negro? Was this true of the Jew in this country, or the Italian?

WILKINS. In the first place, I don't agree with it. In the second place, I feel that it isn't peculiar to the Negro at all. Everyone is trying to better his condition in life. Everyone is trying to get ahead. And you can move away from a warehouse or on a street that has no paving to a street with paving and far from warehouses, you will do it. That is if you are normal—whether you are an American or whether you are Lebanese, it doesn't make any difference. And there is too much evidence that this Negro middle class in this country, while not having done all it should have done, has nevertheless, financed and supported and spearheaded the civil rights fight in the days when there were no people arguing philosophically about whether we should go this way or that way or the other way. There was only one way to go, and that was to jam your head right into the wall and fight the man right on the firing line. And that is what the Negro middle class did.

Now, because we have two suits and wear a white collar and can speak English reasonably well, they have to take a lot of vituperation from those who are still in bad and say they have been forgotten. They haven't been forgotten. They have been pretty well taken care of. The Negro middle class can do more than it has done.

VALERIANI. Mr. McKissick, what do you consider to be the number one priority of the civil rights movement today?

McKISSICK. I think that we have got two basic priorities that are facing us as a na-

tion. I think one is racism and the second is peace. I think they are both interwoven within our power of thinking. When we talk about black power, for instance, everybody gets excited—two little bitty words in the English language. One—black—everybody that goes to the sixth grade knows what black means; Power—everybody that goes to the sixth grade knows what that means. And I get a letter from a professor at Harvard, says, "Explain black power." That means putting power in black people's hands. We don't have any, and we want some. That is simply what that means.

Now, to answer your two basic questions you are talking about. I think that we have really got to change some values in this country. I think the war is indicative of black men going over to Vietnam and dying for something that they don't have a right for here. Not only do we have the war, we got racist thought. It is a racist thought to oppose black people having power, if I can put it like that. That is a racist thought. Because what you are saying is, "I am opposed to black people having power. Then you join issue as a lawyer, and when you issue, you start preparing and I start preparing because the issues are joined. So when we say change is one of the most important issues today, I think you have got two. You have got peace and you have got racism, racist thoughts.

CARMICHAEL. It seems to me that that is very indicative in terms of foreign policy of this country and its racist attitude outside the country, its exploitation of other non-white countries and the way it draws its resources and brings it back here to be industrialized. And one of the reasons why I think that black people now across the country, who became politically conscious of what is being done in Africa and Asia and Latin America by this country, are saying that they must join up with those emerging countries in the third world because they have in fact the common need that they must stop this system that has exploited and oppressed them because of their color.

SPIVAK. Mr. Carmichael, a question first. A minute or a short while ago, when I was questioning you, you said you weren't sure that you were a citizen of this country. Was that correct?

CARMICHAEL. Yes, I meant that in a sense that many people question that right. Not me.

SPIVAK. I am only questioning you. Are you a citizen of this country?

CARMICHAEL. I, in terms of—

SPIVAK. In terms of actual rights.

CARMICHAEL. Obviously not. My dear black brother Dr. King, can't even march in Chicago without getting a rock thrown on his head.

SPIVAK. I am talking about you. Have you a right to vote here? Are you a citizen or are you still a citizen of Trinidad?

CARMICHAEL. I am a citizen of the United States.

SPIVAK. That was the question.

CARMICHAEL. Oh, in that sense, paper citizen sense. Is that what you are talking about?

SPIVAK. That's right.

CARMICHAEL. Paper citizen.

SPIVAK. You just don't identify yourself with the United States as it is today, and therefore you have virtually thrown your citizenship out the window.

CARMICHAEL. On the contrary. It seems to me that what we are saying is that we see that there are some changes that have to be brought in this country for people to live on the humanistic level that other people always talk about and that it seems that that's where we say that we are going to move to try to bring about those changes since people in this country do not live on the humanistic level everybody talks about.

SPIVAK. Mr. Wilkins, the SNCC position paper which was recently published by the New York Times quoted SNCC as saying, these are the words, "We are now aware that the NAACP has grown reactionary, is controlled by the black power structure itself and stands as one on the main roadblock to black freedom." Now, many of us have long believed that your organization is one of the oldest, has made one of the great contributions in getting civil rights laws throughout the country and in many, many other ways. What is your answer to this rather serious criticism made by the young, more militant groups?

CARMICHAEL. That is a private paper, not for publication. I wonder how the New York Times got ahold of it.

SPIVAK. Do you repudiate that?

CARMICHAEL. No, I do not. It is not a public statement. Privately we have a right to analyze other civil rights groups, but we never do it publicly.

WILKINS. Of course we do not agree with it, and we feel it is a little uninformed. This is nothing unusual in these times. There are thousands of young Negro people in this country who believe that the civil rights movement started in 1960 when they became active in it. And so, anything since, before 1960 has to be aged and is reactionary. This is not true. We feel that the NAACP is one of the most radical organizations because it addresses itself, that is the objective now.

SPIVAK. What is your goal? Does it differ in any way?

WILKINS. If the objective is to reform America so that the Negro can live here in equality, if he can achieve his citizenship, equality here, if that is the goal—and that is our goal in the NAACP—then we have the radical approach, not the reactionary approach, because we want that equality with all the weapons we can muster.

SPIVAK. Now, both SNCC and CORE seem to feel that integration is irrelevant in the civil rights fight. Now, as far as I know, most of the older and those who are called more responsible leaders have always felt that this is the fight, that this is the battle, to integrate the Negro into American society. Have you changed your position on that? Do you think it irrelevant?

WILKINS. The SNCC private paper—Mr. Carmichael says it was a private paper—uses a very significant phrase. "SNCC has become" it says, "a closed society." We can't agree with this in any respect. No man is an island, to quote a familiar thing. You can't be a closed society and function in this world.

ROWAN. Mr. Young, we all know that the Negro and the civil rights movement labors under a great many burdens. Do you think it wise to add to it this extra burden of great debate over Vietnam?

YOUNG. No, I find myself terribly distressed by a great deal of this conversation here today, that instead of focussing on the basic gap, the situation where the Negro today has 55% average family income of that of the white, two and one-half times to three times as many Negroes unemployed, that 40% of all Negro families live in substandard housing—as long as we have this situation, we will always have these problems that seem to upset people and people forget that when they were in the same situation—labor movement, the women, Irish groups, they demonstrated, they marched in the street, they fought for all these things.

Now, as far as Vietnam is concerned, the Urban League takes no position on Vietnam. We know this, that we had a race problem in this country before Vietnam. We will have a race problem after it is gone. We know well that the resistance, savage resistance we are running into in Chicago has nothing to do with Vietnam.

We know that the unemployment, serious lack of employment on the part of some in-

dustries is not related to Vietnam. We think as an individual one has a right to take a position. Our concern is that there be no money diverted into Vietnam that ought to go into the Poverty Program, and we also are concerned about the 60,000 Negro fellows who are in Vietnam whether we like it or not, and we want to see when they come back, that these men, their rights are respected because one man throwing a rock seems to upset more people in Watts than the hundreds of Negro boys dying in Vietnam.

NEWMAN. Excuse me, gentlemen, we have just two minutes more.

KILPATRICK. I wanted to ask a question of Mr. McKissick if I could relative to CORE and politics. In the book that he published back in February, James Farmer spoke quite candidly of the major change in CORE's policy that will take you into more direct political involvement. He called it open political action, partisan, and direct. Can you tell us how widely CORE will be engaged this fall in congressional campaigns?

McKISSICK. Well, when we talk about going into politics, we can talk on one level about politics, we can talk on another level about permits, and then we can talk on another level about issues.

KILPATRICK. Mr. Farmer talked on every level. He talked about even CORE running its own candidates for public office and supporting particular candidates and particular parties. On that score, let me ask a question just for information. Are contributions to CORE tax deductible or are they not?

McKISSICK. Contributions are not tax deductible.

KILPATRICK. So that you can involve yourself in politics.

McKISSICK. That is correct.

EVANS. Mr. Carmichael, were you invited by Bertrand Russell to that so-called War Crimes Trial in Europe?

CARMICHAEL. Not so-called. It is a war tribunal.

EVANS. Are you going?

CARMICHAEL. We, our Student Non-Violent Coordinating Committee has certainly accepted.

NEWMAN. This is an invitation to what, Mr. Carmichael? Let us make it quick.

CARMICHAEL. To attend the war tribunal that is being convened by Mr. Russell.

EVANS. Bertrand Russell. Are you going yourself, Mr. Carmichael?

CARMICHAEL. I am not sure, but I would like to very much.

EVANS. Do you think President Johnson is guilty? Is that fair?

CARMICHAEL. I didn't say I did. That is why I am going to the war tribunal, to see the evidence.

EVANS. You think he may be?

CARMICHAEL. Well, I certainly don't agree with the war in Vietnam. I think it is an immoral war, yes. I think it is an immoral war.

NEWMAN. I am sorry, gentlemen, I must interrupt. Our time is up. Thank you, all of you for being with us today on this special edition of "Meet the Press."

Next Sunday, we will be back at our regular time on both television and radio and your guest will be George Meany, President of the AFL-CIO. Check your local listings for exact time in your area.

Now, this is Edward Newman saying good-bye for Dr. Martin Luther King, Roy Wilkins, Whitney Young, Floyd McKissick, Stokely Carmichael, James Meredith, our panel of reporters and "Meet the Press."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

FOOD FOR PEACE ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, before proceeding with my statement on the pending bill, I offer a clerical amendment to correct something that was overlooked. The amendment simply provides that on line 8, page 35, the word "reasonable" shall be changed to the word "maximum."

The PRESIDING OFFICER. The clerk will state the amendment.

The ASSISTANT LEGISLATIVE CLERK. It is proposed, on page 35, line 8, to strike out the word "reasonable" and insert in lieu therefor the word "maximum."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 776

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment which I hope to propose to the pending business.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. ELLENDER. Mr. President, I wish to say that the Committee on Agriculture and Forestry spent a considerable amount of time in working out this bill. We held hearings for a number of days, and we had 3 or 4 executive sessions, discussing the many features of the bill, before we finally reported it out last week.

The bill makes significant changes from that which the House approved. It will be recalled that the bill that the House adopted generally follows the views of the administration. The bill that we have before us for consideration is one that retains many of the provisions of the act of 1954, as amended. The committee felt that many of those provisions had worked well, and we felt that it was incumbent on us to have them incorporated in this new bill.

Mr. President, 12 years ago Congress enacted the Agricultural Trade Development and Assistance Act of 1954. The original purpose of the act was to utilize

our agricultural abundance to develop trade and provide economic assistance to friendly foreign governments. That act provided an authorization of \$700 million for sale for foreign currencies to cover a 3-year period. It also provided \$300 million over a 3-year period for donations under title II.

Since its inception many amendments were made to meet changing conditions. For one thing, as surpluses of agricultural commodities mounted the authorization for sales for foreign currencies was increased to \$2.5 billion per year, and donation authority to \$400 million per year.

In 1954 wheat carryover stocks amounted to 933 million bushels and by 1961 had increased to 1.4 billion bushels. On July 1 of this year, however, stocks of wheat were down to only 536 million bushels.

Corn stocks show a similar trend. In 1954 the carryover of corn amounted to 920 million bushels. In 1961 this had increased to 2 billion. The Department now estimates that on October 1 of this year, stocks will amount to only 950 million bushels. All feed grains increased from 32 million tons in 1954 to 84.7 million tons in 1961. Now stocks total only 47 million tons. With the exception of cotton, the carryover of most other agricultural commodities is also moderate.

During this 12-year period livestock numbers have increased by 10 million head, and human population by 30 million. This country no longer has a huge surplus of agricultural commodities to dispose of. We have a splendid opportunity to maintain our farm production in line with our domestic and export needs. The time will soon come when our farm program should cost very little unless our planners expand our food production in order to do more than our share to feed hungry people the world over.

Farm prices are beginning to show strength, supply and demand are in reasonable balance, and our great agricultural plant is now producing for our needs, not for Government warehouses.

This is as it should be and this is the way I want it to remain. Our country stands ready to do its share to help the underdeveloped countries help themselves. However, we cannot do it alone. It is an impossibility. Other affluent countries must help. Our European friends and others whom we helped after two world wars should join us in providing the necessary aid to the less fortunate peoples in the world so that they may build their economies just as Europe rebuilt with our unselfish help.

In this connection I want to point out that during World Wars I and II, as well as during the Korean war, our farmers responded magnificently to the pleas of their government to expand production in order to take care of not only our own food and fiber needs, but the needs of our Allies abroad. And after each war American farmers found themselves faced with an expanded plant but no market for the additional production.

Only after many, many years, at a huge cost to our Government, are our

supplies of agricultural commodities being tailored to meet market needs.

In the meantime, because of excessive costs to the taxpayers, abuse and criticism were heaped upon American farmers.

Praise and sympathy for having responded to the Nation's needs during wartime were forgotten. Billions were spent to pay industrialists to convert their plants from war to peace time. Also little was said about the total war surplus property accumulated during World War II, estimated at nearly \$50 billion that was disposed of for a pittance. As a matter of fact, most of it was given away.

Following the Korean war \$2.2 billion worth of surplus property was sold for about \$168 million. Few point an accusing finger at industry; but many point an accusing finger at our patriotic American farmers because of the Government help they have had which, in my opinion, was only right and proper.

During the period 1910-14 farm prices reflected parity. Agricultural production was in balance with demand and but for the war would likely have expanded only at a necessary rate. After World War I, however, with a greatly expanded plant, but no market, farm prices fell drastically.

I am sure that many of you remember the 1920's and 1930's, when wheat prices averaged less than a dollar per bushel, with a low of about 32 cents in 1932; when prices received by farmers for both the 1932 and 1933 crops of corn averaged only 29 cents per bushel; when in 1931 prices received for cotton averaged less than 6 cents per pound; and when hogs and beef cattle sold for less than 4 cents per pound. Prices of other commodities were equally low.

The same situation prevailed after the other wars. Prices rose to parity and then declined, and now, about 13 years after the Korean war, farm prices are still only at 80 percent of parity.

But as I said, prices are now showing strength, and we want to keep them strong. We must not expand production indiscriminately for unrealistic demands. I predict that, if we do, farmers will again be forced to accept low prices for commodities produced above market demands. A cry will be heard for further Government help.

Mr. President, I emphasize at this point that I hope a situation will not develop whereby we will produce more and more food to be made available to our friends abroad, and then, soon after we make that start, be confronted with efforts to curtail the disposition of that food abroad under Public Law 480.

There is no doubt that, if such a condition should occur, as was the case after World War I, World War II, and the Korean war, our planting will be over-expanded by farmers who will continue to produce with no available strong cash markets in which to dispose of their commodities.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Mr. President, I am very interested in what the Senator has to say about the disposing of produce solely to satisfy a giveaway farm market.

The origin of this kind of legislation was primarily to dispose of surpluses, was it not?

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. How does the Senator justify a continuation of this program, and especially for 2 years, when there are not any surpluses?

Mr. ELLENDER. If the Senator will permit me, I will indicate in a few minutes the course that the Committee on Agriculture and Forestry took.

We are not trying to promote overproduction in any manner, but we are suggesting that we produce a reasonable quantity so that we may make available a fair share of the produce to countries in need, and not take over the whole burden as some in this country would like us to do.

Mr. FULBRIGHT. Mr. President, I did not make my point clear.

This kind of legislation first appeared as an amendment or a provision in the old Mutual Security Act of 1954, is that correct?

Mr. ELLENDER. It was a separate act altogether.

Mr. FULBRIGHT. It became a separate act in 1954.

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. Prior to that, was it not originally an amendment to the Mutual Security Act?

I read from the report:

Piecemeal efforts to achieve the goal were written into legislation for years, some going back to the period immediately before World War II. However, it was not until adoption of section 550 of the Mutual Security Act of 1953, authorizing sales for local currencies, that substantial progress began. This authorization was continued in section 402 of the Mutual Security Act of 1954. Also, in 1954, Congress adopted a broader and more varied attack on the surplus problem in Public Law 480, which expires on June 30, 1957.

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. The only point I want to make is that Public Law 480 was intended as a surplus disposal act primarily.

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. The surpluses have now disappeared, as the Senator has very properly said, and I join him in congratulating the farmers and everybody else connected with this.

Why is the program not discontinued as a separate act? What sense does it make to go through the rigmarole of going through with appropriations and reimbursing the Commodity Credit Corporation for these commodities when all we need to do is to increase the regular aid program? I have a conference on the existing foreign aid program soon, but we have an aid program which is about the size of this one.

If there are no surplus commodities to dispose of, why should we have the program?

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I should like to have the chairman answer the question, and then I would be glad to have the comment of the Senator.

Mr. ELLENDER. Mr. President, I say to my friend the Senator from Arkansas that I assume this program is not unlike any other program. We started this in 1954 with the express purpose, as I said, of disposing of a huge surplus. It became a good program. People liked it because of what it was accomplishing.

Quite a number of Americans abroad think this is a marvelous program and that it would be a calamity if we were to prevent the growing of more food to help our friends.

Mr. FULBRIGHT. I was not asking what the Americans abroad think. I was asking what the chairman of the committee thinks. Does the Senator really think there is any reason for the continuation of the program?

Mr. ELLENDER. If it were left solely to me, I certainly would not go as far as this bill proposes. I would try to keep our production in keeping with our requirements.

It is my considered judgment that the great trouble we are having now with the balance-of-payments situation could be remedied by the sale for dollars of our surplus commodities.

Mr. FULBRIGHT. As the Senator knows, we have refused to sell for dollars. We have given most of it away under this program. We have given food to many countries including India and Pakistan.

Mr. ELLENDER. I would not say that we have given it away. If the Senator means that, by selling it to India for rupees, we have given it away, the Senator is correct.

Mr. FULBRIGHT. That is what I meant.

Mr. ELLENDER. We have found use for many of the rupees.

Mr. FULBRIGHT. I submit to the Senator that these sales for foreign currency have gotten so big that we cannot find use for as many rupees as we have now.

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. Would the Senator accept an amendment to make this a 1-year program? In view of what the Senator has said—and I subscribe to it—why should this be a 2-year program? We are just completing the regular aid program, and we have reached tentative agreement in conference on a 1-year program, with the exception of the Alliance for Progress and one other program.

The pending bill provides for a 2-year program and there are no surpluses. Why is it not advisable to limit it to 1 year?

Mr. ELLENDER. The committee thought about the 2-year program and discussed the authorization period at some length. The administration asked for 5 years. The committee made it 2 years.

If the bill is administered as intended by the committee and if Congress retains the restrictions placed in the bill by the Committee on Agriculture and Forestry, I believe we can extend the program for 2 years without causing any harm.

Mr. FULBRIGHT. With respect to those restrictions, is it not a fact that nearly all the restrictions to which the Senator refers have nothing to do with the growing of produce, but relate entirely to foreign policy, which the Committee on Agriculture and Forestry has undertaken to impose upon an agricultural bill?

Mr. ELLENDER. No, I do not think so.

Mr. FULBRIGHT. What restrictions did the Senator have in mind?

Mr. ELLENDER. Any restrictions upon our aid abroad, for instance. In the agreements that will be entered into by us with foreign governments, we shall insist that they grow food for themselves. We shall insist that a part of the proceeds from the sale of this food be used to develop their agriculture. Instead of building, let us say, steel mills and factories of different kinds.

It is my belief that if we can establish the self-help program as intended by the bill, it will only be a question of a few years until most of the countries will be on a self-sustaining basis.

Mr. FULBRIGHT. Does not the Senator consider that to undertake to tell another country what to do in the management of its own internal economy is primarily foreign policy, not U.S. domestic agricultural policy?

Mr. ELLENDER. Well, it should be. If they continue to expect aid from us, we certainly have a right to attach as many strings to our gifts or agreements—

Mr. FULBRIGHT. I do not say we do not have the right, but the fact is that it is an attempt to determine the internal policy of a foreign government, which normally is considered foreign policy, not domestic agricultural policy.

I agree that there are many restrictions or conditions in the bill; and I submit that many of them are on all fours with similar restrictions in the aid program on which we have recently voted and which the Senator from Louisiana has discussed year after year—and he has made a great contribution to that program.

The bill was reported by the Committee on Agriculture and Forestry, which has jurisdiction over agriculture in the United States. It imposes restrictions which I submit are foreign policy. It has become a bill on foreign policy and is no longer for the disposition of surpluses, because there are no more surpluses.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield before he leaves the subject of surpluses?

Mr. ELLENDER. I yield.

Mr. YOUNG of North Dakota. It is true, as the Senator from Arkansas has pointed out, that when this law was enacted, it was primarily to help dispose of surpluses. Most of those surpluses had been disposed of partly because of Public Law 480.

More important, however, is the fact that at the present time we have 60 million acres of cropland lying idle, for which the Federal Government is paying \$1.6 billion annually. I think the Senator from Arkansas would agree with me that we would be far better off, from a foreign policy position, from a humanitarian position, and from the standpoint of our own economy to restore this land to production, relieve the Federal Government of the \$1.6 billion a year cost, and produce food to help hungry people in the world.

Mr. FULBRIGHT. If the Senator means that we are going to produce food and pay for it in the same way that it would be done in this bill, it would be no favor to the Federal Government. If the Senator means to sell it for dollars, that is another matter.

But there is no indication that if that land were put back into production, the food would be sold for dollars. The Senator from Louisiana has said that he does not approve of growing food and fiber just to give away to other countries.

Mr. ELLENDER. Not only do I believe that, but also several years ago the law was amended to include a provision that under no conditions should we produce food simply to give away.

Mr. FULBRIGHT. That is what the Senator is proposing.

Mr. ELLENDER. I understand that. I may have erred a little in my view. My views have changed somewhat. But it is my belief that we cannot turn this program off immediately—that is, the flow of food abroad—particularly to India, let us say, which is a classic example. I am wondering how the Senator from Arkansas would handle that situation.

Mr. President, we have provided for one other item in the bill. It is in line with the self-help that I have been speaking of. We leave in the hands of the Secretary of Agriculture the direction of the self-help program abroad.

Mr. FULBRIGHT. Does the Senator mean that the Secretary of Agriculture is to tell foreign countries what to do?

Mr. ELLENDER. To assist them.

Mr. FULBRIGHT. To tell them what to do?

Mr. ELLENDER. Yes, with some of the funds that they will obtain—that is, that they will then reinvest, in an attempt to be self-supporting, not self-sufficient.

Let me say to the Senator from Arkansas that this bill differs from the other bill in that this food will not be made available to countries that can produce it but do not. The Senator knows that some countries cannot produce wheat and some countries cannot produce rice. Any country that has the climate and the land to produce commodities that we have in surplus, but which does not undertake to do so, could be refused assistance under this act. Assistance would be given until such time as they produced.

In my opinion, there has been a great change in the thrust of the provisions of the bill as presented to the Senate, in contrast to the original 1954 act.

Mr. FULBRIGHT. The Senator is correct; there has been a great change.

For all practical purposes, this bill is a duplicate of the so-called foreign aid bill, on which we are now in conference with the House. For all practical purposes, it has the same restrictions and many of the same kinds of conditions. The Secretary of Agriculture would be playing the same role under this bill as the Secretary of State does with respect to the other aid program.

We will have two aid bills, one administered by the Department of Agriculture and one administered by the State Department. They are almost the same size. This bill authorizes \$1.9 billion for each of 2 years, and the other bill is for about \$2 billion of economic aid for 1 year, except for the Alliance and the Development Loan Fund.

So it would really be a bigger foreign-aid program, with provisions requiring compliance by foreign countries that are very similar to the economic aid bill.

It seems to me an odd development for the Committee on Agriculture and Forestry to continue this program in this guise. I should think the sensible thing to do would be to merge this program with the existing economic aid program, so that we would not have two fullfledged aid organizations to administer this program. Would not the Senator agree to a merger and let one organization carry on our foreign policy, instead of two?

Mr. ELLENDER. Mr. President, the Senator knows that the part that the Department of Agriculture plays in this matter is very small in respect to our foreign policy, in contrast to what the State Department does.

It would seem to me that the Department of Agriculture is in a better position to administer a program of this kind, in an effort to show the way to India and other countries how to produce the needed food, rather than to have it done through the State Department. The Senator knows that.

Mr. FULBRIGHT. I do not understand why that should be so. I will admit that the State Department has not been very successful.

One of the arguments made about India is that so long as we give her enough food to meet her needs, we remove the principal incentive for developing her own food production. That has been said by many experts, not only by the Senator from Arkansas.

Mr. ELLENDER. That was the situation under the old law.

Mr. FULBRIGHT. That is right, because we had to get rid of the surplus. Now we do not have a surplus.

Mr. ELLENDER. What we are attempting to do at the moment is to tell a country like India that we expect her to do thus and so in the production of food, if she is to continue to receive food from us. Heretofore, our administrators of the program simply gave the food away, and the contracts were not as they should have been. The idea was to give it away because we had it on hand and had no use for it. There were no strings attached.

Mr. FULBRIGHT. Under this bill does the Secretary of Agriculture take

the responsibility to see that India complies?

Mr. ELLENDER. Yes.

Mr. FULBRIGHT. And not the Secretary of State?

Mr. ELLENDER. No.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Vermont.

Mr. AIKEN. I am not sure but that the Senator from Arkansas [Mr. FULBRIGHT] made a good suggestion when he said that the economic aid bill be merged with Public Law 480 or the Food for Peace bill. I am quite well satisfied that the Secretary of Agriculture could handle the economic assistance.

Mr. ELLENDER. Both.

Mr. AIKEN. He could handle it in an approved manner. But I do not know if we should impose on him the task of handling military assistance.

But if the Senator from Arkansas will agree to dropping military assistance and only having the economic part of the aid program added to Public Law 480 or the Food for Peace bill, I think I would be in favor of accepting his proposal.

Mr. FULBRIGHT. Does the Senator from Vermont think that he could get sufficient support on his side of the aisle to bring this about? That would be one way to abolish both.

Mr. AIKEN. That would depend on how we carry out the desire of the Senate.

Mr. ELLENDER. I am surprised at the position of my good friend the Senator from Arkansas [Mr. FULBRIGHT]. I recall that a few years ago he was one of the chief proponents of the foreign aid program.

Mr. FULBRIGHT. The Senator is quite right.

Mr. ELLENDER. I was opposed to it. I have not changed my mind as to foreign aid at all.

If the Senator will study this bill he will note that the emphasis is for us to help undeveloped countries to be self-supporting, and particularly in production of the food they can grow.

Many countries cannot grow all kinds of food but it is my belief that if we can assist them in being self-supporting in the long run it will be a great help to the world and to us.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. There is nothing new in this proposal. The earliest memories I have of the foreign aid bill are of county agents in India showing those people how to increase their production. That was the original point 4 program, now called technical assistance.

There is not one iota of difference in what the Senator would provide in this bill and what the original aid bill provided.

The Senator comments about change of opinion. The Senator is right about that. With the experience we had with this and other bills, it seems to me that anyone at all perceptive should change his opinion about the interference of our country in the internal affairs of

other countries, and what it leads to. Presently, the outstanding example is Vietnam.

But there are other results that this will lead to. As I have stated in the debate on the other bill, if aid should be denationalized it should be put on a basis on which it is administered as is the present program of the international agencies, IDA and the International Bank and others.

Aid is involving us in political controversies that I do not think we can stand. I think that we will eventually, in not too long a time, involve ourselves in more controversies than we maintain.

In this bill the surprising thing is its many innovations. It would duplicate what is in the other aid bill. Because you do not like State Department administration, you are creating this under the Department of Agriculture. This seems a most wasteful way to proceed to distribute these commodities. I do not see any excuse for continuing this bill in view of the fact that there are no surpluses to dispose of.

Why is it not more efficient to appropriate \$1.9 billion to the regular aid program and let them buy such commodities as we are willing to sell? We are going to pay for it out of the U.S. Treasury one way or another. But why have all of this duplicating machinery, which is, for all practical purposes, even as to restrictions and conditions, very similar to the other program already conducted by AID?

Mr. MILLER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator from Louisiana [Mr. ELLENDER] has the floor. He is yielding to me.

Mr. ELLENDER. I shall yield in just a moment.

Mr. President, it is a great pity that the amendments that some of us offered to the original aid bill were not adopted.

I, along with other Senators, tried to attach strings to the foreign aid bill. But I can well remember the Secretary of State saying, "No, we do not want to invade the sovereignty of the people we are trying to assist." My answer was that they do not have to accept our aid unless they take it under the conditions prescribed by us.

On several occasions some of us tried to attach strings to these programs. Here there is no doubt in my mind that the Department of Agriculture is much better equipped to handle the program for the production of more food abroad than is the Department of State, or AID.

On several occasions I criticized the handling of our foreign agriculture program, under AID, particularly in Ethiopia where it took 9 years for the AID administrator to see that I was right. I recall having visited Ethiopia in 1949 or 1948 and I advised our foreign aid administrator that the program that was then in effect in Ethiopia would not work. They created a college there to provide men who would work on the farms and assist other farmers. It was my contention that they would not have anybody to work with. Only 2 percent of the people there are literate. I contended

that knowledgeable people should go out to the farmers to show them how to employ new methods. An elementary school system was essential. Vocational schools were too.

It was 9 years later, after we had spent over \$100 million in Ethiopia, that the program that I criticized 9 years before was abandoned.

In this new concept of food for peace we are attaching strings to it to the recipient country. If they do not do what is best for them, aid can be chopped off overnight.

That is why I believe that this program does not mean the expenditure of all of the amount that we are here authorizing. It is my own personal belief that we could cut this authorization back to probably a billion dollars a year or \$1.5 billion a year, and would have a sufficient sum to do the job.

Now, there is no doubt in my mind that if the Indian Government were to follow through with the program that we suggest to them that they can produce much more food than they are now producing.

Mr. President, I ask unanimous consent to have an excerpt from the committee report included at this point.

There being no objection the excerpt from pages 21 and 22 was ordered to be printed in the RECORD, as follows:

Section 401 authorizes the Secretary of Agriculture, after consulting with other Government agencies and within policies laid down by the President, to determine the commodities to be furnished under the act, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover. The new dimensions which this legislation gives to our food-for-peace programs are most important; in fact, they are essential to meet conditions that prevail today. The new dimensions of self-help and use of nonsurplus commodities add to the importance of the principle expressed in section 401 of this bill—that principle which assigns to the Secretary of Agriculture the responsibility for determining "the agricultural commodities and quantities thereof available for disposition under this act, and the commodities and quantities thereof which may be included in the negotiations with each country."

The Congress has always held that the Secretary of Agriculture should have major responsibility for the Public Law 480 program. This responsibility is even more important under the new conditions that prevail today, and especially under the new concepts now being incorporated in this bill.

We are—in this legislation—eliminating the surplus requirement, which, up to now, has been a limiting factor on food-for-peace programs. This is appropriate in view of today's conditions, but it also adds significantly to the importance of administrative decisions as to the agricultural commodities and quantities that are available for programming, and the commodities and quantities which may be included in the negotiations with each country. Responsibility for such decisions must remain with the Secretary of Agriculture because they are so closely interwoven with the Secretary's responsibilities for domestic farm programs.

There have been some ideas expressed that under this new program food aid is going to become just a part of the foreign assistance program, and that it will then be treated just like dollar aid. We want to make it clear that this is not the case.

Surely we expect that it will be administered in coordination with our other kinds of foreign assistance. And surely we expect that increasing use will be made of our expert agricultural know-how—in the USDA, in our land-grant colleges, and in the abilities of our farmers—to help the hungry nations to help themselves.

But food aid cannot be treated just like dollar aid. If we had wanted that we would have turned it into dollars and put it in the Foreign Assistance Act.

Food aid cannot be treated as dollar aid simply because this would present too great a risk to American farmers and American consumers. Domestic needs and supplies, to with price supports and acreage allotments that affect agricultural production, must be integral factors in our food aid program. This is why food aid must be handled separately and this is why section 401 insures separate handling by vesting responsibility in the Secretary of Agriculture.

This section also (1) authorizes the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated, and (2) provides that no commodities shall be made available under this act if domestic requirements, adequate carryovers, and anticipated dollars exports as determined by the Secretary could not be met.

Mr. FULBRIGHT. Mr. President, will the Senator yield for two observations? I have to go to a conference. I have a conference with the House on the aid bill.

Mr. ELLENDER. I yield.

(At this point, Mr. McGOVERN assumed the chair.)

Mr. FULBRIGHT. First, I would like to give notice, if the Senator would be so kind if I am not here before the third reading, I would appreciate if it there were a quorum call so that I might offer two amendments.

One would be for 1 year, which would seem to be ample and the other would be to ask for a cutting back to \$1 billion. I understood the Senator from Louisiana to say that would be ample, I should like to have the opportunity to be able to offer those two amendments before the third reading of the pending bill.

Mr. MILLER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MILLER. I thank the Senator for yielding so that I may make a comment or two before he leaves the Chamber. Briefly I should like to respond to the point the Senator from Arkansas made about the unilateral programs. I think that he will agree with me, if we are going into bilateral programs, that the Food and Agriculture Organization of the United Nations would be the logical place to go. The trouble is that the difficulty with the project in the FAO has been such that the size of the program envisaged by the pending legislation could not be accommodated by FAO at the present time. It may be able to do so 2, 3, 4, or 5 years from now. The problem is to do something now. The problem cannot be met adequately by FAO at this time. I think that if we have the program for 2 years, it may be that the FAO can expand its program so that we phase it downward; but at the present time I think a hard look at the realities of the situation in FAO will compel us to

follow a unilateral program while at the same time supporting the FAO.

Mr. FULBRIGHT. Will the Senator from Louisiana allow me to comment on that?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. ELLENDER. Surely.

Mr. FULBRIGHT. I say to the Senator that if there were anything in the bill which provided for even a pilot project in the allocation or authorization of, say \$50 million or \$100 million, in order to get the FAO functioning in this field, it would be good legislation and I would be reconciled to it. However, there is nothing in the bill that I can find which indicates that this committee has the slightest idea of allowing anyone else to participate in the administration's program. This is what happened in the AID bill, when the Senate authorized token allocations under that bill of 15 percent in development loans. That was an important element in it. The other body is reluctant about it. I think we are going to compromise on it. But I believe the conference committee will support it.

If we had a provision in the bill looking toward multilateralizing good aid as an ultimate solution, I would be very much impressed by it. I think it is a good idea. If they could do it fine, but it is late to work out the procedure.

Mr. MILLER. We went into this matter with representatives from the Department of Agriculture, with Mr. Rusk when he was there, and with the AID people, and it was indicated that at the present time the FAO just does not have the capacity to undertake a program of this size.

Mr. FULBRIGHT. Any size.

Mr. MILLER. In the foreign aid bill now in conference, there is money to be made available to support our share of the FAO program. I am not sure that there is any necessity for modifying this particular bill to meet what the Senator just suggested; but I point out that we did consider this, that we talked about it and asked questions of representatives from the Government. I for one, would like to see more effort made through FAO, but the problem of hunger in many nations is immediate. If we are to do something about it, we have to move forward at a time such as this. I am hopeful that as time goes on FAO may be able to come into the picture on a stronger basis.

Mr. McGOVERN. Mr. President, will the Senator from Louisiana yield at that point?

Mr. ELLENDER. I promised to yield to the Senator from Vermont first, then I shall be happy to yield to the Senator from South Dakota.

Mr. AIKEN. Mr. President, I, too, have to go to the same conference meeting on the AID bill as the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT]. I look forward to it rather eagerly, shall I say. It means that I will have to leave the Chamber at 2:30 o'clock.

There is one point which should be

clarified on the floor of the Senate now, and that is with regard to section 3(d) in the House bill which provided that textile goods exported would enjoy all the provisions and benefits of the Food for Peace bill provided they contain a substantial amount of cotton.

In the Senate the wording of that provision was changed to simply provide that the export of products manufactured from cotton could be financed in the same manner as any other agricultural commodity or product. That revision could possibly be interpreted to mean that manufactured goods containing 25-percent cotton and 75-percent rayon, nylon, or some other synthetic which is competitive with cotton could be subsidized. If that were to be permitted, we would defeat one purpose of the bill—which is to dispose of surplus cotton—by subsidizing the exports of its competitors.

I wonder whether the chairman of the committee agrees that it is not the intent of the Senate to ask agriculture to subsidize the export of synthetic fibers of competitors of surplus cotton in any way?

Mr. ELLENDER. It was certainly not the intention of the committee.

Mr. AIKEN. No.

Mr. ELLENDER. This was an amendment offered by the Senator from North Carolina [Mr. JORDAN]. It was merely to put cotton producers on the same level at wheat and other commodities which were converted for immediate use and to let them be on an equal basis. That was really the reason for it.

Mr. MILLER. That is my understanding, too, that this provision would apply only to those manufactured goods which were made wholly of cotton.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. CARLSON. I have read the bill and I have also read the report. I am hopeful that when we enact the pending legislation the bill will somehow, some way, stimulate the sale of surplus products and other products for dollars. It has been one of my serious concerns that as we continue to sell for foreign currencies, we have been lagging sales for dollars. This is based on the statement in the report that I have just read, that it is the intention of the committee the Secretary of Agriculture shall make every effort to increase dollar sales.

I cannot help mentioning the Comptroller General's report, which I know the chairman has read, which was issued this month, as to what has been happening in the sale of our agricultural commodities to foreign countries.

I shall not take time to go into detail, but it is an interesting story that the more we sell for foreign currencies, the less we sell to them for dollars.

Quoting from the report to Congress:

We estimate that, through fiscal year 1963, these commercial dollar purchases totaled about \$715 million less than those which the countries would have made had they maintained the level of their historical purchases.

A table follows. I ask unanimous consent to have it printed in the Record.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Commodity	Estimated decreases in historical dollar sales from inception of title I programs through fiscal year 1963	
	Number of countries in analysis ¹	Amount of decreases (millions)
Wheat and wheat flour.....	7	\$353.1
Cotton.....	6	275.0
Tobacco.....	8	86.4
Total.....		714.5

¹ For 1 or more of the 3 commodities, certain of the 15 countries had increased their dollar purchases during the period (totaling about \$10,100,000), and, in a number of cases, we could not readily determine a sufficiently reliable basis for establishing historical purchases on which to estimate decreases.

Mr. CARLSON. Mr. President, by giving this to foreign countries—I say “giving,” but really the proper term is selling it for local currency—we find we reduce our dollar sales. In this statement here, wheat and wheat flour dollar sales decreased \$353.1 million, cotton by \$275 million, and tobacco by \$86.4 million, from our historical dollar sales of these commodities to certain countries.

Thus, I am sincerely hopeful that if we enact the pending legislation—which I shall support—we can ask the Secretary to make every effort to increase dollar sales.

Mr. ELLENDER. That is the intention of the proposal which we are presenting to the Senate. The fact is, we accepted the change in the law—I think it was offered by the able Senator from Iowa [Mr. MILLER]—to maximize the amount that we should sell for dollars. In other words, have the countries buy all they can for dollars before they come within the purview of this act, for current sales, or any other way.

Mr. CARLSON. I also am going to have to attend this conference on foreign aid. Last year, I believe we sold approximately 870 million bushels of wheat for foreign export. We sold only 280 million bushels of it for dollars, however. It seems to me it is important not only for wheat, but also for other commodities, to do everything possible to increase our dollar sales.

I want to commend the chairman for including in the Senate bill section 406, which was offered in the House. As I read it, I believe this section, as approved by the committee, is word for word the House language written by Representative BOB DOLE in regard to insisting that people over there begin to cooperate and try to expand their own agriculture.

I think that is important because we cannot, as a nation, except to grow enough food to feed the world, either through sales or giveaways. I thank the Senator for keeping that provision in the bill.

Mr. ELLENDER. They are some of the strings we attached to the program. The President will have the right to cut them down unless the agreements entered into are followed strictly.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. McGOVERN. I wanted to make one brief comment before the Senator from Arkansas [Mr. FULBRIGHT] had to leave, because he said he would support the bill if there were a multilateral aspect to it.

It is not well known that we have been participating for 4 years in a multilateral program. These funds, as far as the U.S. funds are concerned, come out of Public Law 480 funds, going back to the spring of 1962, our country made an offer that we would join in a \$100 million food program under the direction of the United Nations Food and Agricultural Organization if other countries would participate; that is, we would put up 40 percent if they would put up 60 percent. We got enough subscribed so that 90 percent of the funds and commodities were subscribed.

Last fall, the U.S. representatives to the Food and Agriculture Conference in Rome offered to triple our participation if other countries went through with their share. So that would be an experimental program of \$300 million in commodities, and it would be funded out of the program under title II of Public Law 480.

So we have been participating to the extent of offering \$30 million or \$35 million of the total program.

Mr. FULBRIGHT. Does this bill put additional funds in that?

Mr. McGOVERN. It could.

Mr. FULBRIGHT. Does it?

Mr. McGOVERN. We have \$600 million that could be used for grant purposes, of which this is one of the programs. The limitation on the multilateral program today is not what the United States is willing to do, but what other nations are willing to do. I think for the United States to put up 40 percent is generous for its part of the multilateral program. If we were to put up beyond 40 percent, it would go beyond the point of mere participation.

Mr. FULBRIGHT. Does the bill make this additional amount available for such program?

Mr. ELLENDER. It could be used for that purpose. There is no inhibition against it.

Mr. McGOVERN. There is \$600 million for each of the next 2 years that could be put into the food-for-peace program.

Mr. FULBRIGHT. That is less than what we use in IDA. That is nothing to boggle us.

Mr. McGOVERN. I am not boggling.

Mr. FULBRIGHT. That is considerably less than 100 percent to get going an operation which would be so beneficial.

Mr. McGOVERN. I think the intent of the administration is that we should go to 50 percent; 40 percent in commodities, and the additional 10 percent in cash. That is being explored. We have not spelled it out in detail.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. YOUNG of North Dakota. Public Law 480 has been responsible for

great increases in our exports. We have exported 280 million bushels of wheat. Canada has exported 585 million bushels this past year. Canada has gotten the big Communist dollar market, which is China and Russia. We do not sell to either one of them. We do not sell to Cuba. If we wanted to do like Canada, we could have a big dollar market. We are trying to take care of famine areas in non-Communist countries. India had one of her worst famines in history last year. This country supplied her with food, and rightly so. We could hardly assume world leadership if we kept our surpluses and refused to make them available to famine-stricken countries. Our foreign policy would be little understood throughout the rest of the world if we continued to keep idle 60 million acres at a cost of \$1.6 billion.

Mr. ELLENDER. It is my hope that, with the strings attached by the committee to the bill, it will enable the recipients of our bounty to produce more food on a self-help basis that will go a long way toward making them self-supporting. After all, that is what we desire.

It is my belief—I repeat—that the Department of Agriculture is in a better position to administer this program than the State Department or any other department in Government. If the language we have put in the bill is followed, if the advice we are giving is followed, there is no question that the recipient countries will eventually be able to produce more food for themselves and thereby become independent to a greater extent.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. YOUNG of North Dakota. I think the Senator from Louisiana is absolutely right when he says the Department of Agriculture, with its technical know-how, with its research, with its production experts, can be of more help to countries in the agricultural field than can the State Department. I sometimes think the State Department works in the opposite direction. It has little knowledge of farm economics.

Mr. ELLENDER. Mr. President, I wish to proceed with my prepared statement.

This country is now in a position to use the abundance of our agricultural plant to help, not only our friends abroad, but ourselves as well. We should strive to expand our commercial exports of food in order to help our deficit balance-of-payments position. We should aim at providing the necessary food and fiber for our domestic needs at fair and reasonable prices, namely, at parity prices. And we should also meet our fair share of the demands of the less fortunate through concessional sales. But, I repeat, we must not expand beyond a reasonable level. Otherwise our own farmers will suffer. We do not want, again, to fill Government warehouses at a great cost, with unsalable agricultural commodities. We must maintain a gradual expansion geared to domestic needs, dollar exports, a reasonable carryover, and

a fair amount to cover the needs of undeveloped nations.

As I said earlier, Public Law 480 was amended with changing conditions. Now it must be adapted to still different situations. Without great surpluses to be disposed of, we must husband our resources more carefully.

In the early days of our surplus disposal program when contracts were being negotiated with foreign countries, our negotiators were understandably undemanding. We accepted terms and conditions of little benefit to ourselves. We made concessions far beyond reasonableness. We ignored our own best interests. We gave and gave and gave. We were often accused by foreign governments of disposing of our surpluses to rid ourselves of it, rather than disposing of it in an effort to help the needy.

We must now begin to demand action on the part of the recipients of our bounty. Not unreasonable, understand, but at least require some self-help action on the part of the recipient countries. They must be made to realize they cannot achieve an economy equal to ours in a few short years. It will require hard work and self-sacrifice and many years of toil to establish a viable economy. Unless recipients are willing to help themselves our help should be short lived.

Our own country took years to build. Our forefathers suffered and struggled to make ends meet, to have enough food to survive, to have a roof over their heads, to provide educational and economic opportunities for their children. It was not achieved overnight. I might point out, that we are still striving to achieve a better way of life for our people. Many in this country still suffer, are still hungry, still have inadequate housing and little or no economic opportunity. This, in spite of the fact that we have developed a splendid educational system and have a strong and viable economy.

In the case of agriculture our present productive capacity and abundance is the result of over a hundred years of hard work with full government cooperation at the Federal and State levels.

I might point out that this cooperative effort had many facets and it began in a very small way.

In 1839 Congress appropriated \$1,000 to enable the then Patent Office to distribute seed, conduct agricultural investigations and collect statistics.

Why, Mr. President, that sum of \$1,000 would hardly be sufficient to pay the cigar bills of some of our bureaucrats today. In 1852, a chemist, a botanist, and an entomologist were employed to conduct experiments. And what do you think they experimented with? The growing of sorghum grain and tea.

In 1862, in one of the most important steps ever taken, Congress provided for the establishment of our State land-grant colleges of agriculture and created the Department of Agriculture.

In 1887 the Hatch Experiment Station Act became law. This act provided for the establishment of Federal-State cooperative experiment stations which

were to be operated as part of the State land-grant colleges. In 1914 Congress enacted the Smith-Lever Extension Act, which provided for a nationwide county agent system, for the express purpose of disseminating among farmers the results of our research in the field of agriculture.

The Federal Land Banks were established by Congress in 1916 in order to provide a source of credit to farmers. In 1922 the Capper-Volstead Act strengthened the cooperative movement, by exempting cooperatives from the restrictions of the antitrust laws. In 1923 the Agricultural Credit Act, and 10 years later the Farm Credit Act, brought into existence the Federal intermediate credit banks, the production credit associations, and the banks for cooperatives. Farmers now had a steady source of both long-term and short-term credit. Later came the Agricultural Adjustment Act of 1933 which was declared unconstitutional in 1936. I remind the Senate that in January of 1936, when this act was declared unconstitutional, I had just been elected to the Senate. It was after I came to the Senate, and obtained a berth on the Committee on Agriculture and Forestry, that the Agricultural Adjustment Act of 1938 was enacted, and I am very proud of the small part that I played in the passage of that law, which, of course, is now on the statute books in a much amended form.

I recite this brief history not only to remind Senators, but the world, that this country started in a small way, but built upon a sound and solid foundation of individual ingenuity and incentive.

Our early plans which we so carefully devised are now bearing fruit. In agriculture, as in other fields, we now have a tremendous fund of knowledge, both technical and practical, concerning production and marketing techniques, farm credit, cooperatives, and a host of other areas leading to a strong agricultural plant which we are most happy to share with the world.

The underdeveloped countries have access to this information. They can use it. It can be adapted to almost any given situation. In fact, they must make use of our know-how if they are to help themselves meet much of their food and fiber needs in the future.

Self-help is the essence of this new food-for-peace program. The thrust is to those who are willing to work to achieve a desired end. And work they must, for wishful thinking will never plant a seed or harvest a crop.

For our part, the negotiators appointed to work with foreign nations under this program must insist that results must be achieved, that progress must be made, and that self-sufficiency must be the goal. But do not misunderstand me. By no means do we expect that every country must produce all its needs in every field. This is not only generally impossible, but it is uneconomic. However, we do mean that a concerted effort must be made by recipient countries to improve their economies so that they can become self-supporting. More emphasis must be placed on agriculture. Farmers must be given

positive incentives in an effort to obtain increased production. Waste must be eliminated. Illiteracy, social customs, and taboos inimical to the best interest of the country's development must be overcome. Progress must be made or all that we have done in the past will be down the drain.

Mr. President, in that connection, I should like to spend a few minutes in discussing what India could do. During our deliberations, whenever we speak of assisting the hungry, usually India is the country named.

In our own case in the years 1910 to 1914, we had to use approximately 90 million acres to sustain the 25 million head of horses and mules which at that time were the chief source of farm power. At the present time, we have only 3 million head of horses and mules, whose maintenance requires about 4 million acres, so that we are now using 86 million additional acres to produce food for human consumption, which were formerly used to grow feed for our beasts of burden.

Let us compare that with the case of India. I am not urging that India can today transform itself into an industrial country, and use tractors altogether. However, in India there were 227 million cattle and buffalo in 1962. Of these animals, about 50 percent are used for power and for the production of milk. The remainder of the animals are useless. They are more or less sacred to the Indians.

There are about 60 million farm units in India. There are 350 million acres of cropland. It is estimated that about 100 million acres are used to sustain the large animals. If the useless animals were eliminated, more than 50 million acres of land could be used for the production of food for human consumption.

If that 50 million acres were used to produce rice, let us say, it would mean the difference between a fair amount of food with which to feed the population, or starvation. At least 20 million tons of food could be produced on that 50 million acres.

It seems to me that some effort should be made by the administrator of the program to have the Indian Government do something about this situation. In addition to this excess of useless cattle, it is not unusual to see thousands of monkeys throughout India. These monkeys eat food that should go for human consumption.

Since the monkey is more or less sacred, no effort is made to destroy the monkeys or to do something with them. The same thing is true with respect to the parrot and peacocks. All of those animals are more or less sacred to the Indians, and no effort is made to use them or do something about their multiplying.

To my way of thinking, if corrective measures could be taken by the Indian Government, there is no doubt that they could produce an ample supply of food with which to feed their growing population.

That may hold true for other countries, but I am mentioning India because

that country is the biggest recipient of our bounty at the present time.

I feel confident that, if steps were taken by the Indian Government to change the present plan and not raise so many useless cattle, or if they were to do something with the cattle, much of the land that is now used to sustain these useless and worthless cattle could be used to produce more and more food for the population of India.

We have been very helpful. Previous authorizations for sales for foreign currencies total \$18,450 million. Dollar credit sales contracts exceed \$1 billion. Just under \$5 billion of foods have been donated. In the pending bill we are providing an additional \$3.8 billion for foreign currency and credit sales, and \$1.2 billion for donations.

If all of the authorization is used, a

total of \$29,450 million will have been spent under Public Law 480 by the time the pending bill expires in 1968.

Mr. President, I should like at this point to discuss for a few minutes a tabulation that I propose to have printed in the RECORD.

This tabulation indicates the total costs of all our farm price support program and the cost to us of the Public Law 480 program.

The tabulation shows the cost to the taxpayers of all our price-supported commodities.

As an example, the total cost of the program as it relates to corn and feed grains, from the inception of the program, was \$11,115,100,000. Of that amount, Public Law 480 accounts for \$1,112,700,000.

The total cost of the program as it relates to wheat, from the inception of the program on October 17, 1933, through March 31, 1966, including price supports, Public Law 480, International Wheat Agreement and direct payments, was \$15,718,600,000.

Of that huge sum, Public Law 480 accounts for \$10,400,800,000. The total cost of the program as it relates to rice was \$1,486,400,000, of which Public Law 480 accounts for more than \$1 billion.

Mr. President, I do not desire to burden the RECORD with a recitation of the various costs.

I ask unanimous consent that the program cost sheets be printed at this point in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Program cost results, Oct. 17, 1933, to June 30, 1954, and Oct. 17, 1933, to Mar. 31, 1966, and increase since June 30, 1954

[In millions]

Program	Oct. 17, 1933, through June 30, 1954	Oct. 17, 1933, through Mar. 31, 1966	Increase since June 30, 1954	Program	Oct. 17, 1933, through June 30, 1954	Oct. 17, 1933, through Mar. 31, 1966	Increase since June 30, 1954
Corn and feed grains:				Potatoes:			
Price support costs ¹	\$156.7	\$4,759.9	\$4,603.2	Price support costs ¹	\$478.1	\$478.6	\$0.5
Public Law 480.....		1,112.7	1,112.7	Public Law 480.....		1.8	1.8
Direct payments.....		5,242.5	5,242.5				
Total.....	156.7	11,115.1	10,958.4	Total.....	478.1	480.4	2.3
Wheat:				Wool:			
Price support costs ¹	271.8	3,348.6	3,076.8	Price support costs ¹	92.7	116.0	23.3
Public Law 480.....		10,400.8	10,400.8	Direct payments.....		468.5	468.5
International Wheat Agreement.....	602.4	1,474.7	872.3	Total.....	92.7	584.5	491.8
Direct payments.....		494.5	494.5				
Total.....	874.2	15,718.6	14,344.4	All other commodities:			
Rice:				Price support costs ¹	84.8	192.6	107.8
Price support costs ¹	.9	448.3	447.4	Public Law 480.....		295.2	295.2
Public Law 480.....		1,038.1	1,038.1	Total.....	84.8	487.8	403.0
Total.....	.9	1,486.4	1,485.5	Total, all programs and commodities.....	1,931.9	41,736.1	39,804.2
Tobacco:				Price support costs ¹	1,329.5	16,685.5	15,356.0
Price support cost ¹	5.5	42.4	47.9	Public Law 480.....		16,400.0	16,400.0
Public Law 480.....		326.7	326.7	International Wheat Agreement.....	602.4	1,474.7	872.3
Total.....	5.5	369.1	374.6	Direct payments.....		7,175.9	7,175.9
Cotton, upland:				Other costs:			
Price support costs ¹	212.6	2,309.2	2,521.8	Strategic and critical materials.....		1,398.2	1,398.2
Public Law 480.....		1,905.9	1,905.9	Offshore procurement premiums.....		3.5	3.5
Direct payments.....		970.4	970.4	Other.....		3.6	3.6
Total.....	212.6	5,185.5	5,398.1	Ocean transportation on sec. 416.....		337.0	337.0
Dairy products:				Storage facilities.....	11.8	13.0	1.2
Price support costs ¹	267.2	4,310.2	4,043.0	Research expenses.....		13.3	13.3
Public Law 480.....		336.6	336.6	Accounts and notes receivable.....	2.4	16.6	14.2
Total.....	267.2	4,646.8	4,379.6	Interest expense.....	204.9	4,026.5	3,821.6
Oils and oilseeds:				Operating expense.....	184.7	898.4	713.7
Price support costs ¹	195.4	679.7	484.3	Disease eradication.....	149.5	218.8	69.3
Public Law 480.....		982.2	982.2	Wartime consumer subsidy.....	2,102.1	2,102.3	.2
Total.....	195.4	1,661.9	1,466.5	Total.....	2,655.4	9,031.2	6,375.8
				Total, all costs.....	4,587.3	50,767.3	46,180.0

¹ Price support costs include price support losses, export subsidies, and other costs reimbursed CCC through appropriations to restore capital impairment.

² Gain.
Source: CCC financial statements. All data subject to minor adjustment.

Mr. ELLENDER. Mr. President, I point out that, if we consider all costs of our farm programs from its very inception on October 17, 1933, through March 31, 1966, it amounts to \$50,767,300,000. Of that amount, Public Law 480 accounts for \$16,400 million. International Wheat Agreement accounts for \$1,474 million. Interest expenses account for over \$4 billion. Wartime consumer subsidies account for more than \$2,102 million.

Mr. President, if we should deduct all costs not directly related to price supports from the overall cost of the farm

program and simply consider the cost of price support and direct payments, the cost of the farm program to the taxpayers would be less than \$25 billion; while \$16,400 million has been devoted to helping our friends abroad.

This \$16.4 billion is a tremendous effort on our part. The United States has shouldered the burden cheerfully in the past. But, now we expect that others will do their part. We cannot continue to carry this load alone and forever.

The bill before us today has three principal purposes. First, it would extend Public Law 480 for 2 years through

December 31, 1968. Second, it would prescribe the amount available in each of these years for sales and donations under the law. Third, it would recognize that our surplus stocks have been reduced and that new concepts in the administration of the law are needed.

Mr. President, I ask unanimous consent that the general statement in the report, beginning on page 8 and ending in the middle of page 10, be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GENERAL STATEMENT

Under the bill the disposition of surplus agricultural commodities would no longer be a necessary objective of Public Law 480. This change in objective requires substantial changes in concepts and administration, as follows:

First, the program should be limited to commodities which the recipient country cannot obtain through its own resources. Before entering into an agreement, the President should obtain assurance that the recipient is making every effort to produce what it needs and is not diminishing its expenditures for imports. A fair proportion of the recipient country's budget should be devoted to production to meet its immediate needs, not counting expenditures (such as those for colleges and research stations) which cannot be expected to help meet the country's immediate needs. The recipient country should be expected to maintain its commercial imports at a level at least as high as its highest level of commercial imports during recent years.

Second, we cannot, alone, provide all needy people with adequate food and clothing. Every dollar spent for a nonsurplus commodity is an additional dollar that must be collected from the taxpayer. It cannot be offset by any savings in storage cost, but adds to our costs of storage, transportation, and administration. We cannot give beyond our means, and should not try to assume more than our fair share of the burden. Our assistance should be conditional upon other countries assuming their proper share.

Third, great care should be taken to avoid expansion of our production facilities and re-creation of surplus stocks. World War II legislation provided many safeguards to protect farmers from the after effects of the expansion requested to them to meet wartime needs. Despite these safeguards, the disposition of the surpluses created by that expansion has proved difficult for farmers and costly for the Government.

Fourth, we should assure ourselves that the assistance given will actually reach the intended beneficiaries and result in their receiving more adequate food and clothing. Aid should not be given where its result will be to permit payment of debts to other countries; and it should be conditioned upon forbearance by other creditors. Extension of aid should also be conditioned on proper measures to prevent its dissipation through waste or loss or spoilage. Likewise, we must realize that if increases in food and clothing are matched by increases in population, there can be no individual improvement. We should not attempt the impossible. While the bill provides for voluntary programs to control population, the administration should assess the country's efforts to meet this problem and should formulate future assistance accordingly.

Success in the undertaking provided for in this bill will rest ultimately upon the measure of cooperation of other nations, particularly in the underdeveloped areas of the world, in self-help, in encouraging agricultural development, and in providing incentives for increased economic activity. Individual initiative and ingenuity must be developed and fostered among millions of people or the program will fail. To be sure illiteracy, taboos, and social customs which are inimical to the best interests of the country must be overcome. The committee understands the nature of the problem facing the underdeveloped countries. That is why emphasis is placed upon providing food for those countries where the government and people are trying to improve themselves, their agriculture, and their economies. It is felt that a disservice would be done to nations and to people by encouraging the belief that the United States alone can supply limitless amounts of food and fiber in

the years ahead without help from other nations and without effort on the part of recipient nations.

It is intended that the administration and expenditure of funds under this Act for self-help programs will be calculated to encourage local action required to meet domestic food needs of the recipient country. Two of the greatest problems facing U.S. agricultural exports are unfair trade restrictions and competition in world markets. With the emphasis on self-help and freedom from hunger given by this legislation, it is expected that special care in the form of priorities and guidelines will be required to avoid these problems.

The changes brought about by the proposed legislation, above all the strong emphasis on self-help in agriculture, will mean increased administrative responsibilities for all Departments and agencies involved in implementing this program, including personnel at home and overseas. The committee feels sure that the President, the Secretary of Agriculture, the AID Administrator, and other responsible high officials will review carefully the capacity of existing staffing arrangements to fulfill these responsibilities—concerning themselves particularly with the number of men trained in food and agriculture—and will take the steps to strengthen staffs at home and overseas wherever necessary.

A part of the cotton exported under Public Law 480 has returned to this country in the form of cotton products. It is costly and wasteful to export cotton overseas on a concessional basis and then bring back the same cotton in processed form, paying the full market price therefor. In addition, such action amounts to subsidizing competition with our domestic industry. We have a large and efficient textile industry capable of meeting all of this country's requirements for cotton cloth. We have a large labor force dependent upon employment in that industry. In the administration of Public Law 480 the President should seek, through agreements with recipient countries and otherwise, to assure that the cotton we sell is not returned to this country in processed form.

The House of Representatives approved the administration's full request for a yearly authorization of \$2.5 billion for sales for foreign currencies and credit sales for dollars and \$800 million for donations.

After reviewing the record the Senate Committee on Agriculture and Forestry approved an authorization of \$1.9 billion per year to cover sales for foreign currencies and credit sales for dollars and \$600 million for donations. The reasons for this action were several. First, when Public Law 480 was originally enacted this country was moving into a very serious food surplus problem and all indications pointed to the fact that that trend would not soon be reversed. In 1954, when Public Law 480 was enacted, wheat carryover stocks amounted to 933 million bushels and by 1961 had increased to 1.4 billion bushels. Corn stocks increased from 920 million bushels to 2 billion bushels and all feed grains taken together increased from 32 million tons to 84.7 million tons. However, with the enactment of this law these conditions no longer exist.

Wheat stocks on July 1 of this year amounted to only 536 million bushels. Corn stocks on October 1 are now estimated at only 950 million bushels and all feed grains taken together total only 47 million tons. When these low levels of carryover stocks are considered in relation to the population level that now exists in this country, both human and animal, it is evident that surpluses as such no longer exist. Second, while the authorizations in the bill of \$1.9 billion for local currency and credit sales and \$600 million for donations may seem low in light of the administration's request, the fact is that the carryover authorization not used

from previous years in the case of foreign currencies and credit sales amounts to \$1.7 billion and the carryover for donations amounts to about \$772 million. These carryovers will be available under the bill. Third, the costs to this country of reducing our surpluses has been substantial. Both this year and last, for example, over 36 million acres of potential feed grain production were put to conserving uses. This was accomplished at great cost. Since 1961 direct payments to feed grain producers for diversion and price-support payments amounts to over \$5.5 billion. Diversion payments to wheat producers amounts to \$494.5 million.

Under these circumstances the committee did not feel that it should in any way encourage the expansion of our agricultural plant to the point where surpluses would again accumulate. This is wasteful and accomplishes no purpose. The committee feels that this country should do all in its power to help our friends abroad help themselves. Food is needed and we will supply our share and more, as we have always done, but we must be circumspect in our purpose.

Mr. ELLENDER. Mr. President, in February, the administration proposed a new Food for Freedom Act of 1966 to supersede Public Law 480. The House of Representatives, recognizing the desirability of maintaining legislative continuity, provided for extension of Public Law 480 in revised form. The Senate Committee on Agriculture and Forestry carefully reviewed the House revision and found that it omitted many safeguards which Congress had developed over the years, which have worked well and which have operated as effective guidelines in the administration of the billions of dollars of assistance furnished under the law.

The Senate committee held hearings in March and June, considered the bill in executive session in July and August, and has recommended a number of changes in it.

Most careful consideration was given to the amounts that have been authorized or used for sales and donations under the act in prior years and the needs for the next 2 years. As a result of this study, the committee reduced the annual new authorization proposed for title I from \$2.5 billion to \$1.9 billion. The highest cost of sales under this law—both foreign currency and dollar credit—in any year to date was \$1.8 billion in fiscal 1963. The amount, \$1.9 billion, is therefore entirely adequate without encouraging waste. The committee reduced the annual new authorization proposed for title II donations from \$800 million to \$600 million. The actual cost of donations under the programs to be covered by title II of the bill has never exceeded this figure, the highest cost having been \$570 million in fiscal 1964.

While recognizing that the surplus concept is no longer appropriate, the committee wanted assurance that no action would be taken which might result in a shortage. Consequently it prohibited any disposition which would prevent us from meeting the needs of our own citizens and our commercial markets, or from maintaining an adequate carryover.

Among the safeguards and guidelines which are in existing law and which the committee restored in the bill are the following:

First. Foreign currencies would be required to be convertible to the extent practicable, and at least to the extent necessary to pay our obligations to the host country.

Second. Realistic exchange rates would be required to be used in determining the foreign currency proceeds of sales. At one time our sales to Poland were based on an exchange rate of 24 zloties to the dollar when the market rate was 55 to the dollar. We received less than half as many zloties as we should for each dollar's worth of commodities.

Aside from that, we sold these agricultural commodities at a great loss because we sold them at world prices, and our Government had to absorb the difference between the support prices paid to the farmers and world prices. In other words the unrealistic exchange rates resulted in a hidden concession of over 50 percent of the sales proceeds. Similar situations existed with respect to Spain, Turkey, and Yugoslavia. The hidden concession in the exchange rate disguised the full nature of the assistance we gave in those cases. We corrected this situation by an amendment in 1961 requiring use of realistic rates, and we tightened this up in 1964. The House bill would weaken this by permitting rates which would not discriminate against commodities sold under the act. Since foreign currency sales under the act are concessional, rather than competitive, there should be no need for a change in the exchange rate provision to make our commodities competitive. The committee felt that this provision should not be weakened, and kept it exactly as it is at present.

Third. The injunction that dollar credit sales not displace cash sales is fully preserved. In the House bill it was preserved for private trade sales only. But we made it apply to both Government and private sales.

Fourth. The existing provisions requiring that grants, and uses of repayments, be subject to appropriation act or committee approval would be continued. Now that surplus disposal is not a principal objective of the law, it becomes even more important that Congress maintain some control over the use of the foreign currencies.

Fifth. The interest rate on foreign currency loans would be required to be at least as high as the cost of funds to the United States, unless a lower rate was approved by the President and the Advisory Committee. This Advisory Committee which was created pursuant to the 1964 amendment is continued by the bill.

Sixth. Payment on dollar credit sales would have to be made within 20 years with not more than 2 years' grace. If those sales are to be described as dollar sales, we should receive dollars within a reasonable time.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. Mr. President, I listened with a great deal of interest to the exchange between the Senator from

Louisiana [Mr. ELLENDER] and the Senator from Arkansas [Mr. FULBRIGHT] a while ago. It occurred to me that the very point which the Senator from Louisiana just mentioned is a distinct departure from the ordinary foreign aid bill, and a distinct betterment or improvement of it, in that the bill which is now pending requires that the term of extension of credit for dollar sales shall be not longer than 20 years, and it has more realistic provisions with respect to interest than are contained in the foreign aid bill or in the House bill on this subject. Am I correct in that statement?

Mr. ELLENDER. The Senator is entirely correct.

Mr. HOLLAND. It occurred to me that that is a substantial departure from what we have done, heretofore, what was suggested by the administration at this time, and what has been done by the House at this time.

I am glad that the Senator is accentuating that difference.

Mr. ELLENDER. The Senator will recall that in addition to dollar credit sales, we provided that the foreign currency sales under title I require the Administrator to provide in the agreement for maximum convertibility to dollars, and that the currencies or moneys we receive from the host country for U.S. uses must be usable to pay any U.S. obligation to the host country.

That provision has been particularly applicable in the case of Egypt. In Egypt we had quite a few million dollars of Egyptian bonds. Our ships were using the Suez Canal a great deal. Because of a clause in the agreement entered into between us and Egypt we could not use Egyptian bonds to pay for our ships to go through the canal. That has been changed in this bill.

Mr. HOLLAND. I thank the Senator for commenting on a real change and improvement in the bill. I am glad that he is doing so.

I wonder if the Senator would comment on the fact that in this bill it is provided that we are enabled to use some of the foreign currencies for sale to our tourists to helpfully affect our balance-of-payments problem. I thought that that was a significant point, and I hope that the Senator will dwell upon it.

Mr. ELLENDER. My good friend, the Senator from Florida [Mr. HOLLAND] anticipated me. I shall cover that.

Mr. HOLLAND. I apologize, but I did not want that point left unmentioned but now mentioned in a very potent way, because it shows in various ways, of which this is one, that this bill departs from previous bills, the administration recommendation, and the House action.

Mr. ELLENDER. All of the committee changes were designed to tighten up these agreements, to require these countries to help themselves. The agreements must set up a self-help program. If the agreement is violated, we could cut off the aid at once. To me that is very significant. Of course, we shall watch with interest what the President and his advisers will do in that direction.

Seventh. Among the safeguards we restored is that clearly limiting the act

to agricultural commodities produced in the United States and products produced in the United States from such commodities.

Eighth. The host country would be required to pay the basic freight costs on shipments under title I sales. The Commodity Credit Corporation could still absorb the difference resulting from our cargo preference requirements, but we should not be required to pay the basic freight as well as the cost of the commodities.

In addition, the committee has added a number of provisions not now in the law, but which appear appropriate in view of the changed circumstances, and which are designed to keep the cost of the program as low as possible consistent with effectuation of its purposes. Thus, the committee provided that future agreements shall require convertibility of the foreign currencies received in the amount needed to cover normal expenditures by American tourists, or in an amount equal to 25 percent of the currencies so received, whichever is less. That was an amendment suggested by my good friend from Georgia [Mr. TALMADGE]. It is another effort on our part to use these soft currencies to our advantage.

The committee included a new provision requiring dollar credit sales agreements to specify the economic development to which the sales proceeds will be devoted pending payment to the United States. This will assure that our aid will be used to strengthen the host country so that it will no longer need assistance.

I am sure that many Senators will recall that a good deal of our aid was used to pay off the debts owed by the host countries to other countries.

In many instances, we had advances made to some countries, by Germany, by Japan, by the British, in which the interest rates were fixed at from 4 to 6 percent, payable in hard currencies. Many of the countries who received assistance from us used some of that money in order to discharge their obligations to other countries.

The committee amendment would require all title I agreements to show that the recipient country is engaging in a self-help program, and would require termination of the agreement if the program is not carried out. The President would be required in his annual report to Congress to describe the progress of each country's self-help program and the report would have to be made not later than April 1.

Mr. HOLLAND. Will the Senator from Louisiana yield at that point?

Mr. ELLENDER. I am happy to yield to the Senator from Florida.

Mr. HOLLAND. Will the Senator later in his remarks say anything about the farmer-to-farmer exchange, which I think is one of the especially good features in the pending bill?

Mr. ELLENDER. I did not mention it in my prepared remarks, but I did include it in the report and I will be very glad to have a comment from the Senator from Florida on that subject.

Mr. HOLLAND. I have noticed that that is the one part of the existing program in which, apparently, we can get the cooperation and active help of all the great agricultural organizations in the country. It seems to me that that alone pleads rather strongly for its continuance in the pending bill. That program is not only continued, but is also enlarged. As I recall, we authorized \$33 million to be spent in the exchange farmer-to-farmer visitation, so that farmers from our various organizations can visit, let us say, India and while there help in a way in which one farmer can help another.

Apparently, great good has been accomplished in the past from these visits. As I understand it, in the pending bill, we provide for its continuance and further increase.

Mr. ELLENDER. The Senator is correct.

Mr. HOLLAND. I think that is a strengthening feature of the bill.

Mr. ELLENDER. The Senator is correct. It will also help us in assessing whether progress is being made in accordance with the agreements entered into between our country and the recipient countries.

Mr. HOLLAND. I think that is an important part of the visits, with delegations and groups of farmers with lots of know-how in their particular field, to see whether the host farmers are living up to their obligations to increase production and improve their methods, and the like. I think it will be an incentive for them to do just that. There are a great many practical things in the pending bill which show that we have learned from experience, and that we are proposing to incorporate the benefits of our experience in the pending bill.

Mr. ELLENDER. The Senator is exactly right.

Mr. President, I ask unanimous consent to have printed in the RECORD, section 406 on page 23 of the report, as well as sections 407 and 408, which make provision for the farmer-to-farmer program which the Senator from Florida has so ably discussed.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Section 406 provides for a farmer-to-farmer program in order to further assist friendly developing countries to become self-sufficient in food production. Under this section, the Secretary of Agriculture would be authorized to establish and administer a farmer-to-farmer program consisting of persons who, by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture. It is anticipated that this would, for the most part, include people whose knowledge came largely from practical experience and informal education who would work directly and intimately with farmers in the recipient country; that the program might also include professional agricultural workers with special training and experience in encouraging the practical application of improved methods to agriculture, and others with detailed, specialized scientific knowledge to help the more practical workers in the field solve problems.

The strengthening of U.S. programs to promote agricultural progress overseas will require expanded and more effective use of our land-grant institutions here in the United States. An additional \$33 million is authorized to finance the cost of the farmer-to-farmer program.

The committee applauds the provision in this year's foreign aid legislation which would authorize the making of grants to educational and research institutions in the United States to strengthen their capacity to play a major role in our foreign assistance programs. It is hoped that this authority will be used, above all, to involve our land-grant institutions more fruitfully in ongoing programs to help hungry nations improve their food production.

Section 407 establishes a committee to advise the President with respect to general policies relating to the administration of the act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies rates of exchange, interest rates, and the terms under which dollars credit sales are made. The advisory Committee is composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry.

Section 408 requires the President to make an annual report to the Congress with respect to the activities carried out under the act not later than April 1 of each year.

Mr. ELLENDER. Mr. President, the committee believes that the changes included in the committee amendment provide adequate safeguards and guidelines, that with these changes the bill provides for an efficient program; and that under it the aid furnished will be kept within our capability; provide maximum assistance to our friends abroad, and be most beneficial to our agricultural economy, including those that supply or are supplied by our farm plant.

Mr. President, that concludes my remarks and unless there are questions, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H.R. 2270. An act for the relief of the Moapa Valley Water Co., of Logandale, Nev.; and

H.R. 6926. An act to strengthen the financial condition of the employees' life insurance fund created by the Federal Employees' Group Life Insurance Act of 1954, to provide certain adjustments in amounts of group life and group accidental death and dismemberment insurance under such act, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2681) for the relief of Shirley Shapiro.

The message further announced that the House had passed a joint resolution (H.J. Res. 1284) making continuing appropriations for the fiscal year 1967, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills:

S. 490. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Manson unit, Chelon division, Chief Joseph Dam project, Washington, and for other purposes;

S. 3688. An act to stimulate the flow of mortgage credit for Federal Housing Administration and Veterans' Administration assisted residential construction; and

S. 3700. An act to amend the Urban Mass Transportation Act of 1964.

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1967

Mr. RUSSELL of Georgia. Mr. President, I ask unanimous consent that the Senate proceed immediately to the consideration of House Joint Resolution 1284 making continuing appropriations for the fiscal year 1967 and for other purposes. This is a continuing resolution, essential for the operation of about half the departments of Government for the month of September.

The PRESIDING OFFICER laid before the Senate House Joint Resolution 1284, making continuing appropriations for the fiscal year 1967, and for other purposes, which was read twice by its title.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. RUSSELL of Georgia. Mr. President, on June 28 of this year, the Senate and the House passed and sent to the President a joint resolution making appropriations for the months of July and August 1966. This pending resolution will continue until September 30 those operations of the Government for which appropriation bills have not been enacted into law.

Section 101(a) of the original resolution dealt with appropriation bills which, as of June 28, 1966, had been passed by the House of Representatives.

Section 101(b) of the original resolution dealt with functions which might be contained in appropriation bills to be reported to the House.

The only appropriation bill remaining which comes under the provisions of section 101(a) is the appropriation bill for the Departments of Labor and Health, Education, and Welfare and related agencies. This bill is pending in the Senate Committee on Appropriations, and the activities which would be financed in this bill shall be continued during the month of September under the authority granted by the House bill, but at a rate not exceeding the current rate or the rate provided by the House of Representatives, whichever is lower.

Section 101(b) relates to the appropriation bills which, as of June 28, 1966, had not been reported to the House of Representatives. These include the six appropriation bills which still remain in the House Appropriations Committee—to wit, the District of Columbia appropriation bill, the foreign assistance appropriation bill, the military construction appropriation bill, the public works

[Mr. THURMOND] who ably assisted, as well as all the other members of the committee, in reaching the agreement represented by the conference report which we submit today.

Mr. President, as ranking minority member on the conference, I wish to say I think we have a good bill. It is not everything that the Senate wanted, and it is not everything that the House wanted; but we were able to reconcile our differences, and I do not think there is any vital or key matter of great importance that has been omitted. There were some additional things that I personally would like to have seen included, as I am sure other Senators would have, but I feel that this is a constructive bill, and I congratulate the able Senator from Washington for the splendid manner in which he conducted the hearings in the Senate on this military construction bill, and also commend him for the exemplary manner in which he presided over the conference as chairman of the conference.

Again I say, I feel that we have a very fine bill, and I hope the Senate will agree to the report promptly.

Mr. President, I should also like to say before I conclude that we have a most able member of the Senate staff in the Armed Services Committee who handled the details of this matter. He is one of the most able staff members with whom I have come in contact; and at this time I wish to pay tribute to Mr. Gordon Nease for the magnificent work he did.

Mr. BREWSTER. Mr. President, today, while we are considering the conference report on the military construction authorization bill, I wish to say that I deeply regret that the Senate view did not prevail with regard to the future use of Bolling-Anacostia Airfield.

Some compromise with the House version has, however, been achieved. The House proposed 5-year extension of the freeze on Bolling-Anacostia has been reduced to 3½ years. Possible use by the Federal Aviation Agency has been left to the discretion of the President.

I am hopeful that the Congress will carefully reevaluate this position during the next session. By that time, we will have in our possession the results of a \$400,000 study which Congress previously authorized to determine the best future use of the 452 acres for which the Department of Defense has indicated it has no use.

The area which this congressional freeze will affect includes the sites for new public schools which would serve the dependents of military personnel who will be moving into housing at Bolling later this year.

The Department of Defense estimates that 2,500 children will live in the new military housing—1,600 will be of school age. These children will have to be bused out of Bolling to neighboring public elementary schools on the Anacostia plateau and Anacostia High School. All of these schools are already desperately overcrowded. Area 14—the school district affected—is already over 700 seats short for this fall, and this is not counting any of the children from military housing.

I hope that the President will recognize the seriousness of this situation and take immediate steps—including emergency legislation if required—to correct this deplorable situation.

Mr. JACKSON. Mr. President, as I said in my remarks when we had the military construction bill before the Senate in the first instance, it was the product of the unanimous effort of all members of the subcommittee. It has been a real pleasure to work with the members of the Subcommittee on Military Construction.

I think all of us who serve in this body know that without a high degree of professionalism from the staff, it is not possible to do the work that we must do in the Senate. I must agree, as the Senator from South Carolina has mentioned, that Gordon Nease is an outstanding professional member of the staff. Without his invaluable assistance, it would not have been possible for us to get the work done the way we did during the time available to us.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

TRIBUTE TO GEN. BERNARD A. SCHRIEVER

Mr. JACKSON. Mr. President, on Wednesday, August 31, after some 33 years of active military duty, Gen. Bernard A. Schriever, commander of the U.S. Air Force Systems Command, will retire from active Air Force service.

General Schriever is known around the world, to friend and foe, as the principal military architect of the U.S. missile arsenal that has helped keep the peace in this dangerous era. As a military planner and manager of unparalleled skill, he has written bold new chapters in American military history and created patterns of research and development of huge technological programs that have strongly influenced our national life. Nor have his skills served only military purposes. They have also been vigorously applied in the advance of our Nation's great civilian space effort.

Long before sputnik, General Schriever recognized—and stated publicly—that the Thors and Atlases and their successor boosters being developed for military use could provide the basic thrust for a large-scale space effort. We have seen, in the past several years, those predictions come true. And thanks to the cooperation between General Schriever and his Air Force missile team and the engineers, scientists, and administrators of the Nation's civilian space agency, our country's status as a space power has been assured.

I have known General Schriever for many years, and am honored to have this opportunity to call attention to his many contributions to his country and to wish him well in his future endeavors.

"Benny" Schriever is a man of remarkable vision. He truly believes, and I quote him, that—

The future is always decided by those who put their imaginations to work, who challenge the unknown, and who are not afraid to risk failure.

Many of us remember General Schriever as a young colonel, pounding the halls of the Pentagon in behalf of his faith that modern missile needed to be introduced into the U.S. deterrent arsenal. We know that this soft-spoken but determined Air Force officer was willing to stake his very career and reputation on proving that he and his colleagues knew what they were talking about—despite the doubts of more celebrated defense scientists and military leaders. A few years later, after the Soviet Union had jolted the world with demonstrations of intercontinental missile and space satellites, it was the calm and well-justified confidence of General Schriever, even in the face of early American failures, that American ingenuity and persistence would overcome the technical troubles we were encountering. It is no exaggeration to say that today's overwhelming U.S. strategic superiority is the product, in great part, of the labors of Bernard A. Schriever.

General Schriever today calls for continued U.S. emphasis on superiority—superiority in the never-ending technological competition between the forces of freedom and totalitarianism. We will do well to heed his warnings.

General Schriever's modest beginnings as an immigrant boy from Germany raised in the free air of San Antonio, a city proud of its traditions as the "West Point of the Air," are well known.

But it was in California, at March Field, that the future general was to meet the military leader whose example he followed in so many ways. It was at March Field that young Lieutenant Schriever served under then Lt. Col. H. "Hap" Arnold, the founder of the modern U.S. Air Force. Like General Arnold, General Schriever has always looked to the future and has seen technology—intelligently and imaginatively used—as the key to aerospace power. General Arnold is credited with laying the foundations for the aerospace age through the enlistment of such great scientific minds as Theodore von Karman, who headed the task force that produced the crucial postwar airpower report called "Toward New Horizons." So, too, has General Schriever enlisted the best technological minds of today in the projection of the aerospace world of tomorrow.

Thanks to General Schriever's Project Forecast effort, completed in 1964, we already have a viable vision of the technological potential of the decade ahead. Project Forecast is already paying off in terms of at least two major advances that promise to revolutionize aeronautics, both military and commercial. One is the new, lightweight, high-strength composite materials made of such substance as boron fibers, which have a strength-to-weight ratio as high as eight times greater than present-day materials. Another is the new developments in boundary-layer control, which will make future aircraft much more efficient in terms of range and fuel consumption.

Throughout his Air Force career, General Schriever has looked to the future, and clearly beyond the mere technological aspects of his work. He has seen and continues to see the great interdependence of technology, politics, and power.

Let me quote from a recent speech by the general to the 18th Annual Conclave of the Arnold Air Society Air Force ROTC Cadets, held at Dallas in April 1966. There he talked eloquently to young people of these great questions of our time.

He said:

As it turns out even the most fantastic thinking thirty years ago has proved to be very conservative. We have already flown planes like the SR-71 at speeds greater than Mach 3 for extended periods. The experimental X-15 has flown at Mach 6 and reached altitudes of over fifty miles. Our long-range ballistic missiles have ranges of from 5,000 to 9,000 miles. And our Mercury and Gemini astronauts have sped through space for extended periods at speeds better than 17,000 miles per hour. With the Apollo programs we are not too many years away from landing a man on the moon.

Of course, we can point to equal progress in other areas. It is easy to forget that many of the things we take for granted today were not available as recently as thirty years ago. A small sample of obvious examples would include television, air conditioning, computers, radars, atomic energy, a host of medical techniques and vaccines to prolong life and virtually eliminate diseases such as polio, and, of course, an array of systems for national defense.

Why shouldn't we be actively working for even greater advances in the future? If you let your imagination go for a moment you may see the possible changes that the next thirty years could bring to your lives. For example, you might be able to fly half way around the world in advanced aircraft at half to quarter of the present cost and at as much as ten times the speed. In fact, at the present time we are experimenting with aircraft designs and engines that give speeds of Mach 5 to 6, and we can foresee aircraft speeds as high as Mach 10 to 12.

Your imagination should quickly open to possibilities to you. . . . The world has an ample supply of people who can always come up with a dozen good reasons why a new idea will not work and should not be tried, but the people who produce progress are a breed apart. They have the imagination, the courage, and the persistence to find solutions instead of merely discussing the problem. . . .

But there are dangers ahead, as well as opportunities. The present conflict in Southeast Asia makes that quite clear. The enemy there is a ruthless, aggressive, well-organized group of people whose ideas about the future are very different from ours. They claim to be working for progress, but in actual fact they are imposing the cruelty and slavery of a barbaric past. They are taking mankind backward, not forward. . . .

It is morally wrong to think that people in faraway lands, whom we do not know well, should be sacrificed to aggression simply because it seems the easiest course at the moment. Rather, we should help them solve their problems, and our nation is doing this in many parts of the world. . . .

We cannot afford to get satisfied. We need to keep constantly alert for new ways to help others conquer ignorance, hunger and disease, and to bring our convictions to the world.

General Schriever told the cadets:

We must also recognize that as long as the threat of aggression against free people persists, we will need to maintain superior

military strength to counter it. Thus, we have a double responsibility not only to stem the tide of aggression but also to assist peoples with social and economic problems to build sound societies.

General Schriever, on that occasion, also had some important things to say about the so-called "military mind."

The General told the cadets—

Now there is a tired old line that has been around for years that military people aren't supposed to think. . . . This idea seems to be associated with something that people call the "military mind." This is far from an accurate appreciation of what the military involves.

First of all the military man is a professional man, like the doctor, lawyer, or teacher. In common with other professions the military has demanding standards for entrance and continued practice. Military men have a strong sense of cohesion, of joining a common task, and a long tradition of public service. . . .

The fact is that the so-called "military mind" differs from, say, the "medical mind," the "legal mind," or the "scientific mind," in only one important respect. The difference is simply a thorough knowledge of military requirements and professional techniques. These range from skills in actual combat operations to military intelligence, planning, research, development, and procurement. . . .

I think it is obvious to anyone who thinks about it that the military—as all professions—is made up of people with a wide range of backgrounds, attitudes, and preferences. Some think very deeply on many matters; others tend to specialize perhaps even more deeply in one area. They certainly do not think alike on all matters. All you need is to do is sit in on a staff meeting to see how differently military people can think.

General Schriever is a military man who has not only thought deeply but has also performed brilliantly. I know that the Members of this body will join me in extending to him our and the Nation's gratitude for his long public service.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. JACKSON. I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I want to commend the Senator from Washington for his statement about General Schriever. I would comment more at this time, but in the morning hour this morning I had something to say about his retirement. I want to add to what I said that it is tragic, to me at least, that the military will lose the services of this general, who has such a fine mind.

Mr. JACKSON. I fully share my colleague's statement. I think it is a great loss.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. JACKSON. I yield to the Senator from South Carolina.

Mr. THURMOND. I would like to associate myself with the remarks of the distinguished Senator from Washington concerning General Schriever. I have known General Schriever for a long number of years. He is one of the ablest men in the armed services. He is a comparatively young man, and I deeply regret to see him retire. At the same time, we are grateful for the magnificent services he has rendered to our Nation as an officer in our Air Force, and for the work he has done in research and development

and various other capacities in which he has served our Nation.

FOOD FOR PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition to further economic development, and for other purposes.

Mr. McGOVERN. Mr. President, I wish first of all to commend the Senator from Louisiana, the chairman of our committee, not only for his remarks here today in explanation of the bill, but also for the patience and devotion that he gave to this matter during the deliberations of our committee.

It is my judgment that while this Congress will pass many significant pieces of legislation before this session comes to a close, no single bill will pass in 1966 which has greater significance than the Food for Peace Act of 1966.

The bill directs that our country shall continue the war against hunger around the world. In a sense, it is an escalation of what we have called the most important war of our time—the war against want. More than half the people of the world today are undernourished. Recent reports from the Food and Agriculture Organization of the United Nations tell us that while food production is increasing in absolute terms around the world, it is not increasing as fast as population growth. Consequently less food per person is being produced in the world today than was the case 10 years ago. We are at present losing the race between food and people. That is why this bill, for the first time in a congressional act, provides specific authority to deal with the problem of population growth by giving the administrators of the program authority to use a part of the currencies that are generated through concessional sales to assist countries in bringing their population more into line with their food-producing capacities.

As matters now stand, some 3 million children are dying every year either directly as a result of malnutrition, from diseases that are contracted because of malnutrition, or from illnesses that prove fatal because the youngsters affected are undernourished. In addition, millions suffer permanent damage to their mental and physical health in the early formative years of their lives because of improper diets. We have over \$100 billion in assistance efforts abroad since the end of World War II. I suspect that a large proportion of that money has not had the results we had hoped it would have because of the lethargy, the weakness, and the illness of many of the people whom we have tried to assist.

We know that the world population problem that faces us today will become more severe before we see any substantial improvement in the relationship between increasing food production and population growth. According to testimony given before our committee by the Secretary of Agriculture, we are faced with the very real possibility that population will outrun the world's capacity to

produce food by the year 1985 unless very substantial efforts are made, not only on the part of our own country, but, even more significantly, on the part of the less developed countries, to increase food production. The food and population crisis which confronts us will require, if we are to avert adjustment by violent means, better planning and better production in both the underdeveloped and the developed countries. It will require much more efficient use of our own productive resources.

I think the pending bill is a long step in the direction of marshalling our food production resources to meet the crisis we confront.

The Senator from Arkansas [Mr. FULBRIGHT], the distinguished chairman of the Committee on Foreign Relations, asked a few minutes earlier why we do not end the food-for-peace program now that our surpluses are gone.

The answer to that question is quite clear. If we were to end the program because our own surpluses have been utilized overseas, we would find ourselves sitting on top of 60 million acres of idle land and watching millions of people starve to death while we pay our farmers something over \$1.6 billion a year not to produce on this idle land.

The lost production could mean the difference between life and starvation for millions of people. Beyond that, it does not make economic sense for the taxpayers of the United States to expend something over \$1.6 billion a year to pay farmers not to produce when, if we would invest that money in purchasing commodities that could be grown on those idle acres, we could go a long way toward ending the hunger and malnutrition around the world.

The pending bill authorizes a total of \$2.5 billion each year for the war against want. We could purchase the output of most of our presently idle 60 million acres for \$2.5 billion at current market prices. By adding only \$900 million to the \$1.6 billion that we are now paying the farmers not to produce, we could purchase the output of now idle acres and use it to reduce hunger in the world, and to stimulate economic and agricultural development in many of the less developed countries of the world.

I do not know how anyone could put a price tag on that kind of achievement. Aside from the enormous moral gain it would mean, one can only guess at the contribution it would make to ending the tension, resentment and frustration that frequently erupt into violent conflicts which result in far greater cost to us in indirect ways.

Inevitably, the Malthusian checks—war, pestilence, and famine—will balance food and population unless the members of our race bring about an equilibrium by more intelligent means.

We have this year provided 10 million tons of food to India, a nation of 432 million people lying between the East and the West. She is struggling against underdevelopment and drought to keep a famine from wrecking her efforts to establish a stable, free, and democratic government. India's population is headed toward 1,223 million in the year 2000. Because of her strategic geo-

graphic position and her struggle to establish a free government, she is a prime example, but only an example, of the worldwide situation with which mankind is faced.

Our agricultural technology continues to increase the productivity of land. With a serious development effort, the world's present population plus some growth can be sustained. But there is nothing to indicate that this planet can sustain the enormous population which is now ahead. With our utmost effort, it will take a generation or two to reach anything approaching stability.

The food and population crisis which confronts us will require, if we are to avert adjustment by the violent means that nature will impose upon us, both family planning and a great effort to maximize production on all of the limited agricultural lands of the globe.

The bill before us is a step toward meeting man's dilemma on both fronts. Through its enactment, we will go beyond the surplus disposal program of food assistance authorized and carried on under the original Public Law 480 and authorize the planned use of our food production resources to meet the needs of the less developed countries while they are developing their own resources. Congress will authorize for the first time assistance for family planning—population control.

We are taking the step from offering the left-overs from our own table, whatever they might happen to be, to the production and provision of foods, on a grant or concessional sale basis, to those countries ready to help themselves. I have looked forward to the enactment of legislation like this by my country for a good many years. I am proud of our record of humanitarianism and giving in emergency situations around the earth. We have always responded liberally when a catastrophe, an earthquake, a flood, drought, and famine, or war, have disrupted food supplies and threatened unusual human misery and deaths.

This bill carries our humanitarianism, as a nation, further than we have ever gone before. We are dedicating a part of the goods and productive resources of our affluent society to end the greater catastrophe—the less visible, continuing want and malnutrition in the world which brings on ill-health, lethargy, and stagnation—a tragic cycle from which many peoples are unable to escape without assistance.

I have discussed the need for this legislation before here in the Senate. Following the publication in 1964 of my book, "War Against Want," which grew out of my experiences as Food for Peace Director under President John F. Kennedy, I proposed in June 1965, an International Food and Nutrition Act. The bill was the legislative embodiment of a 10-point program to close the world food gap contained in my book. It proposed that we produce and provide food to supplement the diets of the half of the world's population suffering from malnutrition, that we teach them how to produce, help them build and acquire processing and distribution facilities, including even a farmer-to-farmer corps such as is authorized in the legislation before us.

Last September, I again discussed the urgency of a declaration of a war against want, "the most important war," describing the food and population problem which the world confronts as the most challenging crisis mankind will face for the rest of this century.

A very great contribution to our understanding of this crisis in man's history has been made during congressional consideration of the problem, Mr. President, by some of our colleagues in the House of Representatives.

The hearings conducted by the House Agriculture Committee, under the leadership of Congressman HAROLD COOLEY, were an example of committee work at its best. The committee held 6 weeks of hearings and called in the most knowledgeable men in this Nation in the fields of population, nutrition, agriculture, and economics. They came from the executive branch of the Government, from our great universities, the Rockefeller Foundation, the Ford Foundation, farm organizations, industry, and from church groups.

Chairman COOLEY and his colleagues and staff are to be highly commended for those hearings, and for the splendid report which the committee made to the House on H.R. 14929, the bill before us as amended by the Senate committee.

Senator ALLEN ELLENDER, my own chairman, is equally entitled to our commendation. While our hearings, in view of the splendid House record, were less extensive, they further developed the need reflected in the House record. Since these hearings, Senator ELLENDER has given hours, days, and weeks to analysis of the bill and an effort to perfect it. Some of us were startled by his beginning proposal to limit U.S. exports under the law to surpluses, and equally pleased the other day when he smilingly withdrew it, as he had previously indicated he would, in view of other modifications of the bill.

The bill has been strengthened in several respects in the Senate committee. There remain provisions in this bill which I would write differently if the task were mine alone. I would shift it in several respects back to the provisions which President Lyndon Johnson recommended and Secretary of Agriculture Freeman has very ably and effectively advocated as have the officials of AID. The President, the Secretary of Agriculture, and the Agency for International Development have provided guidance and leadership of a very high order in putting emphasis on good nutrition, on self-help, and agricultural development in the less developed countries in recommending escalation of this war against want by moving from surplus disposal to production to meet the needs of emerging countries.

I personally would prefer a greater assurance of continuity as contained in the 10-year authorization provided in my own proposal of last year. I have no doubt that Congress will renew this act from time to time as it becomes necessary. We know that development, or nation-building, is not a 2-year undertaking, especially when the start is with a primitive agriculture still using a forked limb and oxen to break the soil. It can-

not be transformed into a tractor-powered operation using adapted seeds, fertilizer, insecticides, and herbicides overnight. As the House report stated, there will not be instant miracles, but with cooperation of the peoples involved, and a little persistence on our part, the change can be accomplished. It would help in enlisting cooperation if the peoples whose cooperation is essential were assured that we intend to see the job through with them.

In the administration of the act, and in matching it with the technical assistance programs conducted by the Agency for International Development, there will be need for greater emphasis than indicated in this legislation on development of food storage and distribution facilities in the recipient countries, both to assure more efficient use of the foods we supply and, later, an efficient marketing system for the products of their own improved agricultural plant. But this is a matter of emphasis. Although little mentioned, the essential authority is provided.

I would very much like to see a more tightly unified administration of our food and technical assistance programs, now divided between AID and the Department of Agriculture. The International Food and Nutrition Act which I proposed gave authority to the President, which could be delegated to appropriate existing agencies through a White House director with the power to weld them into an integrated, cohesive effort.

The Secretary of Agriculture and the Agency for International Development have, since the President proposed his bill, undertaken improvement in their interagency coordination of the AID and food programs. We are moving toward the goal I have sought—a unified attack. If improved interagency coordination does not work as well as the situation requires, we can again consider a single administrator at the White House level.

I fear that we have made a mistake in tightening dollar credit provisions, and increasing mandatory minimum interest rates in the legislation before us. Administrators have negotiated many concessional sales in the past on terms higher than the minimum required by law. This has been done with those countries that are able to sustain continued development while amortizing debt.

There are some countries, however, which will require all the capital they can create to sustain their growth in the early years of development. I hope that in conference credit terms at least not less favorable than those we extend through foreign assistance loans for industrial supplies and equipment will be adopted.

Similarly, it is my hope that the House provision in regard to providing dollar credits to pay the cost of shipping in American-flag vessels will be accepted. The requirement that those shipping costs be paid in dollars raised in advance by the recipient nations themselves can prove a barrier to assistance to some of the most needy nations, and it can be costly to our own merchant marine.

In the main, this legislation is far-sighted and well conceived. Its ap-

proach to self-help development assistance and its inclusion of population control measures are sound. It will bring both immediate and long-term benefits to the United States far in excess of the cost. The costs are almost trivial compared to the costs of wars which will be inevitable if the food and population problem is not solved. But we will reap direct economic benefits from it at once.

The Government is now paying farmers \$1.6 billion annually to idle 60 million acres of land. If this land were returned to production, the Government could buy the entire output at current market prices for \$2.5 billion for use in the war on hunger. Not only would this be a humanitarian act, it would also have a much more favorable impact on our economy than paying farmers to leave their land idle.

A tentative study by South Dakota State University economists shows that if South Dakota land, idled under crop retirement programs, could be restored to production and the crops sold at market prices, it would raise South Dakota's agricultural and business income by \$240 million annually.

American agriculture is beginning to recover from a prolonged and serious depression. Surpluses have depressed prices for more than a decade to the point that tens of thousands of farmers have had to liquidate every year. The necessity of keeping 60 million acres of land idle while surpluses were worked off has made recovery a painfully slow process through the early sixties. Those surpluses, except for cotton and tobacco, are now gone. Next year a half or more of our 60 million idle acres can be planted again and their product used in this war against want. Many thousands of people who otherwise would have crowded into our cities to worsen urban problems will remain in rural America to farm, and to service a healthier agricultural industry.

Increased production of food will require increased inputs. Machinery, fuel, chemicals—all of the materials that go into the production of food—will have to be manufactured, transported, and sold and serviced for the agricultural producers.

The effort will also mean an increase in foreign commercial sales.

Studies of the effect of development in the emerging nations have shown that as per capita income rises, their purchases from the United States rise at even faster percentage rates. Our study of 34 countries showed increases in food purchased from us rose at twice the rate of per capita income.

A demand for fertilizer and chemicals and industrial products also builds up. All American business benefits—not just agricultural producers.

It is clear, Mr. President, that this Nation will get the same sort of economic benefit from the development of lands beyond our national boundaries as we have gotten from development within those boundaries.

This Nation has profited throughout all its early years from the development of new regions, the land beyond the Appalachians, then the area of the Louisiana Purchase and the West. Now we are add-

ing to our strength by redeveloping the Tennessee Valley, by pushing ahead on Missouri Basin development, and the strengthening of areas like Appalachia where self-sustaining growth has paused.

We are also currently benefiting enormously from international economic development and redevelopment in which we have assisted. One of our first food aid recipients is now our largest cash customer for agricultural products—Japan. A score of others have helped to lift our agricultural exports to a major dollar-earner in international trade.

The pattern, "trade follows aid," is clear and unmistakable.

Colonialism—political domination of developing areas beyond a country's national boundaries—has collapsed. Even the totalitarian nations of the world that have sought to create politically subservient countries are being forced to face this fact of life in the modern world.

I believe that the bill we will send along toward final enactment here today will greatly contribute to a new type of world development and will strengthen our own national economy through the development of free countries whose people will be our friends and our customers, but not our colonies.

In meeting the world food and population crisis, we can also create a world in which the sun never sets on free peoples who are our friends.

The war against want is a war in which all participants can be winners. It is a war we should continue to escalate until it is won.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MORSE. Mr. President, I have not been present since the beginning of the debate. Could the Senator point out the provisions of the pending law that would put back into production the land that it is now costing \$1.6 billion to keep out of production?

Mr. McGOVERN. The pending bill gives the Secretary of Agriculture the authority for the first time to go into the open market and purchase commodities within the extent of the authorization of this bill, which, in this case, would be \$2.5 billion, for use abroad. It does not specifically state how much acreage he should bring back, but the Secretary has estimated that next year he is going to have to authorize the return of half of the 60 million acres that is now out of production.

Approximately 60 million acres have been idle under the various crop adjustment programs. Secretary Freeman within the last 90 days has made two statements, one bringing 15 percent of that acreage back into cultivation, and the second statement adding another 15 percent. This will permit the planting of 16.6 million of our idle acres. Necessary increases in production of feed grains and soybeans may require that much more.

Authority is contained in the pending bill for the Secretary to plan production to meet the amount of purchases authorized by the bill. The bill does not specifically state the number of acres needed. The Secretary annually estimates what requirements will be for

various commodities and sets acreage allotments under enacted farm laws, high enough to meet requirements.

Mr. MORSE. That is what bothers me. I find no direction in the bill that will govern procedurally the Secretary of Agriculture in putting land back into production.

I find no guidelines or criteria that he has to follow in putting land back into production, as to the basis he will use to put it back into production, the type of land, and the location thereof. The land that is now out of production covers land from coast to coast.

Mr. McGOVERN. That is correct.

Mr. MORSE. I think that the ambiguities and generalities of the bill in regard to this matter will cause great concern in the agricultural areas of the country and would permit a pretty arbitrary discretion on the part of the Secretary of Agriculture.

My query concerns why we do not have a section in the bill that would set forth the instructions that the Secretary is to follow, the procedures that will bind him, and the giving of assurances that at least various areas of the country will come somewhere near sharing equal treatment in regard to putting this land back into production?

Mr. McGOVERN. As the Senator knows, the heart of the food-for-peace program—the basic commodity—has been wheat. We have taken a good many million of acres of wheatland, as well as some feed grains acreage, out of production. The total now idled is approximately 60 million acres. Now, with our surpluses gone we have had two announcements of increases in wheat acreage that have met with general approval by producers all over the country. Earlier this year a decision was made by the Department that an additional 10 percent for rice acreage would be permitted for the coming crop year.

These increases in acreage were made to meet estimates of requirements of these commodities in the coming year.

I do not think it will be feasible for us to write into the pending bill all of the guidelines that the Secretary should use in bringing that land back into production.

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. MORSE. Madam President, will the Senator yield further?

Mr. McGOVERN. I yield.

Mr. MORSE. Madam President, I only seek to be helpful, but I can envision a myriad of complaints and contests over the administrative orders of the Secretary of Agriculture unless there can be some assurance to the people who now have their land out of production, and who are a part of this nonproduction conservation program, that there will be no discrimination practiced by the Secretary of Agriculture among them.

Consider the rice-producing States. Will the Secretary be required to see that there is the same pro rata return into production, area by area, or State by State? Or consider wheat, which is of great importance to the State of the Senator from South Dakota, as well as

to the State of the Senator from Oregon. We have had so many unhappy experiences with the exercise of discretion on the part of the Department of Agriculture, that I am greatly concerned about the procedures that will be followed in putting land back into production, what types of land, and where located.

As far as I am concerned, my fear is that this bill, in its present language, simply means that once again Congress, if it adopts this bill, is saying to the Secretary of Agriculture, for the most part: "You do what you want, by administrative order and regulation. We will let you act as Congress, and we will abdicate our legislative responsibilities to you."

Mr. McGOVERN. Of course, the Secretary is under directives, in previously passed acts of Congress, as to the procedures under which he changes acreage allotments. Changes of the kind already announced, on rice and wheat, will follow the acreage history, or the wheat or rice production history on each farm. Thereafter, each producer will tend to benefit to the extent that he has historically been participating in the program. The same rules apply to producers throughout the country. They all share.

Mr. MORSE. Madam President, will the Senator yield for one more question?

Mr. McGOVERN. I yield.

Mr. MORSE. Does the pending bill say that?

Mr. McGOVERN. The bill does not restate the authority in the agricultural acts which prescribe how the Secretary of Agriculture makes additional acreage available.

Mr. MORSE. This bill covers an entirely new subject matter in regard to food production. It no longer deals with the land policy of the Department of Agriculture, for taking land out of production because it is not needed to produce the food necessary for the American people, but it is now a new policy that says land can be put back into production to produce food for people outside the United States.

Mr. McGOVERN. The Senator is correct. It permits foreign assistance requirements to be included in calculations of acreage which will be needed to meet our requirements.

Mr. MORSE. I wish to say, most respectfully, that I believe there is an entirely different administrative policy that is sought to be delegated to the Secretary of Agriculture, and that we are entitled to know what out of the old law, procedurewise, will be binding upon him. I do not find anything in this bill that tells us.

Mr. McGOVERN. The only change relevant to the Senator's point, as I see it, is that under the bill before us, when the Secretary of Agriculture determines—as he has done for a good many years—what he thinks we need in the way of production of a given commodity he will now take into consideration the amount that will be needed overseas under the terms of this bill.

It does not change the formulas or procedures under which the Secretary sets acreage allotments, other than to say that he has another ingredient that

he must look into when requirements are estimated, and that is the needs of people overseas previously supplied from our surplus stocks. This bill would give him the authority to do that.

I agree with the Senator that we should be careful not to violate any responsibility we have to our producers at home. I have been concerned, for example, that we not permit a situation to develop where we encourage our farmers to get back into increased production without adequate protection against the additional production depressing prices and farm income. I hope that our farmers will not be asked to underwrite this food assistance program overseas by accepting prices that are inadequate to meet their costs of production and give them a decent income. I think that is something we will have to watch very carefully.

Mr. ELLENDER. Madam President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. ELLENDER. I may say to my good friend, the Senator from Oregon, that under the Agricultural Act of 1965, there is a provision whereby the Secretary can provide for the production of food for a program of this kind.

I wish to point out, further, that even without authority, under title I, if the Senator will refer to page 54:

No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

I think it is pretty well protected. As I said, the authority for producing extra food for this act is contained also in the Agricultural Act of 1965.

Mr. McGOVERN. Madam President, it seems to me that the fundamental change that this bill makes over our existing program—and I believe the chairman of our committee brought this out very well—is that for the first time we will have the authority to plan and program the production of food to meet very real needs overseas. The administrators of the program will not be dependent exclusively upon what surpluses we happen to have in reserve. He will have the authority to set production quotas and to set acreage allotments at a level that will provide us with the amount of food that is needed to do the job of eliminating hunger in the world—or, at least, in making a long step in that direction.

A second major change is the emphasis on more self-help efforts abroad, and greater effort on the part of the receiving countries to meet their own needs.

I think that those two changes will be very material improvements over our existing program.

There are some things about this bill that I, personally, wish were a little stronger. We had some discussion in the committee about credit terms on these long-term dollar market arrangements. It has been my view—and I know that there is strong feeling on both sides of

this issue—that we should have provided a little more attractive dollar credit terms under the bill, as a means of inducing more countries to move more quickly from soft currency transactions into purchases for dollars. But the committee, in its wisdom, saw fit to provide terms of up to 20 years on dollar credit arrangements, with a 2-year grace period. I believe there will be an inclination to compromise on this in conference with the House. We can only hope that the conference will report sufficiently generous credit terms to draw the receiving country's into dollar agreements rather than soft currency transactions.

There are also some other provisions in the bill that I, personally, would have written differently. I would have made different arrangements on payment for shipping costs and provided longer term authority in the legislation; but, on balance, it seems to me that we have before us the most constructive food-for-peace bill ever to come before Congress. I hope it will be adopted enthusiastically.

Mr. MONDALE. Madam President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MONDALE. The distinguished Senator from South Dakota today proves once again that he is rightly recognized as one of the experts on world problems in the world today.

I agree with the Senator from South Dakota that the proposed Food for Peace Act is a sound and a good bill. I think it incorporates several changes that were necessary, in the light of the growing hunger explosion, in light of the fact we are now out of food surpluses, and in light of general conditions in the world today. I believe that under the able chairmanship of the Senator from Louisiana [Mr. ELLENDER] we have succeeded in recommending a strong bill. I congratulate the chairman of our committee for his creative leadership.

Madam President, the food-for-peace program has been one of the great examples of practical idealism in American foreign policy. Since its beginning in 1954, we have provided more than \$14.5 million in farm commodities to help meet the needs of hungry peoples. We have saved uncounted millions of human beings from disease and death.

And this program has developed new markets for American agriculture, and demonstrated to the world as nothing else could the matchless productive achievements of the family farmers of this Nation.

Yet it has become increasingly clear that, without very substantial changes, this program cannot meet the demands of the new age which is upon us. For the international food situation is changed in two fundamental respects.

The first is that we clearly face a world hunger explosion, with food production in country after country unable to keep up with the needs of increasing numbers of people. We have seen this in the headlines about the India food crisis, and the resolution this Congress enacted unanimously in April to pledge our aid to India in her hour of need. And there have been less-publicized food disasters of even greater relative magni-

tude at the two ends of Africa, in Bechuanaland and in Tunisia.

The second fundamental change is in the state of our food surpluses—we just do not have any left. We face a severe shortage of dairy products. Feed grains stocks are the lowest in 10 years. And our wheat supplies are the lowest in 14 years.

In 1961, wheat carryover in major exporting nations was sufficient to feed the world for almost 4 months. By mid-1967, the Department of Agriculture predicts that it will decline to 25.2 million tons, the lowest since Korea, enough to feed the world for only 36 days.

From these two major changes—the explosion of the world food crisis and the exhaustion of our surpluses—have come the two basic revisions of our food-for-peace law which this bill embodies: the elimination of the surplus-disposal principle, and the emphasis on self-help in hungry lands.

For the first time, H.R. 14929 makes it possible for the United States, using the commodity programs enacted in 1965, to consciously plan for sufficient farm production to do our share in meeting world hunger. And the Commodity Credit Corporation is authorized to go into the marketplace to purchase farm commodities for concessional sale or donation overseas.

The bill also recognizes that self-help on the farm is a must in hungry nations, and that this program must do all it can to promote such self-help, rather than discourage it by allowing recipients to neglect their own agriculture. It requires the President to look at the specific self-help measures recipient countries are taking to improve their food production before signing a Public Law 480 agreement. It requires that each recipient country's self-help program be written into the agreement.

And the bill provides for far greater use of the foreign currencies we receive from concessional sales to support farm progress in food-short lands.

I am proud to say that, like a number of my colleagues—and above all, the distinguished Senator from South Dakota [Mr. McGOVERN]—I have been speaking out for both of these basic changes since I came to this body a year and a half ago. On July 29, 1965, in my first major Senate speech, I expressed my belief that—

Unless we go beyond the philosophy of surplus disposal, I fear we will soon have no choice but to cut down our food for peace program, just when world needs demand that we expand it.

I said also that we must “use our food program to stimulate progress in foreign agriculture.” For I was convinced that—

Without this agricultural progress there will be mass starvation, for food donations from advanced countries could never fill all the increasing need.

The following January I introduced a bill, S. 2826, to accomplish these objectives. And I am happy to be able to say that, of the seven major proposals in my bill, four are included in H.R. 14929 as reported, and a fifth was acted on earlier this year by President Johnson.

I am also gratified that H.R. 14929 includes three specific amendments which I offered in the Senate Agriculture Committee.

The first is aimed at freeing our excess holdings of foreign currencies, so they can be put to work attacking the problem which caused their accumulation—inadequate farm production. In India, for example, we held \$586 million in rupees in a restricted “U.S. uses” account at the close of last year. And this fund has been growing at a rate of over \$100 million a year, while our spending from it has been limited to about \$38 million a year.

My amendment frees these rupees and other excess currencies, for use to support farm progress, by waiving legal restrictions on them in countries where our currency holdings are greater than our needs over the next 2 years.

In addition, the committee adopted my proposals calling for increased efforts in adaptive agricultural research in food-short countries, and expressing the sense of Congress that we should encourage other nations to carry their load in the war on hunger through expansion of the world food program under the United Nations.

Madam President, I have no doubt that the American farmer will respond to the challenge and the opportunity presented him by this legislation. He will plant more land, and harvest a larger crop. And he will be more adequately rewarded for his efforts. Farm income will rise. And not just the families on the land will benefit—more land in production means more seeds required, more pesticides, and fertilizer, more farm implements, more machinery and equipment. And these additional purchases will bring new economic vitality to business communities serving rural America.

Furthermore, a strong food-for-peace program can develop new, permanent dollar markets for the American farmer. Expanded self-help in developing countries will mean economic progress for their people, and statistics show that as their incomes grow, their purchases of American farm products grow even faster.

CREDIT TERMS

Yet despite the landmark progress which this legislation brings, I feel that two of its provisions make it substantially more difficult for hungry nations to break the bonds of poverty and move toward the day when they will be free of the need for food aid.

These provisions are the limitation of the term of dollar credit sales to 20 years, and the elimination of dollar loans to help recipient countries pay their share of ocean freight charges for shipment of title I commodities.

The bill provides that, insofar as is practicable, the food-for-peace program should move from foreign currency to dollar credit sales by the end of 1971. But the committee rejected the proposal, included in the House-passed bill, to make the maximum time period on dollar credit sales equivalent to that in the AID program—a maximum term of 40 years, with a 10-year grace period.

Instead, it provided for a 20-year maximum repayment period, with 2 years' grace.

This has the unfortunate effect of discriminating against agricultural commodities, by making terms for their purchase less favorable to recipient countries than AID loans for industrial projects.

It also adds substantially to the foreign debt burden of recipient nations, at a time when we are urging them to make major capital expenditures to promote agricultural progress, and economic redevelopment in general.

It is instructive to look at the practical impact of the imposition of so-called tougher terms. Let us take a hypothetical country which buys \$500 million annually in Public Law 480 commodities for dollar credit over a 5-year period—an amount approximating what India has been receiving—and look at what it will have to pay back in the 10 years after the first shipment under the two differing credit arrangements. With the 40-year repayment period and 10-year grace, the country would repay \$125 million in 10 years. With the harder terms, it would be forced to put up \$834 million.

It is most unlikely that the most hard-pressed countries, such as India, can afford the harder terms. And it is not in our interest to force them to do so. For to increase their debt burden—already very substantial—would make it practically impossible for them to make the capital expenditures essential to their progress.

So the practical effect of the committee action may be to make the transition to dollar credit sales impossible to achieve.

The committee has admitted this possibility and provided an alternative, so-called "foreign currency credit sales" with foreign currencies convertible to dollars upon repayment, on terms no less favorable than section 201 of the Foreign Assistance Act. At best, they would add a substantial element of confusion to the program. At worst, they might bring into play the present restrictions on foreign currency uses. And we would be under strong pressure from debt-pressed countries not to convert repayments to dollars. If we yielded, this would return us to the path of excessive accumulations of foreign currencies which this bill seeks to eliminate.

FREIGHT CHARGES

Serious problems also arise from the elimination of the provision in the House-passed bill allowing dollar loans to be extended to recipient countries for their share of ocean freight charges. Under the committee bill, hard-pressed nations have to put up on the spot, in dollars, the entire cost of shipping title I commodities, with the exception of the extra charges brought about by carrying 50 percent of Public Law 480 commodities on U.S. vessels.

This is no marginal matter, for ocean freight charges are a very substantial proportion of the total cost of Public Law 480 commodities. To ship a ton of wheat to India, for example, costs \$11 at going world rates, plus the extra cost of American bottoms. This compares with about \$65 for the ton wheat itself.

India must now pay the \$11 shipping costs for each ton in cash on the spot—this means that the estimated 8 million tons of wheat we are shipping India in this famine year will cost her \$88 million dollars immediately in scarce foreign exchange.

If India could borrow half of her cost of shipping, as proposed in the House-passed bill, and spend these dollars to import fertilizer instead, experts estimate that she could import enough to increase her grain production by about 3 million tons. Or, alternatively, she could bring in machinery and equipment needed to build fertilizer plants to produce in the future.

Madam President, I can see no practical basis for the distinction this bill makes between the cost of the food and the cost of the shipping. Both are necessary to get the food to the people—both would be dollar costs to recipient countries in the absence of concessional arrangements. If we are right in offering long-term dollar credit for the food, we would be equally right in doing the same for freight.

By demanding that countries pay shipping costs in dollars now, we just make it far more difficult for them to import the fertilizer machinery and equipment on which self-help in agriculture ultimately depends.

I am a firm believer in "toughness" in our foreign-aid policies, above all those relating to agricultural development. But we should be tough in demanding self-help progress—as this bill does—not in squeezing foreign exchange out of countries where the shortage of capital is one of the main roadblocks to development. To follow this latter course is only to make it harder for poor nations to break the cycle of want, and to lengthen the period of time where they will be dependent on our assistance.

For the major recipients of Public Law 480 assistance are, almost by definition, the very poorest among the developing countries, those who cannot even feed themselves. To force them to pay more now, under the guise of toughness, will only lengthen the period of dependence which we and they have an equal interest in bringing to a close.

Mr. McGOVERN. Madam President, while the Senator from Minnesota [Mr. MONDALE] is in the Chamber, if the Senator from Arkansas [Mr. FULBRIGHT] would turn to page 53 of the bill, I would like to make one point before we leave this discussion.

The Senator from Minnesota [Mr. MONDALE] introduced an amendment to the bill which was accepted unanimously by our committee, and now comprises Section 205 on page 53 of the bill. I believe that this provision puts the Senate on record to do the kind of thing that the Senator from Arkansas had in mind when he said awhile ago that he would like to see some kind of recognition of the multilateral principle.

Section 205 reads:

SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. Is

further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals.

I am wondering if this provision satisfies the wishes of the Senator from Arkansas [Mr. FULBRIGHT] for some recognition of the need for moving toward a multilateral program, particularly when he considers we are presently participating in such a program. It is now around \$300 million over the next 3-year period; in other words, about \$100 million a year, with the United States picking up 40 percent of the cost.

Mr. FULBRIGHT. A sense of Congress resolution is not very satisfying when it comes to actual performance of a multilateral program and getting out of the bilateral program. The other part which the Senator mentioned about actual participation in the program is a little vague to me. I am not clear what they are doing.

Mr. McGOVERN. Almost 4 years ago the World Food Program got underway under the auspices of the FAO and the United Nations. That program had a \$100 million limit on it, including commodities and cash for a forward period of 3 years. The United States put up about 40 percent.

Mr. FULBRIGHT. In commodities?

Mr. McGOVERN. In commodities and some cash; but largely in commodities.

Since that time we have made an offer that has been accepted by other member nations of the FAO and the U.N. family. We said we would like to see that program expanded threefold to about \$300 million for the next 3 years. We have again agreed to give a 40-percent contribution to the program, with some possibility of cash on top of the commodities. We will provide about 40 percent of commodities, and we will explore the possibility of an additional 10 percent in cash.

All of that can be funded under the authority of the bill now before us, under what used to be title II of Public Law 480, the grant portion of the bill.

Now, we have a sense of Congress amendment offered by the Senator from Minnesota [Mr. MONDALE] that encourages the President to go further in that direction.

I thought that calling this to the attention of the Senator from Arkansas might help to persuade him that the committee does recognize the need to move in the direction of multilateral programs. I agree with him that we should.

Mr. FULBRIGHT. I do not know what to say is "the sense of Congress." We have had in the aid bill, of which this is clearly a counterpart, a permissive provision for the use of funds by international institutions. That provision has never been implemented and does not seem to mean anything at all. The current provision may or may not be implemented; that is, the one which we are discussing in conference.

My questions about this bill go further than that aspect, however. Another concern is that this is another foreign aid bill. It is not any longer a surplus

disposal bill. We have two foreign aid bills. The only difference is that one is administered by the Agriculture Department and the other is administered by the State Department. We should make up our minds. One department or the other should be sufficient to administer a program devoted to foreign aid.

Mr. McGOVERN. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McGOVERN. In a sense we are still living with the surplus problem, for we are paying out \$1.6 billion a year to idle acreage under the cropland retirement program and various other acreage diversion programs. The fact that we do not have those surpluses in Government stocks does not rule out the fact that we are paying out tax funds in excess of \$1.6 billion to idle land to prevent surpluses.

All that we are doing under this bill is saying: Let us turn in the direction of using that money we are now paying people not to produce to bring the idle acres back into production to feed hungry people.

Mr. FULBRIGHT. It seems to me, to get this matter straight, that what you are describing should be a domestic agriculture program to increase production. It should not be mixed up with an appeal to feed starving people. We are all for feeding starving people. But the fact is that India today is less able to take care of her people than she was when we started the program.

Very responsible people believe that this surplus disposal program has tended to remove the incentive for India to grow her own food. We can argue about that, but no one is advocating that a hungry child should not be given something to eat.

Mr. McGOVERN. Of course, I understand.

Mr. FULBRIGHT. There is a good deal more to it than that. What we are doing is enacting another aid program. Many of the provisions in this bill are almost identical to the foreign aid program we have. The Senator is mixing that foreign aid program up with the domestic agricultural program. In all candor, I really do not think that the Department of Agriculture has any clear superior capacity to administer aid. If it does, then it should take over the other aid program and we should put the two together. Much of this bill is out-and-out foreign policy. The problems of agriculture are quite different.

Everything I read indicates that agriculture is in for good times because there is a real shortage of food. The only surplus seems to be in cotton. There was a fine article in this morning's paper pointing out that agriculture has never done better than it is doing today and that it will do especially well in the future. This indicates that conditions in the program we are now considering will change. I am dubious about mixing agricultural shortages and foreign aid. Logically, the regular foreign aid bill should be under the Department of Commerce, if we are going to put this program under Agriculture, because 80 to 90 percent of foreign aid under the other bill goes for the purchase of in-

dustrial goods in this country. So, logically, it should be under Commerce, and this should be under Agriculture. Neither program should be under the State Department because the State Department does not know anything about machinery or food. But the Senator is mixing up the two domestic programs, mixing domestic production with foreign policy. If the Senator wants to do that, it will cause the most chaotic situation.

I do not see how I can go for this strange kind of mixture. As to surplus disposal in the bill the chairman stated that is not involved. We are going to grow this additional food for disposal abroad. I am not criticizing, I just draw attention to the fact that the chairman proposed the bill because he thinks the Department of Agriculture can do a better job of administering it. He is opposed to the other bill that the Senate just had before it which deals with industrial products. In both cases the products of America go abroad.

I am getting more and more confused as to what we are really about in this program. If we are going to feed starving populations, why do we not have something like UNRRA? That was a real program. Its job was to feed hungry people. I am all for that, too.

Mr. McGOVERN. I would not be opposed to that, of course. I do not know how the Senator can feel that we can separate domestic concerns from foreign policy. The two are more and more becoming one interest.

Mr. FULBRIGHT. I am talking about the matter of administration. We have a State Department which is supposed to function in the field of foreign policy. Granted, the Department of Defense, under its dynamic Secretary of Defense, is overshadowing the Department of State. I am not sure that that is wise, but it happens to be that way. Today, the most influential thing in the world is our military power. We are becoming—and are—the greatest military power the world has ever seen. We are undertaking a program which is most unusual and I doubt if half the American people, or less, understand quite where we are headed in our foreign policy. I class myself among those who do not understand.

Mr. McGOVERN. Madam President, there has been some misunderstanding about the administration of the program. There is nothing in the bill which strikes out the authority which the U.S. mission directors have had in executing the food-aid programs. Under the so-called farmer-to-farmer section in the bill, the Secretary of Agriculture is given a dominant role, but so far as actually carrying out the feeding programs abroad and controlling the development programs that are financed with food are concerned, the AID mission will continue to play the dominant role. But when it comes to determining the commodities available or how to secure needed production, the Department of Agriculture should have the strongest voice. Whether we like it or not, this program had a major part of its origin in a domestic agricultural interest.

Mr. FULBRIGHT. That is right.

Mr. McGOVERN. But it also had its origin in the recognition of our responsibilities overseas. It has a dual program. It includes a foreign policy interest, but it also has a very vital interest for American agriculture. I do not know how the Senator can draw neat compartments for these two interests.

Mr. FULBRIGHT. I hate to reiterate the colloquy we had with the chairman, but he said that he expected the Secretary of Agriculture to lay down the conditions. He called them "strings." I think "conditions" is the same thing. If recipient States did not live up to the conditions, we would cut them off. In other words, he indicated quite clearly that there would be more efficient administration under the direction of the Secretary of Agriculture.

Mr. McGOVERN. I do not think the chairman meant to imply that the Secretary of Agriculture will administer the program exclusively.

Mr. FULBRIGHT. I did not say exclusively. But it is under the Department of Agriculture. The Secretary of Agriculture is going to set the programs, and these conditions. I gathered that quite clearly, but let the chairman speak for himself. Look at the record. He expected better administration under the Department of Agriculture than under the State Department. That is one reason why he likes this program. That is the way he distinguishes this from the other aid program, which he opposes because it is under the State Department, and he does not approve of its administration. All of us have found fault with it, it is true; but that is one reason he distinguishes this program from the regular foreign aid program.

The Senator states that I draw these neat compartments. There are no neat compartments, but we do have Government organized according to various departments headed by Secretaries at the Cabinet level. This jurisdiction sometimes overlaps. There is clearly an overlapping in Defense and State. In this case Agriculture and State overlap in the field of foreign relations. We have the same thing in our committees. There is the Committee on Foreign Relations and the Committee on Agriculture and Forestry. The law attempts to determine their jurisdiction. This bill, in my opinion, clearly falls within the jurisdiction of the Foreign Relations Committee, but it is not there. So long as we have the votes, it does not seem to matter what the law says. We can get by with it on the floor of the Senate if we have enough votes to maintain our position.

Mr. McGOVERN. I agree with the Senator that it has foreign policy implications. I do not agree that it clearly falls within the jurisdiction of the Committee on Foreign Relations because it is of enormous importance to American agriculture.

Mr. FULBRIGHT. But a bill dealing with production that fixes the limits and quotas and everything else in agricultural production would of course be of concern to the Committee on Agriculture. But here, the Senator is attempting in this bill to use agricultural products

which are not in surplus. We are going to grow them for the purpose of sending them to countries A, B, C, or D. And we are going to say, "You do so and so." We are setting all kinds of conditions similar to the other aid bill. The Senator said that to the chairman earlier this morning. He said that is how we want it. We are going to take these countries and look after them better. Actually, the other bill tried this. He described the technical assistance program, which is the old point 4 program exactly. It is the technical assistance program. There is no real difference. The only difference is that the chairman of the Agriculture Committee has got more confidence in the Department of Agriculture than he has in the Department of State. I hope he is justified in it because I feel in my bones that this bill will be enacted into law. Therefore, I hope that it will work, although I do not think that it will, really—but, I hope that it does.

Mr. McGOVERN. I want the record to be clear that it would be a mistake to imply that the Secretary of Agriculture will run the program. He will determine the commodities that are available based on the consultation with our officials in our missions abroad and other concerned Government agencies, but the actual administration of the program in the field will be in the hands of the U.S. mission directors, as it always has been. There will be no agreement under the bill that does not have the approval of our ambassadors in the field and the State Department in Washington.

Mr. DOMINICK. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I am happy to yield to the Senator from Colorado.

Mr. DOMINICK. Page 54 of the bill reads:

The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in negotiations with each country.

Mr. McGOVERN. That is the chief foreign policy authority the Secretary has under the bill.

Mr. DOMINICK. If we are going to determine the nation and also the commodity, that is a great deal of authority.

Mr. McGOVERN. We are talking about the administration, about how a program is carried out in the field. I have mentioned those exceptions, referred to by the Senator from Colorado, but I got the impression from the colloquy with the distinguished Senator from Arkansas that he thought the Secretary of Agriculture will use a great new administrative force out in the field to administer the program.

Mr. FULBRIGHT. I think he gradually will. He will not immediately. But already we have the attachés of Agriculture out in the field, and if they do not perform as it suits them, of course they will strengthen their operation. But when it is stated that the Secretary of Agriculture shall determine the nations with whom the agreements shall be negotiated, this is the same authority given to the President and the Secretary of State under the other aid bill. The

President determines these things in the other bill. Here the Secretary can sell for hard or soft currency to 113 nations. I suppose he will try to do it in the near future. This is very similar authority.

When one determines with whom we are going to do business, that is major, basic authority. In other sections of the bill he is authorized to set the conditions of performance. The chairman stated this morning he hoped he would.

Mr. ELLENDER. The President will do it.

Mr. FULBRIGHT. Will he let the Secretary do it? Let me read section 406—

Mr. ELLENDER. Read section 401.

Mr. FULBRIGHT. Sections 401 and 406.

Section 401 reads:

After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements * * * the Secretary of Agriculture shall determine agricultural commodities and quantities thereof available for disposition under this Act. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated * * *.

That pertains in part to matters here at home, but not exclusively in the field of agriculture.

Section 406 reads:

In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations.

That is identical to the sort of thing that was done under the original Point Four Technical Assistance Program, and certainly that is foreign policy. When we go into a foreign country and undertake to tell that country what to do, I do not see how one could say it is not foreign policy. In the first place, there is a major question as to whether it is in this country's interest to intervene in the conduct of a foreign country's domestic policy. I know we all criticize and have our views about the delinquencies of foreign countries, but it still raises a delicate question as to how far we should go in intervening and telling them what to do, no matter how righteous we feel this particular course is.

I shall not read any more from the bill. There are any number of provisions in which the Secretary of Agriculture is specifically authorized to do certain things in a foreign country, as distinct from what he is supposed to do in this country. While it is sometimes difficult to draw the line as to where there should be a cutoff, there is quite a distinction between the two.

Normally, the executive branch activities of our Government in foreign countries are under the jurisdiction of the State Department. In the Congress such activities are under the jurisdiction of

the Foreign Relations Committees. Now we are departing from that procedure.

An analogous situation would be the one I gave previously, namely, that in the other aid bill, which involves sales and gifts of commercial products, machinery, in addition to food. At least the money provided in the regular foreign aid bill can be used to purchase these things. Logically, therefore, foreign aid should be under the Department of Commerce and should be under the jurisdiction of the Commerce Committee—that is if we are to follow the logic of this food-for-peace bill. Another example is the East-West trade matter in which the Commerce Committee is interested. It has a joint interest with foreign relations. But we have held hearings in matters involving the international political implications of East-West trade. It often happens that two committees have an interest in such matters. But predominantly this food-for-peace bill is getting into the field of foreign policy, because the element of the disposal of agricultural surpluses has been displaced by a new element which involves foreign policy.

Mr. McGOVERN. I cannot agree with that as long as the United States is putting so much money into the acreage retirement program to avoid surpluses, running almost to the level of funds authorized in this bill. There is a very important agricultural interest involved.

Mr. FULBRIGHT. This bill does not deal with that.

Mr. McGOVERN. It does in that it authorizes the Secretary to use commodities abroad that we are paying farmers not to produce. The Senator made the point two or three times that the way the program has been operated, has not encouraged countries to increase their own production. Then he objects to that part of the bill which is designed to encourage self-help efforts by the countries we aid.

Mr. FULBRIGHT. I do not object on that basis. I am objecting on the basis that it is not a domestic agricultural bill; that it is a foreign policy bill. The Senator cannot have it both ways. I am not objecting on the ground that we ought not to do everything that we can do to encourage other countries to become self-sufficient. What I object to is that this bill deals with foreign policy.

This matter of foreign policy is a very delicate matter, and it ought to be considered for its foreign policy implications, and not in a bill which deals with food production. I think it is difficult to run this kind of program without arousing great political repercussions abroad. It seems to me that this bill puts agriculture into an area dealing with foreign policy where it ought not to be.

Mr. McGOVERN. I do not see how the United States is going to respond to what we recognize is a very real problem on a hit-or-miss basis. We must bring idle acreage into production on a carefully programed basis. The department best qualified to do that is the Department of Agriculture. The committee best equipped to provide the guidelines is the Committee on Agriculture

and Forestry. This bill represents an intelligent, rational effort to face up to a very real problem, with the aid of American agriculture. We offer to give the people of less developed countries the benefit not only of commodities from our farmlands, but our agricultural expertise and the knowledge of the people best equipped to offer it. Those people are in the Department of Agriculture and in the agricultural agencies of the United States. This legislation represents a splendid basis to make those resources available in an intelligent way rather than responding in a helter-skelter manner after a major disaster has overtaken the world.

Mr. FULBRIGHT. I can sympathize with the Senator's feeling of greater confidence in the Department of Agriculture. I feel certain that he believes the Department of Agriculture will respond to his views more quickly than will the Department of State—and it probably will. I do not question his views on that aspect of the situation.

I say that this bill will destroy our regular procedures in administering foreign policy. It is a kind of full-employment-for-agriculture bill. I do not say that agriculture should not be helped. I say it is not proper to have what is essentially a foreign policy bill generated in this way, duplicating to a great extent the economic aid bill. Surely questions of aid to foreign countries, whether it be for their farmers, their urban populations, or their industries, ought to be coordinated, I should think, under the jurisdiction of the AID organization. For all its faults, that is what it was created for. It is a huge organization, having some 18,000 to 20,000 employees.

Mr. McGOVERN. Does the Senator believe that if another \$2.5 billion were added to the economic foreign aid bill, it would get through Congress more easily?

Mr. FULBRIGHT. If the Senator is using an excuse that there should be two aid bills, so that the amounts will look smaller, why does he not state that as a reason? It is not the reason given by the chairman of the Committee on Agriculture and Forestry for having another aid bill.

Mr. McGOVERN. I merely raised the question as an interesting sidelight that I thought might concern the Senator from Arkansas in the light of his experience in guiding foreign aid bills through the Congress.

Mr. FULBRIGHT. I am dubious about either aid bill, because of the foreign and domestic political implications that are arising. I know that Senators look at me askance and say, "You supported it"; but many things have happened in the last year that have disillusioned me, particularly happenings in other countries, such as in southeast Asia.

These aid bills are likely to lead us to believe that the United States is a sort of mentor throughout the world, something about which I have grave reservations. I do not believe that the United States, because it is so powerful today and is able to intervene, should be encouraged to take on these tasks and become sort of an imperial power. Such action should be taken through

multilateral organizations like the United Nations and the International Bank, and their affiliates.

Mr. McGOVERN. I agree with the Senator's desire to see us move more in the direction of multilateral programs and I think we are moving that way.

Mr. FULBRIGHT. But the Senator continues to advocate in a different way. He is attempting to give strong impetus to a second aid bill and is seeking to create another big aid organization. It would have to have something to do, so it would tell everybody else what is could do. That would be moving in the wrong direction. The Senator says he agrees with me, but he is moving in another direction on another aid bill that has built-in interests. The Department of Agriculture and the Secretary of Agriculture would be taking control all over the world. I am not for that.

I have had a marked change of mind. It is not only that I have changed my mind. I believe that circumstances have changed to a great extent. I admit to this mistake: I should have had greater foresight. I should have foreseen, years ago, that the United States, as it became more powerful, would have as an objective to get into everybody's business and into everybody's hair, interfering with everybody else's relations, as we are now doing.

Mr. McGOVERN. Would the Senator accept the judgment of the Secretary of Agriculture and the Director General of the U.N. Food and Agriculture Organization, among others, that unless there is a major and sustained effort on the part of both the advanced countries and the developing countries to increase their production very materially, and at the same time bring their population growth under control, in the next 15 or 20 years the world will run out of food, and we will be faced with massive starvation around the world? Will the Senator accept that?

Mr. FULBRIGHT. I agree with that, certainly.

Mr. McGOVERN. What better approach can the Senator suggest to deal with that problem than enlisting the support of the American farmer and the U.S. Congress behind a program of this kind, which tries to accomplish those necessary things in a coordinated way?

Mr. FULBRIGHT. I think we have to work through and obtain the cooperation of all the other countries the Senator mentioned—that is, the developed and the underdeveloped. If we do not do it, there is no hope of the United States achieving this alone, any more than there is any hope of it running the world alone, under its own steam, or undertaking to do all these other things. We cannot alone bring the Great Society to Asia. I think it cannot be done. If there is to be progress there, it must be with the active cooperation of not only the Asian countries, but all other countries.

That is the whole theory of the United Nations, which we have gotten away from in the last year or two. The Senator from Oregon [Mr. MORSE] began talking about that long before I did. In southeast Asia, he has said right from the beginning, the United Nations should be

brought in. He has complained bitterly about it not being brought in, in that area.

I feel the same way about these other activities. We have become too big for our breeches, I believe, when we undertake to do this job all by ourselves.

Mr. McGOVERN. I think that is one reason the committee in this bill urged greater support for the world food program of the FAO and the United Nations. I think we should continue to move in that direction.

Mr. FULBRIGHT. The statement of goals is not enough to satisfy me.

Mr. McGOVERN. But, as I have told the Senator, we are contributing commodities now on a multilateral basis. I think, looking at it realistically, our contribution represents a reasonable amount; and if other countries will cooperate, we can expand in that direction.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. WILLIAMS of Delaware. I notice, on page 54, section 402, the bill provides:

The term "agricultural commodity" as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States.

Does that include all types of breakfast foods, flour, and manufactured products of agriculture?

Mr. McGOVERN. As I understand, it could include those commodities.

Mr. WILLIAMS of Delaware. Alcoholic beverages are a byproduct, to a large extent, of agricultural products. Does this include beer, whisky, wines, and so forth?

Mr. McGOVERN. It does not change the existing law, so far as that is concerned, under which we have been operating for 12 years now; and none of those commodities have ever moved under the food-for-peace program. I cannot conceive of any administrator interpreting those commodities as necessary for hungry people.

Mr. WILLIAMS of Delaware. Neither can I; but I am raising the point. Are they includible, under this language, if perchance we should get officials who would wish to so interpret it? Are there any restrictions here which would prohibit such an interpretation of this bill?

Mr. McGOVERN. I cannot cite for the Senator specific language on that point. The whole thrust of the bill is to assist hungry people and to try to close the nutrition gap in the developing countries. The goal of the legislation excludes alcoholic beverages. I cannot conceive of any Agriculture or AID official putting an interpretation on the bill which would permit their use in the program.

Mr. WILLIAMS of Delaware. Neither can I. But I wonder if it would not be well to amend the bill to spell it out specifically, so we would know.

Mr. McGOVERN. I do not think there is a necessity for specific language in the bill that would outlaw the beverages the Senator mentioned.

Mr. WILLIAMS of Delaware. Does the Senator not feel that it would be wise

to include such language, that would prohibit that use? Because surely those commodities would not contribute much toward feeding the hungry world.

Mr. McGOVERN. My own judgment is that it would not be necessary. We have been operating under food-for-peace authority for about 12 years now, and there has never been a hint that a commodity of that kind is under consideration for the program.

I am afraid if we started listing all the things that are prohibited by the bill, we would have an interminable list. I would rather place some confidence in the commonsense of our administrators than to attempt to anticipate every conceivable silly decision that might be made.

Mr. ELLENDER. May I point out to my good friend, the Senator from Delaware, that this same provision has been in the law for quite some time, and I simply cannot conceive of the President entering into a contract with another country whereby liquor or beer would be provided under such agreement.

Mr. WILLIAMS of Delaware. Neither can I, but I recall a few years ago that under one of these AID programs, we were furnishing them Metrecal at the same time we were giving them food. So I raise the point. Sometimes I am not much surprised at anything.

Mr. McGOVERN. I can say to the Senator, that that was not done under the food-for-peace program. It was under another program.

Mr. WILLIAMS of Delaware. Under an AID program, to assist hungry countries. We got them too fat, I suppose, so we had to send them Metrecal.

Mr. MORSE. Madam President, will the Senator yield?

Mr. McGOVERN. I yield to the Senator from Oregon.

Mr. MORSE. I direct the Senator's attention to section 108, on page 47, in the light of certain comments I understood him to make, and of some comments made by the Senator from Minnesota [Mr. MONDALE].

First, I understood the Senator from South Dakota to indicate that he is not particularly enthusiastic about this particular section; but at this point, for the purpose of the record, I should like to have the Senator's understanding as to the procedures that would flow from section 108. It reads:

The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

My understanding of this section—and the Senator will correct me if I am wrong—is that the Commodity Credit Corporation may finance ocean freight charges included in carrying out this program, except where the cost of transportation in U.S. vessels would be somewhat higher than if the commodities

were shipped to India, for example, in an Indian vessel. In case they proved to be higher, India would have to pay the balance of such charges in dollars.

India would be getting considerable quantities of food under this program—in some instances as grants, and in some instances as payments in terms of soft currency in India, which might just as well be grants.

Mr. McGOVERN. Not necessarily. We are getting some benefits.

Mr. MORSE. Not much. On the basis of soft currency arrangements with India—if I may have the attention of counsel for the Foreign Relations Committee—I doubt that we benefit more than a very small percentage of the value of goods. We are so restricted and limited.

We are restricted, for example, by the authority of the country in which we are going to get the soft currency benefits by the fact that the soft currency cannot be expended in that country unless that country finds that such expenditure will not be disruptive of that country's economy. It is only when the expenditure would not be disruptive of the country's economy that the soft currency is of assistance. They can always come in on the pretext that our expenditure of such soft currency would be totally disruptive of their economy and stop our expenditure of funds.

That is why I have been so critical for so many years of the whole soft currency arrangement. However, be that as it may, India will get the U.S.-produced food for nothing, or on the soft currency basis.

We do have a problem in regard to maintaining a domestic merchant marine. I know that there are those that would turn it all over to exploited labor working on other vessels, such as Indian vessels and vessels of other countries.

Why should India not be required to pay in dollars the difference in these shipping costs?

Mr. McGOVERN. Under the terms of the pending bill, India would pay not the difference, but the basic world cost of ocean freight in dollars.

Mr. MORSE. I understand so, but I understood that some question is being raised by the junior Senator from South Dakota and the junior Senator from Minnesota as to the desirability of the section.

Mr. McGOVERN. The Senator from Minnesota and I made the point in committee. We were overruled on that point and we intend to do nothing further. Authority might be given to provide the same kind of dollar credits—not soft currency credit, but dollar loans—to the Indians to pick up their part of the shipping costs of the agricultural commodities we give them.

Mr. MORSE. Why?

Mr. McGOVERN. They simply do not have the foreign exchange with which to meet all of their needs. We are not speaking about India alone, but about any country.

Mr. MORSE. May I say most respectfully one reason is that they have not tried. They just have not tried. As a member of the Committee on Foreign Re-

lations, I have followed the failure on the part of the Indian Government to meet its food crises for years and years.

As long as we are there to ladle it out, we will continue to ladle it out by the hundreds of millions of dollars' worth to India.

I have traveled through the agricultural areas of India rather extensively in recent years on two trips. The sad fact is that, in my judgment, India has done too little to meet her agricultural crises. I am for feeding her starving people when they are in a state of starvation. However, I think that countries like India—and she is not alone—must know that there is a bottom to the pockets of the U.S. taxpayers.

We must have more demonstrations from India that she is going to great efforts to solve her own agricultural problems, rather than waiting, as she does time and time again, to make this great appeal for these terrific grants from the United States.

The taxpayer's money is going to go into agriculture, and I am for that. This is, of course, a great boon to American agriculture, and I am for that. It is a great boon, incidentally, to my own State with its great acreage in wheat, and I am for that. However, at the same time, I am not for undercutting American shipping. I do not think that that should be done in order to produce either a boon for American agriculture or for India.

When we talk to the farmers about this, we find that they do not expect it and do not want it. They recognize that this difference in shipping costs certainly ought to be borne by the country which is going to get these great hand-outs in order to meet the needs of its population.

Mr. McGOVERN. I think the Senator perhaps misunderstood, in all due respect, what the requirement is. The requirement is not that the receiving country pay the difference between the world shipping cost and the American cost, but that the Commodity Credit Corporation pay that difference. The receiving country would pay at the rate of the average world shipping cost. So, far from doing anything to undercut the American merchant marine, the Senator from Minnesota and I were suggesting that, when we have countries with a shortage of foreign exchange, it might be helpful to make arrangements for dollar credits so that they could pay American ships their portion of the shipping cost in dollars.

I am afraid that what may happen—and I hope I am wrong—is that they will try to pay the American shippers in soft currency. I doubt very much if our shippers are going to be very happy about that.

This was an arrangement to help take care of the problem by providing some other kind of loan.

Mr. MONDALE. Madam President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MONDALE. Madam President, in a sense this discussion is theoretical because the committee turned down our position. Although we have expressed

our opposition to the committee's action, there is no proposal pending that I know of to amend the action of the committee on the payment of freight costs.

I think the senior Senator from Oregon has made a historically sound observation about Indian agriculture. I do not think that India has placed adequate emphasis on her own farm production problems in the past. This, together with the fantastic population explosion, has created the heartbreaking situation in India today.

But I believe that, since the Shastri government, and particularly since the present Minister of Food, Mr. Subramaniam, took office, there has been an impressive new effort on the part of the Indian Government to allocate a substantial portion of its slim resources to agriculture, and to take serious steps—through the intensive agricultural district program, through concessions to foreign investors who want to build fertilizer plants, and through the establishment of important new agricultural and technical schools—to deal, at long last, with her agricultural and population problems.

Our AID Director there, Mr. John Lewis, whom I regard as one of the best AID directors in the world, believes that under these new policies India, at long last, is taking important first steps in dealing with her real problems.

I think we ought to reward and applaud India for taking those steps. And I think we ought to be candid enough to admit that our food-for-peace program in the past has been somewhat responsible for this inattentiveness on the part of India to her own food problems.

I think, in the main, the food-for-peace program for India has been an important program, but if we were fair with ourselves we would admit that our program, in part, was designed to rid our own Government storage bins of surpluses.

Thus, while we like to talk about the program entirely in humanitarian terms, I think we did make it very easy for the Indians to take our free food—or the food which we were willing to sell for their currency—and put their resources into other areas.

The day of ridding ourselves of surpluses is over. Our surpluses are gone. But the heartbreaking human hunger problem in India remains. The Government there is beginning to take important new steps.

I do not believe that we should help India or any other country which is not willing to take the hard steps to get its own agricultural house in order. But assuming that they are willing to meet their responsibility, we must realize that capital resources are essential in any solution of these problems. Capital is required to import fertilizer or the parts to build fertilizer plants. It is necessary to construct an irrigation network. So if we drain off that limited capital under the guise of "toughness" through severe credit terms or requiring dollar payment for freight on the spot, we are diminishing the capacity of India and other nations to do the very things that we want them to do.

Mr. MORSE. Madam President, will the Senator yield, so that we can clear up our misunderstanding?

Mr. McGOVERN. I yield.

Mr. MORSE. I do not think I misunderstand section 108 at all. I think the language is perfectly clear, and I support the language of the section.

I understood the Senator from South Dakota and the Senator from Minnesota to raise some question as to its applicability. I am for applying it. My interpretation of it is that such agreements shall require the balance of such charges for transportation in U.S. vessels to be paid in dollars by the nations or the organizations with whom such agreements are entered into, which, according to my hypothetical situation, means India. I think they should be required to pay.

May I say, good-naturedly, that I heard the argument of the Senator from Minnesota about India 10 years ago and 12 years ago, that they now have an administration that is going to do something about it.

They have not done anything except to maintain restriction on restriction on the foreign capital of India to build the fertilizer plants that ought to be built, in order to bring in the aids to Indian agriculture that ought to be worked out by private enterprise in India.

Until the Government of India, which is characterized very much by state socialism, will eliminate some of the barriers to the building of private investments in India, I see very little hope of India solving its agriculture problem.

We talk about population control needs in India. They have some human population control needs, but a much greater birth control need is with respect to cattle and monkeys, which, because of the taboos that they permit to exist, destroy crops almost equal in value to that which we supply them by way of agricultural aid.

Mr. McGOVERN. Madam President, I yield the floor.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield for a question?

Mr. McGOVERN. I yield.

Mr. WILLIAMS of Delaware. In colloquy concerning the possibility of some of these funds being used for alcoholic beverages, I understood the Senator to say that he thought this was restricted to nutritional foods. Did I understand correctly?

Mr. McGOVERN. I say that it is restricted to agricultural products. I said that the items that the Senator had mentioned were not, in my judgment, within the purview of this bill. The bill does cover fiber as well as food, so that it does cover cotton, for example.

Mr. WILLIAMS of Delaware. The reason I asked that question is that I notice that tobacco is covered rather prominently in the bill; and in view of the fact that the Surgeon General has stated that tobacco is injurious to health, I am wondering how tobacco could qualify under a food program to feed the undernourished. I am wondering whether that should be included, in the opinion of the Senator from South Dakota.

Mr. McGOVERN. I can only say to the Senator that it has been under the programs since 1954.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. McGOVERN. There is nothing in this bill that changes the existing authority as far as tobacco is concerned.

Mr. WILLIAMS of Delaware. The Senator is correct. Approximately \$315 million worth of tobacco. But I am wondering whether it can possibly be justified in the name of feeding the undernourished people of the world, particularly when our Surgeon General says that the use of tobacco in any form is injurious to health. I wonder if the Senator does not feel that that item should be deleted, together with alcoholic beverages.

Mr. McGOVERN. There is nothing in this bill that has not been in the program going back to 1954, so far as the items the Senator has mentioned are concerned.

Mr. WILLIAMS of Delaware. That does not make it right. I am asking the Senator because, based upon his wide experience, he is an authority in this field, and I am serious.

I am wondering whether either of these two commodities—alcoholic beverages or tobacco—could qualify as food, to take care of the undernourished people of this world, and whether they both should be deleted.

Mr. McGOVERN. Under my nutritional standards, they would not qualify.

Mr. WILLIAMS of Delaware. Would the Senator support a proposal to eliminate them?

Mr. McGOVERN. Is the Senator planning to offer such a proposal?

Mr. WILLIAMS of Delaware. Yes, I will offer it. And if the Senator will co-sponsor it, I think we might have some success.

Mr. McGOVERN. I want to reserve the right to listen to the debate on the Senator's proposal, before making a final judgment.

Mr. WILLIAMS of Delaware. I do not think there is much to be debated. I am serious with respect to this matter. I do not see how, by any stretch of the imagination, either alcoholic beverages or tobacco could qualify as food to help the undernourished of the world. I do not see how, by any possible stretch of the imagination, such an interpretation could be placed upon it.

I am perfectly willing to support, and have supported, these proposals to feed the undernourished. To the extent that we have this food, I think we should share the bounty of this country. But I think it is a negative situation to at the same time have a program by which it is possible to make available to them either tobacco or alcoholic beverages, in the name of food.

Mr. McGOVERN. I agree that it does not contribute anything to the nutritional benefit of people. I certainly look sympathetically upon the Senator's efforts.

Mr. FULBRIGHT. Madam President, a parliamentary inquiry. What is the pending business?

The PRESIDING OFFICER. The committee substitute. And the bill is open to amendment.

Mr. FULBRIGHT. Madam President, I offer an amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Arkansas [Mr. FULBRIGHT] proposes an amendment, as follows:

On page 58, line 22, strike out "1968" and insert in lieu thereof "1967".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. FULBRIGHT. Madam President, I did not understand the majority leader would announce that there would be no votes tonight.

Mr. ELLENDER. The majority leader did not make that announcement publicly, but he stated to a few Senators that we will adjourn until tomorrow at 10 o'clock, and that there would be no votes tonight.

Mr. FULBRIGHT. Is that correct?

Mr. MANSFIELD. The Senator is correct.

Mr. FULBRIGHT. Madam President, I was prepared to vote tonight and was prepared to say a few words. I have said a good deal about this.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. May I suggest that the distinguished chairman of the Committee on Foreign Relations continue his amendment as the pending business, and then we will take it up the first thing after the morning hour tomorrow.

Mr. FULBRIGHT. That is satisfactory to me. I do not have much more to say.

I wanted to point out a few things about this bill and the similarity with the existing aid bill. The amendment I have offered is to limit this authorization to 1 year, which would make it conform to the major provisions of the existing aid bill, in all provisions other than development loans and the Alliance for Progress, which are in a class by themselves.

We have tentatively agreed with the House conferees to make most provisions of foreign aid be limited to 1 year with the idea that there will be a new Congress next year. The first of the year they should have the opportunity to consider whether or not foreign aid should be more than a year or two. There is a good deal of sentiment that beginning next year aid should be authorized for 2 years, so that each new Congress will have an opportunity to consider aid bills.

I recommend, if there is no other change, that we make this pending bill for 1 year and conform it with the other aid bill. It may be that next year, after Congress has had an opportunity to see the similarities in the two bills, the new Congress would like to merge them into one. It might be a more efficient way to handle two very complex programs,

one under the Department of Agriculture and the other by AID under the State Department.

My second amendment is to cut the authorization back to \$1 billion instead of \$1.9 billion. Earlier in colloquy I understood the chairman of the Committee on Agriculture to say that \$1 billion would be adequate.

Mr. ELLENDER. That was my personal opinion.

Mr. FULBRIGHT. The Senator is correct.

Mr. ELLENDER. As the Senator knows I have been against foreign aid for quite some time. In fact, three-fourths of the committee thought that the amount cut back was just about right.

Mr. FULBRIGHT. I have the greatest respect for the opinion of the chairman of the committee. I think that with his support the Senate would agree that was the wise thing to do.

Mr. ELLENDER. I am going to support the committee, of course.

Mr. FULBRIGHT. But the judgment of the Senator would be wise, and I think it would be more persuasive than his vote standing alone. It certainly would be with me.

Mr. ELLENDER. I was instrumental in cutting the amount to \$2 billion. My advice was followed except that in committee we cut back \$100 million more than the \$2 billion under title I and added that \$100 million to title 2 and raised that authorization to \$600 million.

Mr. FULBRIGHT. I think, in addition to the normal reasons relating to the amount of money, that many Members would favor making the bill for 1 year so that the next session would have a right and a duty to examine the bill to see whether or not we should create this new aid program.

I do not wish to take the time now, although I am perfectly willing to if I thought we were going to vote.

I think it would be wise to examine section 102 and section 401 and section 406 and see the duplication of the authority given the Secretary of Agriculture, which is much the same authority we give to the Secretary of State in the other bill. Many of these authorities are the same: The research program, contracts with universities, and so forth. They are very similar and almost identical to the provisions in the other bill.

I think that this matter should be re-examined next year to see whether or not we are wise in creating two aid programs to function at the same time.

Mr. MORSE. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MORSE. Madam President, I shall support the Senator in regard to both of his amendments.

I think it is clear from the discussion this afternoon that we have a bill here in the form of a foreign aid bill, as far as its applicability is concerned. It is a foreign aid bill in connection with agricultural products, and we should bring it into line with the duration period of

the other foreign aid bill, which is 1 year.

I think that the Senator is quite right that we should not seek to bind a Congress in the future. I think that we should take it for 1 year, and let the next Congress, a large portion of which will be elected in November, decide what its policy will be. We do not know at this date to what extent this Congress will be a lame duck Congress by next January. We do not know what the turnover is going to be. I think that we should wait to see. At least we should let the new Congress decide for itself the duration of this agricultural foreign aid bill.

As to the amount, I certainly think in view of the cutbacks we have made elsewhere, the need we have for funds for our domestic economy, and in the cutbacks in our domestic economy that the war in Vietnam is causing—or at least that this administration is proposing because of that war in Vietnam—that we cannot justify more than \$1 billion in this bill.

Mr. FULBRIGHT. I think that the Senator has given additional reasons. I was impressed by that second reason this morning. We had a vigorous case made showing that our domestic development program is being held up because of the lack of funds.

One other facet in this program, which is inconsistent with the highly effective appeal, is that this is to feed starving and hungry people. But this bill feeds only certain people. It excludes certain little babies if they happen to be from Hungary or certain other countries whose policies we do not like. We are not going to feed them, no matter how hungry they are. This is the same thing, with the same political overtones, as the other AID bill.

I have supported the AID bill in the past, but to sell this food-for-peace bill on the idea that it is a humanitarian, starvation-prevention bill is a little bit demagogic. It is not only to feed hungry people. It has some very stringent restrictions about which hungry people we are going to feed, all of which emphasizes the fact that this is a foreign aid bill with political overtones, and only incidentally an agricultural program, and an agricultural bill. Agriculture will stand on its own feet. If it is to be treated and encouraged, it should be in the regular way.

If this bill is to be enacted, it should be referred so that the Committee on Foreign Relations will have an opportunity to judge the bill because it has very strong political overtones. It is a case of at least dual jurisdiction in which I think the overriding provisions are its foreign policy provisions and only incidentally agricultural. Again, for the reasons I have given, it does not deal with surpluses. There are other bills to deal with encouragement and expansion of the domestic production. I believe that is correct.

Madam President, I shall not say more at this time, but tomorrow morning I hope to get a vote on these amendments.

Mr. BARTLETT. Madam President, the tyranny of hunger rules many billions of persons in many lands. The tyranny of hunger is no different from any other form of tyranny. It breeds discontent and desperation. There can be no chance for peace on this earth until the harsh rule of this tyranny is eased.

In that sense, Madam President, the food-for-peace programs, which the Senate is considering today, is well named. Since the program was launched in 1954, the United States has signed agreements with foreign nations for sale of many billion of dollars worth of agricultural commodities. Since 1954, almost \$2 billion worth of agricultural commodities have been donated for disaster relief, school feeding and community development.

Despite these efforts, the tyranny spreads. As the President said in his message on the food-for-freedom program:

The time is not far off when all the combined production, on all of the acres, of all the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed.

It is clear that there must be significant increases in agricultural production in many nations if the tyranny of hunger is to be defeated. It is just as clear that full use of all food resources is required if the world is to succeed in this noble endeavor.

The revamped food-for-freedom program recognizes these facts.

Nations receiving assistance under this program must demonstrate serious self-help efforts to increase their rates of agricultural production. That is only fair.

Equally important, the program authorizes use of a great source of food heretofore unharvested for this purpose. I refer, of course, to fish. The Committee on Agriculture and Forestry accepted my amendment to include domestic fish protein in the program.

On numerous occasions I have spoken on this floor about the value of fish in the war on world hunger and malnutrition.

I have extolled fish as a great and cheap source of protein which is vitally needed by persons suffering from malnutrition.

The results of malnutrition, often caused by a lack of protein, were spelled out last summer in a Department of State dispatch to U.S. AID missions. The dispatch said:

AID health personnel are now of the view that correcting serious protein deficiencies of preschool children would make a greater contribution to development than any other health measures—malaria eradication, sanitation, and water supply not excluded. It is clear that food-for-peace donations alone cannot solve this problem; and that coordinated efforts by our agricultural, health, industry, and community development programs will be required if progress is to be made.

Infants, particularly in the weaning period, and children under six years of age represent the most vulnerable group with high mortality and morbidity. The problem is important not only because malnutrition is basically responsible for the illness and death of millions of children, but because pre-

school malnutrition may irreversibly retard the mental and physical development of the survivors. Thus investment in education for children who have suffered serious malnutrition before reaching school will produce less than optimum results even if the children receive adequate nourishment while attending school. Finally, the maimed survivors become adults lacking in the vigor and enterprise essential for productive advancement.

The shortened life, decreased resistance to infectious disease, impaired physical and mental growth, and decreased productive capacity may gravely impede social and economic development. Not only will nutritional deficiencies prevent a child from growing into a useful and productive citizen but they will frequently result in making him a liability for whom the social group will have to provide.

I can add nothing to that dispatch.

I heartily support the revamped food-for-peace program, and urge that its administrators take full advantage of the authority to include fish in the war on world hunger and malnutrition.

The use of fish will be consistent with the stated purposes of the act which are to promote international trade, combat hunger and malnutrition and to further economic development.

The time has come for us to use all our resources to defeat the tyranny of hunger. This program will help us in the endeavor. I urge its immediate and unanimous approval.

EXPANSION OF THE FOOD-FOR-PEACE PROGRAM

Mr. YARBOROUGH. Madam President, today we face the paradox of increasing worldwide wealth and, at the same time, of increasing world hunger. Therefore, it is just and it is sensible that the United States, the greatest agricultural Nation in the world, should make some of its abundance available on reasonable terms to the starving millions of the world.

Indeed, this we have been doing since 1954 under the food-for-peace program. I ask unanimous consent to have printed at this point in the RECORD a short excerpt from the committee report explaining how Public Law 480 works.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 and Food for Peace, was enacted in 1954. The existing authority under titles I and II will expire December 31, 1966. During the 12 years of operation the original act has been amended extensively in order to meet changing conditions.

Under existing law the so-called Food for Peace Program is operated under four titles. Title I which was the mainstay of the original law provides for the sale of surplus U.S. agricultural commodities to friendly countries with payments in the currency of the recipient country.

Title II authorizes, donations of farm products held in stock by the Commodity Credit Corporation for famine and disaster relief, community development, school feeding, and other economic development purposes in foreign countries.

Title III of the existing law provides for the disposition of Commodity Credit Corporation-owned surplus commodities to carry out two types of programs. First, they may be used for domestic donation programs administered by appropriate Federal, State, and local government agencies or by recog-

nized voluntary nonprofit charitable and relief organizations and for foreign donations to needy peoples through American voluntary agencies and international organizations. Second, such commodities can also be used for barter to obtain certain strategic materials and for offshore procurement of goods and services.

Title IV of the existing law provides for sales of commodities on credit terms for dollars. The dollar credit is repayable over an extended period with low interest rates.

As amended by the bill recommended by the Senate Committee on Agriculture and Forestry Public Law 480 would continue to have four titles. However, title I would combine existing titles I and IV of the present law and provide for both sales for foreign currencies and long-term credit sales for dollars.

Title II combines the foreign donation programs now contained in titles II and III of the law.

Title III would still provide for barter of agricultural commodities, and title IV would contain general provisions and definitions.

Mr. YARBOROUGH. Madam President, today we are expanding and improving the original Public Law 480 program. While I favor some of the more liberal provisions of the House version of H.R. 14929, I fully support the bill reported by the Committee on Agriculture and Forestry under the able leadership of its distinguished chairman [Mr. ELLENDER]. I congratulate him for his great work in shaping this bill and bringing it to the Senate floor.

I ask unanimous consent to have printed at this point in the RECORD an excerpt from the committee report giving a short explanation of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

This bill extends Public Law 480, 83d Congress, for 2 years, through December 31, 1968. It authorizes agreements for the sale of agricultural commodities for foreign currencies and dollar credit in each of those 2 years in an amount requiring appropriations not exceeding \$1.9 billion plus the authority carried over from the preceding year (estimated at \$1.7 billion as of December 31, 1966). Title II authority (donations) would be \$600 million per year, plus the carryover from the preceding year (estimated at \$772 million as of December 31, 1966).

In addition the bill makes a number of changes in Public Law 480, the principal changes being as follows:

- (1) Removal of "surplus" requirement.
- (2) Transition in 5 years to dollar sales or sales for foreign currencies on terms as favorable to the United States as provided for Development Loan Fund loans.
- (3) Emphasis on "self-help" by recipient countries.
- (4) Exclusion of nations not having diplomatic relations with the United States and, unless the national interest otherwise requires, the United Arab Republic and nations dealing with North Vietnam and Cuba from local currency or dollar credit sales.
- (5) Specific authority for the use of foreign currencies for population control, farmer-to-farmer programs, and nutrition program planning.
- (6) 5 percent of the price on all sales must be paid in cash in dollars whenever practicable.
- (7) Addition of the second ranking majority and minority members of the congressional agricultural committees to the advisory committee.
- (8) Appropriation of up to \$33 million per year for farmer-to-farmer technical assistance.

(9) Specific statement that section 620(e) of the Foreign Assistance Act of 1961 applies to the assistance provided through sales under Public Law 480 (sec. 620(e) prohibits assistance to countries expropriating property of U.S. citizens).

(10) Financing of entire price of cotton product exports in the same manner as products of other surplus agricultural commodities (instead of financing only the raw cotton content of any cotton product export).

(11) Minimum CCC release price of 120 percent of current price support loan plus carrying charges for any price supported commodity subject to a voluntary adjustment program when estimated carryover will be less than 25 percent (35 percent in the case of wheat) of domestic consumption and exports (subject to the usual statutory exceptions and use for redemption of PIK certificates).

(12) Repeal of 5-year limit on credit under dollar credit sales to Poland and other countries subject to the Battle Act.

(13) Title II no longer restricted to CCC commodities.

(14) Convertibility of currency to cover American tourist expenses (up to 25 percent of currencies received under future agreements).

(15) Extension to dollar credit sales of various provisions now applicable to foreign currency sales (e.g., dollar limits on total agreements, requirement that purchaser pay basic freight costs, restrictions on sales to the United Arab Republic and countries dealing with Cuba).

Mr. YARBOROUGH. Madam President, there are three changes in the program which I consider of greatest importance:

First. The removal of the "surplus concept."

Second. The emphasis on "self-help" by recipient countries.

Third. The authorization for funds to be used for family planning programs.

The family planning amendments of the bill are substantially those which I had the honor of introducing on February 25, with the cosponsorship of the distinguished Senator from Alaska [Mr. GRUENING], the distinguished Senator from Montana [Mr. METCALF], and the distinguished Senator from Maryland [Mr. TYDINGS]. Senator TYDINGS also sponsored a related amendment of his own. These amendments are similar to those in the House bill, which were adopted under the great leadership of Representative PAUL TODD, JR., of Michigan. I wish to commend the chairman [Mr. ELLENDER] and the members of the Committee on Agriculture and Forestry for their wisdom in adopting these amendments.

The family planning amendments are found in three parts of the bill. Section 103(a) reads:

In exercising the authorities conferred upon him by this title, the President shall take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth.

Section 104 reads as follows:

SEC. 104. Notwithstanding any other provision of law the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(b) (3) . . . to support, on request, programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities.

These family planning provisions are needed because the world faces severe food shortages in the decade ahead unless we are willing to take steps to meet the coming challenge.

The problem exists primarily in the underdeveloped areas of the world where populations are growing much more rapidly than the supply of food can be expanded.

Historically, traditional societies expanded food productions along with population by expanding the acreage under cultivation. Today, however, many densely populated underdeveloped countries have little new land that can be brought under cultivation. Studies show that increased production in the future must increasingly be from higher yields per acre. This method of increasing food production is vastly more difficult than the traditional method. It requires a reasonably high level of literacy, capital, a "market oriented" economy, and support from the rest of the economy in the form of fertilizers, insecticides and other products. These are precisely the things that are lacking in the underdeveloped regions of the world.

The food-for-peace bill will enable us to assist underdeveloped land in developing some of these "preconditions for a yield per acre takeoff."

However, let us consider what would happen if we were successful beyond our wildest dreams, if we could raise yields in the underdeveloped lands at the same rate at which they are increasing in the developed areas. The French have raised wheat yields 2.3 percent per year. This is one of the most successful performances in Europe, and when compared with the French population increase of 1 percent per year, has meant real progress in France. But the French performance would not have been adequate had it been confronted with population growth rates as high as those which prevail in many underdeveloped countries.

Or take the United States as an example. We have raised wheat yields 2.7 percent from 1935-39 to 1960-62. When combined with our 1.7 percent rate of population growth this gives us a net gain in output per capita of 1 percent. If this rate of wheat yield increase had been achieved in Brazil, with a population increase of 3.1 percent per year, however, output per capita would have declined.

Let me now quote from page 20 of World Population and Food Supplies, 1980, published by the American Society of Agronomy. This gives an even more revealing picture of what would happen should we bring the rate of growth of

production in underdeveloped lands up to that in developed areas:

Consider these facts. The agricultural land resources of the two economic regions (developed, and underdeveloped) are approximately the same. The 1960 population of the developed world was less than 0.9 billion, that of the less-developed world was more than 2 billion. The projected increase between 1960 and 2000 for the developed world, according to the United Nations medium level projections, is 0.4 billion and that for the less-developed world is nearly 3 billion.

Now let us interchange the projected growth in population of the two regions. The developed world would then absorb the 3 billion and the less-developed world, the 0.4 billion. The United States, with about one-fourth of the agricultural land resources of the developed world, could expect to accommodate one-fourth of the 3 billion total (750 million). This amounts to an addition of about 180 million per decade—roughly the equivalent of our current population every 10 years.

This statement alone illustrates that the United States with all its riches could not stand the rate of population growth now taking place in the underdeveloped world. Thus we cannot escape the fact that even if we bring the growth of food production in these underdeveloped areas up to what it is in the developed half of the world, we will still be fighting a losing battle in the war against poverty and famine—losing, that is, unless we do something about the other half of the equation—population growth.

President Johnson recognized this problem when he said in his message to Congress:

A balance between agricultural productivity and population is necessary to prevent the shadow of hunger from becoming a nightmare of famine.

With this bill we shall be investing substantial amounts in economic development. In his 20th anniversary message to the United Nations President Johnson stated:

Let us act on the fact that less than five dollars invested in population control is worth a hundred dollars invested in economic growth.

When experts tell us how difficult, indeed almost impossible, it will be to bring increases in food production to underdeveloped areas up to the level of increases in population, it makes no sense to spend millions of dollars to feed all these additional hungry mouths unless we also render assistance to allow individuals, if they choose to do so, to exert some measure of rational choice over just how many additional hungry mouths we shall have to feed every year. We must look to the causes of our problems; if we treat only the effects we shall never win our battle.

I believe that these three amendments will be helpful in bringing into the picture the other side of the dual-natured enemy we are fighting. We must attack both the cause—population increasing faster than food supplies—and the effect—insufficient food to feed the population. What is here suggested is a limited step, a prudent step. Let us make this beginning.

Madam President, I ask unanimous consent that there be printed at this

point in the RECORD a summary of quotations by world leaders on the world population and food crisis, prepared by the Population Crisis Committee.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The following quotations clearly indicate that most governmental, educational, and business leaders are agreed that a world population and food crisis is imminent:

"Let us in all our lands—including this land—face forthrightly the multiplying problems of our multiplying populations and seek the answers to this most profound challenge to the future of all the world.

"Let us act on the fact that less than \$5 invested in population control is worth \$100 invested in economic growth."—Lyndon B. Johnson, June 25, 1965.

"Along with former President Truman I am co-chairman of the Honorary Sponsors Council, Planned Parenthood-World Population. I accepted this position in order to demonstrate my recognition of the urgency of the entire problem and the alarming consequences that are certain to follow its neglect.

"I devoutly hope that necessary measures will be enacted into law to authorize the Federal Government, as well as appropriate private and semi-public organizations, so to co-operate among themselves that the necessary human and material resources can be promptly mobilized and employed to cope effectively with the great need of slowing down and finally stabilizing the growth in the world's population."—Dwight D. Eisenhower, June 22, 1965.

"No, our population cannot be allowed to grow at the savage rate of the present, or humanity will very soon revert to the darkest ages . . . but for those of us . . . who do not want mankind to suffocate in an abyss of its own making—least of all our own people here in the Americas—for us the humane, Christian, economic and political solution is birth control—and the sooner the better."—Dr. Alberto Lleras Camargo, former President of Colombia, and Chairman, First Pan-American Assembly on Population, August 11, 1965.

"This rapid growth of population creates frightening prospects for those looking into the future . . . all our efforts should be directed toward the control of this menace. If it is not done, we are asking for total disruption and chaos in a few years time."—Ayub Khan, President of Pakistan, March 10, 1964.

"Either we take the fullest measures both to raise productivity and to stabilize population growth, or we face disaster of an unprecedented magnitude."—Dr. B. R. Sen, Director General, United Nations Food and Agriculture Organization, March 24, 1965.

"There can be no doubt concerning this long-term prognosis: Either the birth rate of the world must come down or the death rate must go back up."—Report on "The Growth of World Population," National Academy of Sciences, April, 1963.

"There may still be a chance to avert a Malthusian disaster . . . At best, the apparently unequal race between human procreation and food production can be won only after an immense and prolonged struggle during which man will be ever more precariously crowding the margin of safety."—Dr. J. George Harrar, President of The Rockefeller Foundation, Spring, 1965.

"One thing is certain: If steps are not taken very soon to check or curtail this ominous rate of growth—food production, however intensified, will be unable to keep pace with the fast growth in population in many countries where bare subsistence is already the best that most can achieve."—John H. Loudon, Chairman, Royal Dutch Petroleum Co., The Netherlands, September 13, 1965.

"Everywhere there is a growing recognition that this is the number one problem of the world. If tackling it is left too late, all our political and economic achievements will be swept away like sand castles before the advancing tide."—Lord Caradon, July, 1965.

"It is evident that the rapidly worsening world food situation can be permanently improved only by two measures—a more rapid increase in food production in the developing countries and a less rapid increase in population."—Nevin S. Scrimshaw, Head, Department of Nutrition and Food Science, Massachusetts Institute of Technology, October 18, 1965.

"I am convinced the world is plunging headlong into a crisis of catastrophic proportions and that this crisis can not be averted unless massive preventive action is started at once. The stark fact is that the world's population is exploding so swiftly that it is outrunning man's capacity to produce enough food."—John J. Haggerty, Director, Project Development, AGRI Research, Inc., Washington, D.C., January, 1965.

"The underdeveloped world—Asia, Africa, and Latin America—is on the threshold of the greatest famine in history. This famine will be the most colossal catastrophe in history—it will affect hundreds of millions of people and maybe billions."—Dr. Raymond Ewell, Buffalo State University, April, 1965.

"We live in a world of 3.4 billion human beings, one-half of whom do not have enough to eat . . . The global food crisis now pending on the horizon calls for bold and timely action. In the simplest terms, the population explosion must be contained and world food production must be doubled and re-doubled."—Thomas M. Ware, Chairman, International Minerals and Chemical Corp., and Chairman, American Freedom From Hunger Foundation, Inc.

"If the developing nations are to escape widespread famine, disease, and the prospect of wars initiated in a final desperate effort for survival, one—or more probably both—of two things must happen: the birth rate must be consciously reduced to planned proportions; or the production of food and other necessities must be multiplied in relation to the population growth rate."—Roger M. Blough, Chairman of the Board, United States Steel Corp., November 4, 1965.

ORDER FOR ADJOURNMENT UNTIL TOMORROW AT 10 A.M.

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

On request of Mr. MANSFIELD, and by unanimous consent, all committees were authorized to meet during the session of the Senate tomorrow until 12 o'clock noon.

SOCIAL PROBLEMS IN SAIGON

Mr. FULBRIGHT. Madam President, some time ago in my committee, the question arose with the Secretary of Defense concerning social problems in Saigon.

Inasmuch as the Secretary of Defense, I believe, has a wrong impression of conditions in Saigon, as evidenced by his testimony before my committee at that

time, I ask unanimous consent to have printed in the RECORD an article published in the Washington Post today entitled "GI's Babies Worry Vietnamese," written by William Tuohy.

I think that it will be beneficial if the Secretary of Defense recognizes how serious a problem the presence of so many American soldiers in Vietnam is.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GI'S BABIES WORRY VIETNAMESE (By William Tuohy)

SAIGON, August 28.—American authorities here are concerned about the increasing number of illegitimate children born to U.S. servicemen and Vietnamese women.

The problem is not yet of serious proportions, because the big buildup of American troops began only a year ago.

But in the view of social welfare specialists here, the specter of unwanted half-caste children born out of wedlock could reach worrisome proportions in the months and years ahead.

Thus Ambassador Henry Cabot Lodge is setting up an informal committee to look into the matter. Lodge and his wife, who are deeply concerned with the disruption to Vietnamese society caused by war and the input of American troops, are seeking whatever ways may be found to lessen the problem.

SUBTLY COLOR-CONSCIOUS

The situation is complicated in Vietnam, which is subtly color-conscious, by babies of American Negro fathers and Vietnamese mothers.

Welfare specialists say children born of American-Vietnamese parents may have severe difficulties in being assimilated here. There are simply no estimates available of the number of such children—just as no reliable estimates exist for similar cases in Japan or Korea.

Under years of French rule, thousands of Eurasian of "matisse" (mixture) children were born of French fathers and Vietnamese mothers—in and out of wedlock.

But every child born of a French father automatically received French citizenship, which carried many benefits and privileges. Vietnamese women, therefore, often considered themselves fortunate to have such a child.

Children born of American fathers have no such privileges, consequently such babies are not looked upon as prizes.

According to specialists, most illegitimate offspring so far have come from Americans who have set up housekeeping with Vietnamese women. The servicemen are in a position to look after and support the family.

The problem grows acute when the father comes up for rotation home: Most American servicemen or Government workers are in Vietnam for 12 or 18 months.

"What happens when those men go home?" asks a young British woman involved in child-placing.

The woman adds, "What happens when these girls begin to lose their looks? Bar girls are early blooming, but they fade and wither quickly. Then the child becomes a burden, a millstone who may jeopardize her chances of marriage. That's when the child is in danger."

Beyond the matter of mixed children, there is the broader problem of Vietnamese orphans in general, some of whom are adopted by Americans.

Ironically, well-meaning American servicemen are sometimes responsible for the large number of children in orphanages.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Aug. 31, 1966
For actions of Aug. 30, 1966
89th-2nd; No. 145

CONTENTS

Accounting.....38	Farm program.....31,37	Lands.....29
Appalachia.....13	Food for freedom.....1	Loans.....19
Appropriations.....40	Food prices.....30	Oceanography.....26
Cheese imports.....23	Food supply.....34	Ombudsman.....10
Conservation.....33	Foreign aid.....12	Postal rates.....20
Consumers.....35	Foreign trade.....5	Recreation.....25,36
Containers.....6	Guam.....8	Roads.....3
Diet foods.....39	Historic sites.....16	School milk.....9
Electrification.....4,28	Information.....11	Soybeans.....24
Farm income.....38	Interest rates.....14,22	Traffic safety.....18
Farm labor.....2,27,32	Labeling.....7,39	Transportation.....21
Farm loans.....19	Labor standards.....15	Water resources.....17

HIGHLIGHTS: Senate debated food for freedom bill. Senate agreed to conference report on road authorization bill. Senate committee reported bill re standards for fruit and vegetable containers. Rep. Quillen stated we must face seriousness of "shrinking surplus" food.

SENATE

1. **FOOD FOR FREEDOM.** Continued debate on H. R. 14929, the food for freedom bill. Adopted, 53-19, Dirksen amendment requiring "maintenance of value" of dollars in relation to foreign currencies in loans or sales. pp. 20329-31

Rejected the following amendments:

By Sen. Fulbright, 11-63, to limit extension of authorizations to 1 year rather than 2 years. pp. 20294-5, 202308-17, 20326

By Sen. Dirksen, 19-55, to provide that first priority shall be given to bartering food products for needed strategic materials owned by friendly countries. pp. 20326-28

By Sen. Fulbright, 12-61, to reduce new money authorizations from \$1.9 billion to \$1 billion. pp. 20331-34

2. FARM LABOR. Received from the Labor and Public Welfare Committee a report, "The Migratory Farm Labor Problem in the United States" (S. Rept. 1549). p. 20250
3. ROADS. Agreed to the conference report on S. 3155, the road authorization bill, which authorizes \$33 million for forest highways and \$170 million for forest development roads and trails for each of the fiscal years 1968 and 1969. pp. 20297-300
4. ELECTRIFICATION. The Commerce Committee voted to report (but did not actually report) S. J. Res. 189, to provide a study of the impact of overhead electric powerlines on scenic assets, community planning, and property values. p. D823
5. FOREIGN TRADE. The Finance Committee reported without amendment H. R. 12328, to extend for three years the duty-free treatment of certain extracts suitable for tanning (S. Rept. 1539); and H. R. 12461, to continue until Sept. 5, 1969 the suspension of duty on certain istle (S. Rept. 1540). p. 20249
The Finance Committee voted to report (but did not actually report) H. R. 11216, to amend the description and tariff treatment of articles assembled abroad of products of the U. S. with amendments which would include adding to the bill the text of S. 523, to provide for duty-free entry of articles donated by Canadians to the International Peace Garden, Dunseith, N. Dak. p. D824
6. CONTAINERS. The Commerce Committee reported with an amendment S. 17, to repeal certain acts setting standards for containers for fruits and vegetables (S. Rept. 1550). p. 20249
7. LABELING. The Commerce Committee reported with amendments S. 3298, to amend the Federal Hazardous Substances Labeling Act to ban hazardous toys and articles intended for children, and other articles so hazardous as to be dangerous in the household regardless of labeling, and to apply to unpackaged articles intended for household use (S. Rept. 1551). p. 20249
8. GUAM. The Commerce Committee voted to report (but did not actually report) S. 2979, to extend coverage of the State Technical Services Act of 1965 to the territory of Guam. p. D823
9. SCHOOL MILK. Sen. Proxmire expressed hope that Congress will "act with dispatch" in granting final approval to the school milk program. p. 20278
10. OMBUDSMAN. Sen. Dirksen inserted an article which outlines the growth of interest in the U. S. in ombudsman proposals. pp. 20270-1
11. INFORMATION. Sen. Long, Mo., inserted an article which states that the new freedom of information law "will be meaningful if it is understood by the press and the public and is used as a device to force government agencies to produce documents." pp. 20272-3
12. FOREIGN AID. Sen. McGee commended and inserted an article by David Bell, former AID Administrator, which urges an increase in the quality of U. S. foreign aid. pp. 20273-5

Lake Powell has opened up a whole new world. Where before it was only possible to see most of the towering buttes and winding canyons from a distance as one floated down the river, low in the gorge, now, it is easy to ride in a boat over crystal clear waters right up to the sheer cliffs and walls and back into the myriads of small canyons. One can get out of the boat and hike to the top of a butte for an inspiring view, or proceed back into canyons which may never have been seen by white men before.

There are Indian dwellings which can be visited after only a short hike, and small waterfalls which come over the edge of the bluffs heretofore hidden from view. The reflection of the cliffs and buttes in the lake is a never-to-be-forgotten sight—it is hard to tell where the land ends and the water begins.

Now, I know there are those who feel this beauty should be seen only by those who are strong enough and hardy enough to run the river, or to pack-trip into the area, and camp and then hike for hours to see each view. I have seen the area this way, too, and I know the spiritual peace which comes with solitude, and the satisfaction of being miles away from civilization and its irritations. But I am not sure that those of us who are in a position to see scenery this way have the right to shut it all off from others simply so we can enjoy it ourselves. Particularly is this the case when the scenery is opened up through an undertaking which develops our water and other natural resources in a way which is to the greatest benefit of all.

I am thoroughly convinced the construction of both the Bridge and Marble Canyon Dams will result in as valuable a recreation and beauty bonus for the people of America as has the construction of Glen Canyon Dam. Bridge Canyon Dam would be located some 80 miles downstream from the western boundary of Grand Canyon National Park, and Marble Canyon Dam would be well above the eastern boundary.

Most of the water which Bridge Canyon Dam would back up would not reach into the Grand Canyon National Park itself. Only the final 13 miles, ranging from a depth of 90 feet to zero, would be adjacent to the park. At this point the gorge is a mile deep—the elevation of water would not “submerge” it, or “flood” it, or “inundate” it, to use the favorite words of the conservationists. All that would happen is that a very rough stretch of water in the southernmost tip of Grand Canyon National Park which is now so treacherous that only a few dare run it, would be stilled to the extent that a boat could be piloted on it with safety, and many, many more people could look up at the towering walls of the canyon and enjoy this now remote area.

With all due respect to the conservationists, whose philosophy and goals I generally applaud, and for which I have fought many legislative battles, I cannot see that such an “intrusion” of water, as they call it, into Grand Canyon from Bridge Canyon Dam would ruin the park, or even change it materially.

The additional water could not even be seen from either the north or south rim of the canyon within the national park.

It occurs to me that one way to deal with the hysteria aroused by the misrepresentations about the two dams would be to prepare and display as widely as possible two bas-relief models of the Grand Canyon area which would be affected. The first should show the canyon as it now is, with the water running through it at average heights. The second model should show the Grand Canyon area as it would be, with the Bridge Canyon Dam backing water back up at anticipated levels, and with little fingers of water flowing back into now dry side canyons. This would demonstrate how infinitesimal the changes made by the dam would really be—how little the canyon would be altered in any way.

The second model should also show the location of Marble Canyon Dam, some miles above the park itself, and the new recreation area, similar to Lake Powell recreation area which would be opened up.

These two models would put the changes in perspective, and would end, I am sure, much of the concern over the Colorado River project.

The truth of the matter is that both Bridge and Marble Canyon Dams would enhance the beauty of the areas in which they would be located, and would increase recreational opportunities for the American people. Between the two dams would be over a hundred miles of unobstructed free flowing river—enough for those who wish to enjoy nature far from centers of civilization, and even from other outdoor lovers, without fear of violation of their solitude.

The Colorado River project offers a clear case of where we can develop our water resources in a way which will be in the best interest of all—more water for a rapidly growing area of the country, and enhanced scenery and recreational opportunities for all of us.

MERCHANT SHIP REPLACEMENT PLAN REDUCED EVEN FURTHER

Mr. BREWSTER. Mr. President, on August 22, an article appeared in the Baltimore Sun that caused me considerable alarm. The article said that the administration is admitting privately that budget appropriations for building new merchant ships in fiscal year 1967 have been diminished to provide for only nine vessels.

This significant piece of information was reported by Helen Delich Bentley, who has built up a distinguished reputation as maritime editor of the Sun.

Mrs. Bentley points out that last January, the Maritime Administration announced that 13 ships would be forthcoming. Even this figure was considered perilously low now that American-flag ships are in such short supply to sustain the Vietnam war effort.

The news that only 9 new ships will be provided for in the 1967 budget is especially shocking when we consider

that this country is 90 ships behind in its shipbuilding schedule.

Mr. President, I ask unanimous consent that Mrs. Bentley's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW VESSELS' BUDGET DOWN TO BUT NINE—WILL BE LEAST UNDER REPLACEMENT PLAN SINCE 1958

(By Helen Delich Bentley, Maritime Editor of the Sun)

CHICAGO, August 21.—Budget appropriations for new merchant ship construction for fiscal 1967 have “washed away” to nine vessels even before the first contract has been let. Administration forces are admitting privately.

This will be the smallest number of ships ever constructed under the nation's ship replacement program since it got fully under way in 1958.

When the budget was disclosed last January, the Maritime Administration stated that 13 ships would be forthcoming from the \$85,000,000 appropriated plus the juggling of some other funds.

Even that 13 figure was severely criticized because it was so small in a time of emergency when American-flag ships are in short supply to keep war materiel flowing to Vietnam and maintain this nation's commercial operations on a somewhat regular schedule.

PREVIOUS LOWS NOTED

Too, it was noted then that only in two previous instances—1960 and 1962—has the number of vessels to be built under the replacement program in the American merchant marine dropped as low as thirteen.

The replacement program is said to be more than 100 ships behind contract schedule, all due to budgetary cutbacks.

Uncle Sam pays the differential subsidy on new ship construction, which amounts to the difference in cost between building vessels in foreign yards and in the higher-priced United States yards. The differential paid out could be as much as 55 per cent.

New ships today are running between \$16,000,000 and \$17,500,000. Each vessel is larger and more sophisticated than the one she is replacing.

The initial request for new ship construction for fiscal 1967 was 25 ships by the then maritime administrator, Nicholas Johnson. The Secretary of Commerce, under whose jurisdiction the Maritime Administration functions, cut the number down to 17 when his department's budget was slashed \$100,000,000 to provide more money for Vietnam.

The next hatchet-job was applied by the Bureau of the Budget, which eliminated four more vessels, bringing the number down to 13 “with qualifications.”

NOMINATION OF THOMAS S. FRANCIS TO BE FEDERAL COCHAIRMAN OF THE UPPER GREAT LAKES REGIONAL COMMISSION

Mr. SPARKMAN. Mr. President, I rise today to express my pleasure at the nomination of Thomas S. Francis as Federal Cochairman of the Upper Great Lakes Regional Commission. I hope his confirmation will be forthcoming.

This appointment represents official recognition by the Government of the tremendous work in economic development that has been done by Mr. Francis.

He is to be congratulated for having been chosen. And the administration is to be commended for having chosen a

proven professional in the field of economic development.

The wide background that Mr. Francis brings to this job makes him well qualified for the task at hand.

He is an educator, having taught on the high-school, college, and graduate-school levels.

He has served as an economic consultant to the Ford, Carnegie, and Rockefeller Foundations.

He is one of the men who helped establish the Area Redevelopment Administration.

He was selected to establish and direct the industrial modernization program within the Department of Commerce.

But it has been in his capacity as Director, Office of Development Companies, for the Small Business Administration that I know best the contribution he has made to economic development. As chairman of the Senate Select Committee on Small Business, I know that Tom Francis has brought new direction and purpose to the economic development loan programs.

When he became Director of the Office of Development Companies, the 502 loan program was relatively inactive, having made only 50 loans a year in the first 5½ years of its existence. Under Mr. Francis' direction, the program has reached a level in excess of 300 loans a year.

When Mr. Francis became Director, the 502 loan program had been used by communities in about one-half the States. Today, more than 1,000 communities in every State but 2 have received assistance for plant construction which has created over 44,000 new jobs.

And all of this has been accomplished in 2½ years.

I sometimes believe that talent is so prevalent in the Federal service that we tend to accept as normal that which is exceptional. Mr. Francis is a young man of great talent and ability, both of which have been proved in his professional career.

It speaks well for Mr. Francis, for the administration, and for the procedure of Federal service, that this case is one where the right man has met the right job at the right time.

The beneficiaries will be all of the citizens of the upper Great Lakes region.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there further morning business? If not, morning business is concluded.

FOOD FOR PEACE ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 233 Leg.]

Alken	Gruening	Montoya
Allott	Holland	Morse
Bayh	Hruska	Nelson
Burdick	Kennedy, Mass.	Pastore
Clark	Kuchel	Ribicoff
Dominick	Long, Mo.	Williams, N.J.
Ellender	Mansfield	Yarborough
Ervin	McCarthy	Young, Ohio
Fulbright	McGovern	

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Hawaii [Mr. INOUE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], and the Senator from South Carolina [Mr. RUSSELL], are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from Maine [Mr. MUSKIE], are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from New Jersey [Mr. CASE] is absent on official business.

The Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. WILLIAMS of New Jersey. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

Mr. MORSE. Mr. President, I did not hear the motion.

The PRESIDING OFFICER. The motion was to direct the Sergeant at Arms to request the attendance of absentees.

The question is on agreeing to the motion of the Senator from New Jersey.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	Dirksen	Javits
Bass	Dodd	Jordan, N.C.
Bible	Eastland	Kennedy, N.Y.
Brewster	Fannin	Long, La.
Byrd, Va.	Griffin	Magnuson
Byrd, W. Va.	Harris	McClellan
Cannon	Hart	McGee
Carlson	Hartke	Miller
Cooper	Hickenlooper	Mondale
Cotton	Hill	Monroney
Curtis	Jackson	Morton

Moss
Mundt
Neuberger
Pell
Prouty
Proxmire
Randolph

Robertson
Russell, Ga.
Saltonstall
Smathers
Smith
Sparkman
Stennis

Symington
Talmadge
Thurmond
Tydings
Williams, Del.
Young, N. Dak.

The PRESIDING OFFICER. A quorum is present.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas will state it.

Mr. FULBRIGHT. What is the business now before the Senate?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, on yesterday afternoon, we discussed the pending bill and the proposed amendment at considerable length. This amendment would make the terms of the bill the same as the principal item in the regular AID bill—that is, for 1 year. The AID bill which was recently passed was for 1 year for everything except the development loans and the Alliance for Progress.

On yesterday, I gave the reasons why I think this should be 1 year, because it is sound that this kind of program should be considered by each Congress at least once. I think the first year of a Congress is preferable to the second. But, in any case, I think the whole problem of foreign aid should be considered closely next year. This bill is a radical departure from the old bill under Public Law 480—that is, the old surplus agricultural commodities disposal program.

The chairman of the Committee on Agriculture and Forestry stated yesterday that there is no longer any appreciable surplus of food. The only substantial surplus in the field of agricultural commodities is in cotton. The reports which I have read indicate that there will be a substantial decrease even in that carryover. So it is quite a different bill.

So far as I can see, it is an effort now by the Agriculture and Forestry Committee and the Department of Agriculture to institute a new aid bill. Maybe this is a good thing. I question it on several grounds, but, so far as I am concerned, I see no reason to engage in an extensive debate. I see present on the floor those who were present yesterday during the debate.

If the Senator from Louisiana is prepared to vote, I am prepared to do so also, because we are just occupying time.

Is the Senator from Louisiana prepared to vote on the amendment?

Mr. MORSE. Mr. President, I have some questions I wanted to ask about the bill, but I wanted other Senators to hear the answers of the able chairman, and I do not wish to ask them until other Senators are present. So I am about to suggest the absence of a quorum, but I do not want to do that until the Senator from Arkansas has completed his statement.

Mr. FULBRIGHT. I do not see any purpose in reiterating what has been said. Unless we are going to vote, there

is a committee meeting downstairs that I would like to attend.

Mr. MORSE. Mr. President, I ask for a live quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 234 Leg.]

Aiken	Kennedy, N.Y.	Nelson
Allott	Kuchel	Proxmire
Bass	Long, Mo.	Ribicoff
Burdick	Long, La.	Robertson
Byrd, Va.	Magnuson	Russell, Ga.
Cannon	McCarthy	Smith
Dirksen	McGovern	Talmadge
Ellender	Mondale	Williams, N.J.
Fulbright	Monroney	Williams, Del.
Gruening	Montoya	Yarborough
Holland	Morse	Young, Ohio
Jordan, N.C.	Morton	
Kennedy, Mass.	Moss	

The PRESIDING OFFICER. A quorum is not present.

Mr. LONG of Missouri. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Missouri.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	Ervin	Miller
Bayh	Fannin	Mundt
Bible	Griffin	Neuberger
Brewster	Harris	Pastore
Byrd, W. Va.	Hart	Pell
Carlson	Hartke	Prouty
Clark	Hickenlooper	Randolph
Cooper	Hill	Smathers
Cotton	Hruska	Sparkman
Curtis	Jackson	Stennis
Dodd	Javits	Symington
Dominick	Mansfield	Thurmond
Eastland	McGee	Young, N. Dak.

The PRESIDING OFFICER (Mr. MONDALE in the chair). A quorum is present.

TREASURY CONCEDES JOB, WON BY McCLOSKEY, FOR MINT COULD COST TAXPAYERS \$4 MILLION

Mr. WILLIAMS of Delaware. Mr. President, last week I called the attention of the Senate to the highly irregular procedure followed by the GSA in awarding to McCloskey & Co. the contract to build the Philadelphia Mint. Following that statement, the various agencies stampeded each other in an attempt to justify their action.

In today's Wall Street Journal there appears an article entitled "Treasury Concedes Job, Won by McCloskey, for Mint Could Cost Taxpayers \$4 Million." I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TREASURY CONCEDES JOB, WON BY McCLOSKEY, FOR MINT COULD COST TAXPAYERS \$4 MILLION

(By Jerry Landauer)

WASHINGTON.—Government officials concede that the award of a \$12.8 million contract to build the Philadelphia mint could cost the taxpayers at least \$4 million. The

contract was won by Democratic fund-raiser Matthew H. McCloskey.

In further reply to Republican accusations of favoritism to the construction company Mr. McCloskey founded, embarrassed Treasury officials also are retracting in part earlier claims to Congress that getting the new mint built fast would save scads of money.

Thus does the Government explain the paradox of how Mr. McCloskey's concern benefited both from a clamorous urgency to build and from a subsequent decision to stretch out the construction. "This time Matt's people were lucky, that's all," one official asserted. Another said Big Government's cumbersome decision-making processes compounded the luck.

Meantime the General Services Administration, the Government's contracting agency, has accepted the company's contention that strikes and snowstorms were responsible for failure to meet an April 3 deadline imposed by a separate \$2.7 million contract for the mint's substructure. The GSA decision relieved the company of perhaps \$300,000 in potential penalties.

BYPASSING SEALED BIDS

On the bigger contract for the superstructure, the company's streak of luck began in May when the GSA, pressed by the Treasury, bypassed normal sealed competitive bidding for urgency's sake. Officials decided that selecting the contractor through the assertedly faster method of negotiated procurement was necessary to help lick the coin shortage.

Besides, as Assistant Treasury Secretary Robert A. Wallace told a House Appropriations subcommittee on March 3, "the funds you approved for the construction of the new mint in Philadelphia will enable us to save the taxpayers approximately \$1 million a month when we put these new, fully integrated facilities into operation in 1967."

Moving at full tilt in disregard of a Cabinet meeting April 1 at which President Johnson directed a slowdown in Government construction to douse inflationary fires, the GSA on May 27 invited contractors to submit proposals that would serve as a starting point for negotiations. In response on June 24, the GSA received two quotes from McCloskey & Co.: \$13,227,565 to complete the job in 18 months and \$17,195,834 if the work had to be compressed into 12 months. These quotes were, respectively, \$447,565 and \$3,384,384 higher than those submitted by a competitor, J. W. Batteson & Co., of Arlington, Va.

Despite the presumed necessity for speed, the GSA didn't start negotiations with the contractors. Instead, it waited until June 29 for Mr. McCloskey's son, Thomas, the company president, to drop by with revised proposals that undercut Bateson's. McCloskey & Co.'s new quotes lopped \$545,000 from its original 18-month price. And for the 12-month period, McCloskey proposed a far bigger bargain, \$4,102,269 below the first quote.

SEEMING GIANT BARGAIN

At first glance, McCloskey & Co.'s ability to chop more than \$4 million from its 12-month construction proposal seemed to offer a giant bargain indeed. Completing the mint in a year would cost the Government just \$411,000 more than if 18 months were allowed, the revised McCloskey proposals stated. Matched against Assistant Secretary Wallace's \$1-million-a-month estimate of savings, the somewhat higher cost of compressing the construction timetable seemed trivial; by getting the mint in operation quickly, taxpayers could save \$5.6 million—if the estimate given Congress was accurate.

Mr. Wallace's testimony, Treasury officials say, was based on presumably careful calculations compiled under the direction of Eva Adams, director of the Mint. By her estimate, operating the new Philadelphia facil-

ity would be \$125,000 a month more efficient than the old. In addition, the new mint would save from \$750,000 to \$1,181,000 every month (depending on the rate of coin production) by melting, rolling and casting coin strip; the old mint buys strip from contractors at higher cost. Even at the lower rate, the six-month saving comes to \$4.5 million, or \$4.1 million net if the total is reduced by the higher cost of compressing construction.

Yet when decision day for awarding the contract arrived on June 29, the Treasury ignored the claims Miss Adams had pressed on Congress to help extract construction appropriations. Treasury Under Secretary Joseph Barr declined the McCloskey 12-month bargain, in part, the Treasury says, "because he didn't believe previous estimates of savings given by the mint were correct." Instead, Mr. Barr recommended and the GSA awarded McCloskey & Co. an 18-month contract for \$12,682,565, just \$97,000 below the losing quote submitted by Bateson & Co.

One reason given for the change was the rapid disappearance of the coin shortage, which reduced projected estimates of coin production. And, as an aide explains, "she (Miss Adams) got carried away. She's a promoter, you understand. Her heart and soul is in this new mint."

President Johnson's April request to stretch out Government construction was another factor prompting Mr. Barr to rein in the GSA's pell-mell rush to get the mint built, though that rush was still deemed sufficient in May to justify the negotiated procurement by which McCloskey & Co. won the construction contract.

Mr. WILLIAMS of Delaware. I say that it is time that the GSA revised its bidding procedures. There is no excuse for the manner in which this particular contract was handled. Why was Mr. McCloskey excused from the \$300,000 penalty for delayed completion of the substructure contract on this same building?

This type of favoritism is costing our taxpayers millions.

HOWARD K. SMITH TELLS WHY UNITED STATES MUST NOT LOSE IN VIETNAM

Mr. PROXMIRE. Mr. President, too little has been said about why we simply cannot afford to lose in Vietnam. And too little has been said about what a long, tough, grueling, and painful war this is likely to be before it ends.

This Vietnam war is going to last for years. It will cost the lives of thousands of Americans and billions of dollars, and that cannot be said often enough. The sooner the American people fully recognize the painful cost of this war, and the sooner the North Vietnamese know that they recognize it, and the necessity for this heavy sacrifice the more likely it will be that North Vietnam will agree to consider the beginning of negotiation.

It is also necessary that the American people realize that we are not going to win any smashing American victory. Indeed the majority leader spoke wisely yesterday in insisting that the administration is not seeking any total military victory or unconditional surrender.

At best, we will win an opportunity for the South Vietnamese to determine what kind of government they want, without alinement with this country, without an American base in Vietnam, and without any assurance that South

Vietnam will not choose communism if they desire it.

Why, in view of the heavy sacrifice we will have to make and the apparently feeble benefit to this country, must we continue?

The answer, Mr. President, was brilliantly expressed in last night's Washington Star by Howard K. Smith.

Mr. Smith argues that America must not lose this war for two reasons:

First. If we should lose or withdraw, wars of liberation would become a certainty throughout the world, not only in Asia, but also in Africa and South America. The collapse of American power at the hands of a guerrilla band, supplied primarily by a relatively primitive country of 16 million people, would signal a feeble and helpless United States.

Second. The result of such a fiasco would be—as Mr. Smith points out—a super response to the next serious engagement, with a million American troops and an all-out reduce-the-enemy-to-the-stone-ages type bombing.

Mr. President, I ask unanimous consent that the article by Mr. Smith be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRICE OF U.S. DEFEAT IN VIET NAM TOO COSTLY
(By Howard K. Smith)

We shall win the war in Viet Nam—that is, attain our oftstated objectives. We shall do so for the simple reason that there is no alternative.

If we should lose and withdraw, or negotiate an empty agreement, every little band of politicians unable to win by consent in Latin America would acquire itself a Cuban adviser and have a go at a "War of Liberation." In half the countries of the world, the topical amusement would be going downtown to wreck the American embassy. That nearly happened in the period before we began seriously resisting in Viet Nam. After we began resisting, Ben Bella, Nkrumah and Sukarno lost power in succession and our embassies became their prosaic selves once again.

Nothing as epic as a decline or collapse of American power in the world would result from failure in Viet Nam. Instead, in the next serious engagement—say, in Thailand—an overwrought American opinion would insist on victory at any price. We would put not 300,000 but 3 million troops into combat. Gen. Westmoreland's promising career would end with a desk in the Pentagon, and the most uncompromising hawk would be called in to "bomb them back into the Stone Age." Our politics would once again be poisoned as at the time of McCarthy.

These things simply cannot be allowed to happen. So we shall have to straighten out the real facts about guerrilla war and win.

Guerrilla wars are won by one thing, and that is attrition. Two tough entities grate against one another until the tougher rubs the other to pieces.

The idea that the side closest to the common people wins is a romantic notion. In fact, the side that wins is almost always the side that gets the most abundant help from a nearby foreign power. In the Napoleonic wars, only a British invasion enabled the Spanish guerrillas to be successful. In World War II, no guerrilla movement had much chance until abundant Allied aid and an Allied invasion of Europe became real prospects. After that war, the Greek Communist guerrillas flowered while Tito provided a flood of support and a ready refuge. But when he shut the border, they withered.

Ho Chi Minh would never have won in North Viet Nam had not China gone Communist next to him. He could not fight now but for a flood of help from outside: all his oil, all his trucks, all his aircraft and anti-aircraft defense, and almost all his arms and ammunition come from other Communist nations. Though the fighting in South Viet Nam is not a simple invasion from the North, it could not last 12 months on a serious scale if North Viet Nam stopped sending men and material.

Well, the foreign country with power to make up for lack of proximity is the U.S. With our impressive native talent for improvisation—trying and failing until eventually we find the right way—we are making that power increasingly effective.

But it will take time and patience, which are not usually American virtues. We are adjusted to short-term results, to annual sessions of Congress, annual budgets and annual company reports. For this effort we have to adjust to the long, long haul.

We must learn to shrug off setbacks and disappointments, and even occasional disasters. The Communists have a 20-year head start in singing their "infrastructure" into South Viet Nam, and we have only been seriously learning to root it out for about a year.

We shall have to keep in mind that our saturation reporting of our own problems, compared with a near blackout on information from the enemy, creates the false impression that only we have problems. In fact, what evidence there is suggests that the Communists' problems are much worse and are growing more so each month.

We need to keep clear the fact that this is really a job of nation-building disguised as a war. Despite the subtlety and difficulty of the mission the prospects are good. The people with whom we work are clever. Their country is rich and can grow anything in abundance. Both the Buddhist demonstrations of last summer, and the firmness with which order was restored, are tokens of a crystallizing nation.

The raw materials are right and so are we. We could possibly talk ourselves into defeat, and a fraction of our intellectuals are giving it a hard try. But probably they shall not succeed. The easiest path is success, and in our usual halting way, we are moving along that path.

EIGHT PERCENT RISE IN MORTGAGE INTEREST RATES DRIVES HOUSING COSTS UP SHARPLY IN PAST 6 MONTHS

Mr. PROXMIER. Mr. President, too little attention has been paid to the full

consequences of restrictive monetary policy and high interest rates on the cost of living.

The classical argument is that tight credit and high interest rates will discourage prospective home buyers, businessmen planning expansion, auto buyers, and others who want to spend money, from borrowing to spend. The tight credit is supposed to cut down on spending. And, of course, to some extent it does. It has, in fact, sharply depressed the homebuilding industry. It has probably discouraged some small businessmen from borrowing to meet big business competition, and it has persuaded municipalities contemplating school building, for example, to postpone their plans.

In this sense, tight money may have contributed to reducing demand and kept this kind of pressure off prices. On the other hand, it has contributed directly to a high cost of living.

I have just received from the Bureau of Labor Statistics an analysis which, for the first time, to my knowledge, separates out the rise in interest rates in determining the big cost of housing element, in the cost of living.

Since the big cost of living rise began last February 1 until the latest available report on the cost of living—for last month—housing costs rose by 1.9 percent—2.1 points. During this same period, however, mortgage interest rates by themselves rose a whopping 8 percent.

The Bureau of Labor statisticians tell me that their analysis shows that if one takes the soaring 8-percent rise of mortgage interest rates out of the increase in housing, one subtracts more than one-third of the full housing rise. In fact, of the 1.9-percent rise, 0.7 percent was the result of higher mortgage interest rates. Without the rise in interest rates, the rise in housing costs would have been not 1.9 percent but 1.2 percent.

Mr. President, I ask unanimous consent that a table showing the rise in the cost of living since January by percentage be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

1966 chart

	January	July	+ points	Percent change
All items.....	111.0	113.3	+2.3	2.1
Food.....	111.4	114.3	+2.9	2.6
Housing ¹	109.2	111.3	+2.1	1.9
Apparel.....	107.3	109.2	+1.9	1.8
Transportation.....	111.2	113.5	+2.3	2.1
Health and recreation.....	116.9	119.1	+2.2	1.9
Medical.....	(124.2)	(127.7)	(+3.5)	2.8
All items, less food.....	111.1	113.2	+2.1	1.9
All commodities.....	107.4	109.3	+1.9	1.8
All services.....	119.5	122.6	+3.1	2.6
Home ownership.....	113.1	116.2	+3.1	2.7

¹ See the following table:

Mortgage interest rate index itself up.....	Percent
Of the housing component.....	8.0
Mortgage interest rise accounts for.....	1.9
	.7

Without rise housing would have increased.....

Source: Bureau of Labor Statistics.

at a target area from which the enemy is decamping. The great Republican political asset for the future is its hold on a high proportion of the managers and professional men whose skills are especially needed in the conception, execution, and criticism of the new type of governmental program. Use of this asset requires close engagement with the new programs at local, State, and National levels. Beneath the surface of the last congressional session some exceedingly important work was done in improving Great Society measures proposed by the executive branch—and Republicans made a contribution to this improvement that has been somewhat masked by the party's own outdated oratory.

All through the postwar period, partisan political debate has lagged behind the radical change, generated outside politics, that has been sweeping through U.S. society. This accelerating rate of change, which appears to be a permanent condition, posed a challenge to the fundamental American political institutions. We are now emerging—successfully—from this period of challenge. In a way that was hardly conceivable 25 years ago, U.S. democratic institutions have proved flexible and adaptable and are becoming once again, the objects of envy and admiration by discerning men in other countries. The American political genius is moving through creative federalism toward new ways of expanding individual choice while maintaining social cohesion.

Mr. COOPER. Mr. President, this afternoon the senior Senator from West Virginia has given an outstanding review of the progress of the Appalachian development program.

Senator RANDOLPH has fought long and hard for measures to bring employment and opportunity to the people of the Appalachian region, and to the people of the Nation, and he deserves our commendation. I have been privileged to work with him on many bills—and particularly on the development of the Appalachian Regional Development Act—in the Senate Committee on Public Works, where we serve together.

I need not repeat the story of the Appalachian Regional Development Act. It was discussed at length in debate in the Senate in 1964, and again in 1965.

I was very proud to be its chief cosponsor, with Senator RANDOLPH and to help manage the bill on the floor of the Senate. In recalling that debate, I remember some of the facts supporting the need for the program.

In my State—Kentucky—the Appalachian counties had declined in population between 1950 and 1960. At the same time, these counties were spending large shares of their tax revenue for education, but there were great difficulties in the region because of the loss of population and the low tax base.

The Appalachian Regional Study Commission, appointed by President Kennedy, had found that two-thirds of the housing in eastern Kentucky needed improvement to meet the standard reached in the rest of the country. In the rural counties, where over four-fifths of the people in eastern Kentucky live, the Commission survey established the great need for basic public facilities for development and employment and health.

A great number of people of all ages were unemployed or underemployed. The population under 21, and over 65, was much greater in most of the counties than elsewhere in the United States.

The Congress enacted a bill to help meet the needs of this situation. The enactment of the program has brought hope, and while it does not bring immediate solutions of all problems it has provided an effective beginning.

I think it is fair to say that the program has progressed more rapidly and with more effectiveness than have many other new programs. Last week, Senator RANDOLPH and I spoke with a group of citizens from various communities in eastern Kentucky and West Virginia, and from eastern Tennessee, and we discussed the program and some of the frustrations that occur.

It is my feeling, which I expressed, that in such a program, there must be a time of gestation and trial and error. After the program is underway, its work will be made more effective, with a minimum of wasted effort and resources, and with greater achievement.

Thus far, as my colleague from West Virginia has noted, the successful operation of the program can be said to rest in great degree on the joint responsibility shared by the States and the Federal Government. In the first year and one-half of the program, the Appalachian Regional Commission has done good work with a relatively small staff.

The member States and their Governors, working with the Federal Co-chairman, Mr. John L. Sweeney, and the staff of the Commission have established a unique and productive operation. This was the kind of joint responsibility and cooperation the Public Works Committee had in mind in the development of this legislation.

I join with my colleague from West Virginia in paying tribute to the Federal Co-chairman of the Commission, Mr. John L. Sweeney, for his very able service both in his present position and, earlier as Executive Director of the President's Appalachian Regional Commission. He has done much to recognize and support the Federal-State relationship, and he has worked steadily to carry out the letter and the objectives of the act.

I am also pleased that a Kentuckian, who has ably represented my State and its Governor on the Appalachian Commission, Mr. John Whisman, has recently been selected by all of the Appalachian States to represent them in the daily operations of the Commission and its staff. Mr. Whisman has long been a leader and worker for the development of Kentucky, and as one born in eastern Kentucky, knows its problems and the needs of our mountain States.

I think it is important to note also that Mr. Sweeney, as the representative of the Federal Government, has never found it necessary to use the veto power available under the Appalachian Act, and that every major action taken by the Commission has been by unanimous consent of the States represented. This is evidence of careful planning and consultation, and of the value of the projects approved.

The Commission acted promptly and, I believe, wisely in the selection and designation of the development highways to be constructed in the region. The act authorized 2,350 miles of development construction, and 410 miles are

located in Kentucky. The impact of these roads will be large, as they cross eastern Kentucky opening the area for commerce and travel, for tourism, and the enjoyment of its people.

The coal industry remains the source of largest income in the area, but with its mechanization, and consequent reduction of working force required—new bases of economic growth are required. The public facilities to support industry must be provided, and the job to be done in Appalachia goes well beyond what we have called industrial development in earlier years.

The needs of this region require expanded efforts in health and education. Every effort must be made to promote retraining and adult education, and we must insure that our schools meet the needs of the school age population.

I want to note that the State of Kentucky is concentrating its supplemental grant funds, available under the Appalachian Act, on the construction of a system of area vocational schools to serve all of Appalachian Kentucky. Supplemental grants have been requested by the State and approved by the Commission for 13 of these schools, and they will have a total enrollment of 3,207.

The 13 projects approved for construction will be the first of an areawide system of 37 such schools, which it is contemplated, will receive supplemental assistance under the Appalachian program, as Vocational Education Act and local matching funds become available.

The provision of adequate public facilities for education and health have been difficult, with 80 percent of the people living outside urban areas, and this act will help meet these problems in our communities.

The Senate Public Works Committee, and the Congress, included in the Appalachian Act authorization for the construction of demonstration health centers to serve the people who live in urban areas, but also the many people who live in the rural parts of the region. I hope that these facilities can assist in bringing medical services to counties in the region where such service is not now available.

The provision of adequate health care is essential, if people are to live and work in these communities and there is to be opened the level of opportunity achieved in more prosperous areas of America. Facilities must be available to attract doctors and nurses and professional health personnel to towns and counties throughout these States.

The Appalachian Commission has established a Health Advisory Committee to review the health care available to the people of the region and to work toward the establishment of demonstration health centers. Its initial report documents clearly the wide gaps which separate the Appalachian region, and particularly Appalachian Kentucky, from the Nation in the field of health care.

The Health Advisory Committee's report states that the most pressing problem is the critical shortage of doctors and nurses in the region. The Committee notes that while nationally there are 140 doctors per 100,000 population, the Appalachian average is 92 doctors per

100,000, and in eastern Kentucky only 60 doctors per 100,000 people.

The shortage of registered nurses is even greater. The nurse-patient ratio in several of the most isolated counties in eastern Kentucky is 32 per 100,000, against a national average of 300 per 100,000.

I know the great services being rendered faithfully and unselfishly by the doctors and nurses in the hospitals and clinics available, and the Health Advisory Committee will be able to make valuable recommendations for assisting in the work needed to be done in this field.

I would like to mention briefly some other major parts of the Appalachian program. I want to call particular attention to the land stabilization and conservation program, which is working in 27 eastern Kentucky counties.

I have followed this program closely and with interest, as I serve on the Senate Agriculture Committee which deals with agricultural programs throughout the Nation. In the Appalachia region, the participating farmers are improving their soil and water and forestry resources, and conservation practices are being carried out in connection with established stabilization and watershed programs. Many small farmers are benefiting, and so are their immediate areas.

In another field, water resources development, the special study authorized by the Appalachian Act, is going forward under the U.S. Army Corps of Engineers, through its division office at Cincinnati.

I have attended meetings in our counties with representatives of the Corps of Engineers. Great attention is being given to studies, criteria, and actual field surveys to provide flood control and water supplies for the Appalachian States. The study is to be completed in 1967, and the recommendations will provide a basis for actual work and development.

The States and local communities are also responding to the initiatives of the Appalachian Act. Kentucky offers a good example of this response, and this program and our people can benefit from it.

Last year, a bond issue of \$176 million was voted by a margin of 4 to 1 by the people of Kentucky. The funds will be used in part to provide the State's share of the cost of highways in eastern Kentucky, and in the development of its schools and parks in its counties.

In conclusion, I join Senator RANDOLPH in emphasizing that the Appalachian Regional Commission has done well. The Commission has been efficient and responsible, and the States have responded.

The people in the Appalachian counties in Kentucky will derive the benefits sought by the Congress, as will the people of the whole Appalachian region. I would like to see the Commission have the opportunity to present its budget requests in one package in the years ahead, so that the Congress, the administration and the people will be aware of the total effort and impact of the program.

I support Senator RANDOLPH in urging that the next budget include the Appalachian program in one package, and thus enable it to receive consideration

through the whole appropriations process. It would allow the appropriation of funds directly to the Commission, rather than through a great many agencies, and I believe this step would lead to greater efficiency.

The Congress wisely put together a number of programs to be administered on a regional basis by this Commission. I do not believe we should run the risk of letting these programs become separated in a few years. I hope that full attention will be given to our proposal when the budget is considered for the next fiscal year.

I join with Senator RANDOLPH in commending the work of the Commission, the leadership of Federal Cochairman Sweeney, the response of the States, and the progress of work under the Appalachian Regional Development Act.

Mr. MORSE. Mr. President, I suggest the absence of a quorum, and ask that it be a live quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 235 Leg.]

Alken	Hart	Mundt
Allott	Hartke	Nelson
Anderson	Hickenlooper	Neuberger
Bass	Hill	Pastore
Bayh	Holland	Pell
Bible	Hruska	Proxmire
Brewster	Jackson	Randolph
Burdick	Javits	Ribicoff
Byrd, Va.	Jordan, N.C.	Robertson
Byrd, W. Va.	Kennedy, Mass.	Russell, Ga.
Cannon	Kennedy, N.Y.	Saltonstall
Carlson	Kuchel	Smathers
Clark	Long, Mo.	Smith
Cooper	Long, La.	Sparkman
Cotton	Magnuson	Stennis
Curtis	Mansfield	Symington
Dirksen	McCarthy	Talmadge
Dodd	McClellan	Thurmond
Dominick	McGee	Tydings
Eastland	McGovern	Williams, N.J.
Ellender	Miller	Williams, Del.
Ervin	Mondale	Yarborough
Fannin	Monroney	Young, N. Dak.
Fulbright	Montoya	Young, Ohio
Griffin	Morse	
Gruening	Morton	
Harris	Moss	

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 13712) to amend the Fair Labor Standards Act of 1938 to extend its protection to additional employees, to raise the minimum wage, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. POWELL, Mr. HOLLAND, Mr. O'HARA of Michigan, Mr. DENT, Mr. PUCINSKI, Mr. DANIELS, Mr. AYRES, Mr. BELL, and Mr. GOODELL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 14904) to revise postal rates on certain fourth-class mail, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 1483. An act for the relief of the John V. Boland Construction Co.;

H.R. 1822. An act for the relief of Won Loy Jung;

H.R. 2270. An act for the relief of the Moapa Valley Water Co., of Logandale, Nev.

H.R. 2653. An act to provide that the U.S. District Court for the District of Connecticut shall also be held at New London, Conn.;

H.R. 2681. An act for the relief of Sidney S. Shapiro and Shirley Shapiro;

H.R. 3233. An act for the relief of Emanuel G. Topakas;

H.R. 3999. An act to provide the same life tenure and retirement rights for judges hereafter appointed to the U.S. District Court for the District of Puerto Rico as the judges of all other U.S. district courts now have;

H.R. 5552. An act for the relief of David B. Glidden;

H.R. 6926. An act to strengthen the financial condition of the employees' life insurance fund created by the Federal Employees' Group Life Insurance Act of 1954, to provide certain adjustments in amounts of group life and group accidental death and dismemberment insurance under such act, and for other purposes;

H.R. 7354. An act for the relief of Norman Morris Rains;

H.R. 9824. An act to amend the Life Insurance Act of the District of Columbia, approved June 19, 1934, as amended;

H.R. 11940. An act for the relief of Fred M. Osteen;

H.R. 12315. An act for the relief of Anthony A. Calloway;

H.R. 12884. An act for the relief of John R. Sylvia; and

H.R. 13703. An act to make technical amendments to titles 19 and 20 of the District of Columbia Code.

FOOD FOR PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

Mr. MONDALE. Mr. President, one of the major subjects of debate yesterday, in our consideration of the food-for-peace bill, was the extent to which countries like India would really take the hard steps which are absolutely necessary to improve their own agriculture. I feel that my colleagues, therefore, will be interested in the story which appeared this morning in the Washington Post. This story announced that, for the first time, India has adopted a 5-year plan which gives top priority to agricultural development, ahead of the industrial development which was highlighted in the previous three plans.

I ask unanimous consent that this article be printed in the RECORD at the close of my remarks.

For a more detailed description of the many-sided effort which India is carrying out in agricultural improvement, I would refer to the article entitled "All-Out Effort on the Food Front," which appeared in the May 1 issue of Indian and Foreign Review. I ask unanimous

consent, therefore, that this article be reprinted in the RECORD at this point also.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

**INDIA SHIFTS PRIORITIES IN 5-YEAR PLAN—
AGRICULTURE PUT AHEAD OF INDUSTRY**

NEW DELHI, August 29.—India's fourth five-year plan, which envisages a total capital outlay of about \$32 billion, will give highest priority to the development of agriculture and increased food production.

This was the first time that the emphasis has been taken from industrial development, which was the theme of the first three plans.

The plan published today should have started in April but has been held up until now because of uncertainty over foreign exchange resources.

A draft outline of the plan presented to Parliament listed principal tasks for the country during the next five years. They include price stabilization and increased agricultural and industrial production to promote exports and replace imports.

The plan proposes an annual growth rate of 5½ per cent in national income and a rise in per capita income of 3 per cent a year.

Per capita income in India now is about \$61.60 annually. A 3 per cent annual increase for the five years would bring it up to about \$70.

The plan estimated that \$8400 million would be needed in external credits for the five years of which \$1700 million will go toward loan repayments.

ALL-OUT EFFORT ON THE FOOD FRONT

India's food shortage has been in the news for some time—this, in spite of the fact that she increased her food production from just over 50.8 million tons in 1950-51 to 88.4 million tons in 1964-65. The increase in population might have offset the gains in food production. But the recent food shortage has had other causes too. The most important of them has been the weather which has generally been adverse for most of the Third Plan period. In 1965, the country was afflicted by one of the worst droughts in recent history resulting in substantial damage to the 1965-66 crops. The behavior of the monsoon was erratic and there was widespread failure of rains in many parts of the country. Among other causes which contributed to the present difficult situation was that the consumption of nitrogenous fertilizers did not go up to the contemplated levels. This was largely due to shortfalls in supplies caused partly by inadequate indigenous production and partly due to shortage of foreign exchange for importing the difference between the demand and domestic supply.

Apart from food imports from friendly countries, what has India done within to face the situation? On the production side, as a long-term measure, it has been decided to adopt a new approach to agricultural effort in the next few years for achieving a higher target of 125 million tons of foodgrains under the Fourth Five Year Plan. This will be attempted not only by continuing and improving programs of agricultural production all over the country but also by a concentration of efforts and resources on a few selected areas that have assured water supply, through the use of high-yielding varieties of seeds responsive to high doses of fertilizers and supported by prophylactic pest control. It is proposed to extend the cultivation of these improved varieties over an area of 32.5 million acres by the end of the Fourth Five Year Plan. Target of area to be brought under cultivation of these improved varieties during 1966-67 is 4.9 million acres for which arrangements for seed are being made. It has also been decided to introduce changes in the cropping pattern. The State Governments have been requested to review the

existing cropping pattern to introduce short and medium duration varieties in place of long duration ones and to evolve revised rotation of crops.

To meet the difficult food situation resulting from the drought the State Governments also took many short-term measures in order to achieve a breakthrough on the agricultural front. They undertook an emergency food production drive comprising introduction of additional crops over and above the existing ones in selected irrigated areas, increase in cultivation of subsidiary root crops such as potatoes and tapioca, organisation of vegetable cultivation in urban and suburban areas, increased preparation of farm manure in compost pits and mobilisation of electric and diesel pumps for using flow and surface water through lift irrigation. Under this programme, about 3.9 million acres of additional area were brought under cultivation. In the last two years, a number of measures have been taken to accelerate the pace of developmental efforts with special attention focussed on measures where intensification could yield quicker results, and on programmes not seriously inhibited by the difficulties of foreign exchange. Minor irrigation and soil conservation programmes have been given special attention. An Area Development Programme is being implemented for development of land and for suitable crop patterns for the newly irrigated areas with adequate provision for demonstrations, training, supplies and other facilities. Measures have been devised to make the best use of available facilities, especially the optimum utilisation of untapped water resources. Intensive efforts are being made to extend the use of fertilisers in areas which are irrigated or have an assured rainfall. For making available to farmers fertilisers in time and at places convenient to them, fertiliser godowns are being established at important railhead centres and in rural areas. Special attention is being given for undertaking quality seed multiplication in concentrated areas making adequate certification arrangements. New large-sized seed farms, seed corporations and seed testing laboratories have been set up in various States. The intensive Agricultural District Programmes designed to demonstrate the potentialities of increase in food production through a package approach now cover 16 selected districts of the country bringing more than one million farming families into its fold and covering three million hectares. Under the Programme, appreciable improvements in crop yields have been achieved.

As regards irrigation, 18.1 million acres (7.3 million hectares) of irrigation potential has been created in Third Plan period. Besides, nearly 600,000 hectares have benefited by an emergent programme of lift irrigation. The question of extending irrigation facilities as rapidly as possible has received high priority and efforts are concentrated on speedy completion of a number of major and minor projects. Last year, the Union Government gave additional assistance to the tune of Rs 155 million to the State Governments to accelerate construction work for realising irrigation benefits quickly. To augment agricultural production and to facilitate multiple cropping and intensive use of land, measures have been taken to energise as large a number of pumping sets as possible. In fact, priority has been accorded in the rural electrification programmes to the supply of power for agricultural purposes. The number of agricultural pump sets electrified has gone up to 481,251. About 55 per cent of the villages in the population range 5,001—10,000 has been covered under the rural electrification scheme. Of these, cultivators constitute the highest chunk of electricity users. The average area brought under new crops as a result of electric pumping is 3.81 acres per house-

hold. This comes to 15.8 per cent of the cultivated area of the households reporting introduction of new crops. According to present indications, it would be possible to create an additional irrigation potential of 13 million acres during the ensuing Fourth Plan period with a proposed outlay of Rs 8,100 million.

Vigorous efforts are being made to increase production of fertilisers. The existing capacity in both the public and private sectors is 476,550 tons of nitrogen. Another 718,000 tons of fertiliser capacity is under implementation. Besides, 210,060 tons of phosphatic fertilisers are being produced. In the Fourth-Plan period it is proposed to produce 2.4 million tons nitrogen and 1 million tons of phosphatic fertilisers. In order to achieve this target and also to attract foreign participation in setting new fertiliser factories Government have come to the conclusion that greater responsibility should be given to production units and allow them freedom of action in regard to prices and distribution. Accordingly it has been decided that fertiliser projects licensed on or before March 31, 1967, will be free to fix prices of their products and organise their own distribution for a period of seven years from the commencement of commercial production. This will however be subject to the condition that they sell to Government at the latter's option up to 30 per cent of their products at a price to be mutually settled. A fertiliser plant in the public sector with foreign collaboration is to be set up in Madras as an adjunct to the Madras refinery. The project will manufacture urea and complex fertilisers and will have a designed annual capacity in nutrients of approximately 200,000 tons of nitrogen, 85,000 tons of phosphates and such quantities of potash as are deemed desirable. This project is estimated to cost Rs 285.7 million including a foreign exchange component of Rs 144.4 million.

The Fertiliser Corporation of India has now three operating units at Sindri, Nangal and Trombay. Another three projects are under implementation at Namrup, Gorakhpur and Durgapur. With the completion of these projects, the Corporation will develop in the next three years an overall production capacity of 552,00 tons of nitrogen and 45,000 tons of phosphates. Recently the Corporation signed an agreement with an Italian firm for the purchase of license and process of know-how for the manufacture of Ammonia, the basic material required for the production of nitrogenous fertilisers. Under an earlier agreement with the same firm the Corporation had also acquired the process know-how for urea production. The Planning and Development Division of the Fertiliser Corporation has developed its own know-how for many processes of fertiliser production. It now processes the entire know-how for indigenous designing and engineering of complete nitrogenous fertiliser plants. In fact two of the large fertiliser plants in India now under implementation at Durgapur and Cochin are being designed and engineered entirely by Indian engineers. This is a big step forward in attaining self-sufficiency in the field of fertiliser technology and stepping up fertiliser production.

For evolving improved tools and implements for achieving a breakthrough in traditional practices, 17 research-cum-testing and training centres have been established to undertake development and testing of implements. Six State-owned factories and 120 organised major industrial units are now manufacturing improved implements of various types. Training of village artisans is being undertaken in about 39 workshops. Agro-Industries Corporations are being promoted in selected areas in the public sector. Hire-purchase centres and service facilities are also being organised. The expenditure on special development programmes for in-

creasing production and availability of subsidiary foods like vegetables, milk, meat, egg and fish is expected to be about Rs 90 million this year as compared to Rs 29.4 million last year.

An Agricultural Prices Commission was established last year to advise the Government in fixing remunerative and incentive prices for all agricultural commodities. Keeping in view the recommendations of the Commission, minimum prices have been fixed at all economic levels to guarantee the farmer against losses arising out of any undue fall in prices. For securing close coordination of administrative activities relating to agricultural development, agricultural production committees have been set up in States on the pattern of the Agricultural Production Board at the Centre. The functions of different departments dealing with the various aspects of agricultural development have been largely integrated with a Plan Coordination Section to ensure coordination in the implementation of agricultural plans.

A new orientation has been given to programmes of agricultural research, education, training and extension. The Indian Council of Agricultural Research has been reorganised. All agricultural research work right up to the district levels has been centralised under the control of this body. Functions of the Central and State Research institutes are being streamlined. Agricultural Universities are undertaking combined function of research, education and extension and their activities are being strengthened. Particularly, post-graduate training facilities in all branches of agricultural science and engineering are being substantially expanded. Demonstrations in scientific agricultural practices are being organised on a large scale.

As fish is an important source of food, adequate attention is being paid to the development of fisheries in the country. Significant progress has been achieved in this field. The total fish production in 1964 amounted to over 1.3 million tonnes as against a million tonnes in 1963. The value of exports of fish and fish products reached a record level of Rs 65.3 million in 1964.

The sugar supply position in the country showed some improvement during the year 1964-65 as a result of increase in production. The prices and distribution of sugar were, however, continued to be regulated in order that supplies might be distributed equitably at reasonable prices and a buffer stock built up. The production of sugar during the 1964-65 season reached the record level of 3.2 million tonnes as against 2.5 million tonnes in 1963-64. With a carry-over of only a hundred and fifty-nine thousand tonnes from the previous season, the total availability of sugar during the year 1964-65 was 3.5 million tonnes.

On the distribution side, equally vigorous measures have been taken. For ensuring that the available food is distributed equitably, the Union and State governments have taken several steps, important among them being the introduction of rationing in urban areas and the maximisation of internal procurement. Statutory rationing has already been introduced in several cities. Preparations are in hand for introducing statutory rationing in other towns too. Meanwhile, informal rationing continues in most urban areas and in some rural areas also where distribution is being done through fair price shops whose number exceeds a hundred and ten thousand. The policy of helping the vulnerable sections of population by supplying foodgrains at reasonable prices through fair price shops is being strictly implemented. The quantities supplied through these shops have been stepped up. For mitigating the conditions created by drought, relief works have been started in the affected States by the State Governments, employing nearly two million people. Efforts

are being made to provide gratuitous relief to old and infirm people and also to children who are too young to do manual work. Programmes of providing nutritional diet to the vulnerable population in the affected areas are also proposed to be started, especially in the areas where the failure of crop has been relatively greater. Supply of fodder for cattle in the affected areas is also being ensured.

Mr. KENNEDY of New York. Mr. President, the food-for-peace bill, as reported out by the Senate Agriculture Committee, has a disturbing variation from the House-passed bill with respect to resale provisions for Commodity Credit Corporation-owned wheat.

The Senate committee version provides for raising the minimum resale price for CCC-owned wheat to 120 percent of the price-support loan rate whenever carry-over stocks are less than 35 percent of total requirements. The House has approved a minimum resale provision calling for a 115 percent minimum whenever the carryover is less than 25 percent of total requirements.

I believe that the House-approved provision is in the longrun best interests of farmers, consumers and the Government.

The United States has a tremendous potential for producing wheat in the years to come. This means that in future years wheat must be competitively priced both at home and abroad if we are to keep the gains of the past few years and prevent a return to wheat surpluses. We must bear in mind that much of the current increased need for wheat is directly related to the food emergency in India. As this emergency eases off, we obviously will need to seek other outlets for our production.

Under the Senate version, CCC wheat could not be sold for less than \$1.55 to \$1.65 per bushel whenever stocks dropped below 35 percent of requirements. Presently, 35 percent of requirements would be 560 million bushels, since our estimated current utilization is 1.6 million bushels.

This minimum price would dictate a wheat cost of approximately \$3 per bushel to millers—and thus to U.S. consumers—when the marketing certificate cost is added. This would mean a continuing price at 120 percent of parity to U.S. consumers for the next 2 or 3 years.

Further, this provision would virtually eliminate any continued use of wheat for feed by completely destroying any possibility of a competitive price relationship with feed grains. This would negate one of the promising provisions of the Food and Agriculture Act of 1965, for it would delay and probably prevent any realization of the objective of that act to put wheat on the same export footing as feed grains and soybeans, with little or no export subsidy. Instead, it would continue to require substantial Government export subsidy outlays and keep the Government cost of wheat for food-for-free purposes at high levels.

I hope the Senate conferees will give careful consideration to accepting the House version on this matter as a desirable alternative to the provision which is before us today.

Mr. MORSE. Mr. President, I shall

offer a series of amendments to the pending bill, but first I wish to make a very brief statement as to the reason for the delay that is occurring in the Senate this morning.

I had been notified by the leadership that following the pending bill, the Oregon Dunes bill will be made the pending business of the Senate, and I had asked the leadership to put over the Oregon Dunes bill until after Labor Day, so that I might meet, on the coast of Oregon, during the Labor Day recess, with opponents of the bill. It was my hope to discuss with them a series of proposed compromises to which I think consideration should be given. As a result of such meeting, I would be hopeful that we might work out some compromises in regard to the condemnation issue, which is, of course, the bone of contention in regard to the bill, and has been for many years.

In my State, I have taken the public position that in the absence of a showing on the part of the Secretary of the Interior that the law of public necessity is complied with in connection with any particular piece of property, he should not be given authority to condemn; for blanket authority to condemn, given to any agency of the government, is final, to all intents and purposes. The Supreme Court has held, and the law is indisputable, that when the power of condemnation is given to a Federal agency, it becomes final in the absence of a showing of fraud, dishonesty, or arbitrary and capricious abuse of discretion.

Mr. President, in this situation, with public property flying out of our ears in my State—52 percent of the land area of Oregon is owned by the Federal Government—I see no justification for the Secretary of the Interior insisting on blanket authority.

The Secretary of Interior has not talked to me about this measure for 2 years. The Secretary of the Interior has made no attempt to work out an accommodation with me and the property owners affected.

When I asked the leadership of the Senate this morning for the accommodation of postponing action on this bill until after Labor Day, I was refused that permission. That is the right of leadership. However, that puts upon me the duty to do what is necessary within my power to protect the rights of constituents that I think are being wronged by the pending bill.

I would like to have the leadership of the Senate name one senior Senator on the Republican side of the aisle to whom it would refuse such a request. I need say no more for, when war is declared on me, I respond to the declaration.

Mr. President, in an area that involves some 30,000 acres, one and two-tenths of an acre less than 1,400 acres remains in dispute in regard to working out an accommodation.

I had taken the position earlier, months ago, in regard to certain tree farms owned by certain private interests such as the Crown Zellerbach Co., the Sparrow Pacific Corp., and other companies, that there is no justification for

condemning that property, so long as those properties were managed on a sustained yield basis with a recreational easement.

I want to say to the chairman of the subcommittee, the Senator from Nevada [Mr. BIBLE], that pursuant to such a proposal on my part, such an agreement was worked out.

I have taken the position from the beginning that the private homes—many of them built by the hands of pensioners and retirees in this coastal area to which they have retired—could not possibly affect the use of the park.

The committee worked out a proposal that is entirely unacceptable. It related to life tenancy and 25 years of tenancy for members of the family. However, that would destroy, of course, the value of fee-simple title. So, what I am doing is fighting for precious private property rights when there is a failure to show that the law of public necessity requires its condemnation.

The transcript of the hearings before the Senate show the detailed testimony I have given in regard to the law of eminent domain which I taught as a professor of real property at the University of Oregon for many years. I do not intend to walk out on my rights, nor do I intend to let the Secretary of the Interior, if I can prevent it, come into my State and through a bill such as this, condemn the private property of citizens in my State in the absence of a showing of public necessity.

The chairman of the committee expressed a willingness to preserve 17 of the private homes. There was a great number involved in the first instance. I appreciate that. It is one of the compromises that I would like to discuss on the coast of Oregon over the weekend.

I think it is a fair compromise on that part of the bill. But, Mr. President, with regard to private holdings in national parks generally, there are thousands of acres of private holdings in existing Federal parks. There are large numbers of private homes in Federal parks. Yet, we hear the representatives of the Department of the Interior talk about precedents. They are afraid of establishing a precedent. There is a list of precedents as long as one's arm, but it is on my side, not the Department's.

The Senator from Florida [Mr. HOLLAND] this morning, for example, pointed out to me in conversation on the floor of the Senate that the Everglades Park eliminated condemnation in regard to agricultural land. The St. Augustine Monument Park eliminated condemnation. As he said, and as I have pointed out so many times, time works wonders.

In my judgment, agreeing to a compromise that I would suggest to the people of my State who are opposed to this bill should be seriously considered. My State is divided on this bill. The pros and the cons are very vigorous on both sides with their regard to their views on the bill.

I would like to propose consideration of a compromise that I have offered to the leadership. It provides for the next 2 years, 1,400 acres of so-called unim-

proved land, much of which is very valuable land, shall not be condemned, but that there shall be a protective clause that the land cannot be used for anything but its present use. That means that the use of the land could not be changed so that people could come in and unduly enrich themselves during the 2 years by increasing the value of these lands by the building of capital improvements on the lands which the Federal Government would have to pay for—and I emphasize the word "if"—the Secretary of the Interior could show that the lands are essential for the seashore area which, in most instances, he would fall flat on his face trying to do.

Mr. President, one would be surprised at the large percentage of these lands that could be purchased by negotiation in that 2-year period. But after 2 years, the Secretary would be able to come in by special legislation and show that his need for those lands for seashore purposes meets the law of public necessity. Congress could then authorize its acquisition.

What in the world is wrong about that? What is unfair about that? It is unfair to deny the Secretary of the Interior blanket condemnation authority when so many people in my State are satisfied that he cannot show that the law of public necessity justifies condemning the property?

Any time that the Secretary of the Interior can show a justification for the law of public necessity, the senior Senator from Oregon will vote for it.

I have never taken the position that one single piece of property in this area that is actually needed for the public interest should not be condemned. I have taken the position that much of this property is not needed for the public interest. The proponents of the bill are unwilling to meet this issue.

Mr. President, it is very interesting to note the changes that have been made in the bill over the years that it has been offered. When the bill was first offered, it contained provision for the acquisition of the best and most spectacular dunes on the coast, down in Curry County in my State, but that was dropped from the bill. Why? Because the commercial interests of that county made perfectly clear that they did not want those dunes in the bill. They talked about wanting them for water rights, and my reply to them was that they can always get a water-right easement over Federal property when they can show the justification for it. I am satisfied that they have their designs for the future for other uses of the property.

When one talks about the dunes and the Oregon seashore, most people think of the spectacular dunes in Curry County. But they have been dropped from the bill. The dunes that are left are spectacular, too, but not so spectacular.

I believe that we should have a seashore. Many people in my State are completely against it. In fact, the editor of an Oregon newspaper—a strong anti-Morse paper—called me 2 days ago and said:

I want you to know that this week we are coming out with an editorial against the

whole bill, and we think that the treatment that you are receiving, in an attempt to get a reasonable postponement and a consideration of compromises, is intolerable. Therefore, we are going to fight the bill.

I argued with him. I said:

Do not do that.

I think that the country is entitled to a seashore area, and I think we ought to have a seashore area; but we ought to have it under reasonable safeguards that protect private property interests, where the property owned by the private owners is not essential to the public interest in becoming a part of the area.

That is all I am going to say about the matter today. I am sorry that we cannot get either a postponement of this bill until after Labor Day or an acceptance of some amendments.

For the last couple of hours, legislative counsel and my office have been trying to work out some last-minute re-drafting of language that might be acceptable to the leadership. I am seeking language that at the same time will be consistent with the trust that I owe the people of my State. I have pledged to them to do what I could to protect their fee simple title.

I have no way of knowing whether such an acceptable compromise will come out of the work of counsel today. I hope that it will. I would prefer that such compromises as they may come forth with, and that I may agree to recommend, could first be presented over the weekend, in Oregon, to the opponents of the bill. I have two groups. I have those who are opposed to any seashore area at all, and I have those who are opposed to any seashore area if the condemnation provision remains in. There is room for a reconciliation of their points of view.

Interestingly enough, Mr. President, the proponents of the area are divided among themselves on the condemnation question. One group wants the park plus condemnation. A second group is perfectly willing to have the condemnation provision eliminated.

It would be my judgment that those in the State who have studied this problem would find it quite acceptable to eliminate the condemnation provision along some such compromise suggestion as I have made. But only time will tell.

The editor to whom I referred pointed out that large blocks of this property will be transferred from the Forest Service to the Department of the Interior. The land is already under the recreational control procedures of the Forest Service.

Mr. President, the Forest Service is obviously in a position where it cannot make—or, at least, is not making—public comment. Of course, it is not making public comment because the administration has supported this bill. I cannot imagine the Forest Service objecting to the transfer of the forest lands to the Department of the Interior.

But let me say that in my State I hear no criticism of the administration of these lands in this dunes area by the Forest Service. There is complete public accessibility. In fact, my State is the only State in the Union in which the State owns its coastline. Every foot of

the coast between low tide and high tide is owned by the State of Oregon. That is due to the farsighted wisdom of a Democratic Governor back in 1910 by the name of Os West, who had the legislature pass a bill, which he signed, that really makes the coastline a public highway.

We have no problem of accessibility here, either. We have no problem of the need of land such as exists with respect to the Indiana dunes case, of which I am a cosponsor, which includes condemnation; and some of the proponents of this bill have tried, but they have not succeeded in my State, once the fallacy became recognized.

They have charged me with some kind of inconsistency, in that I am for condemnation in the Indiana Dunes case but I am against condemnation in the Oregon dunes case. And that is right. But in the Indiana dunes case there is no public property. In the Indiana dunes case there can be no park unless private land is taken. That makes an entirely different case, from the standpoint of eminent domain, as the former Attorney General of the United States, now presiding over the Senate, knows. If a park is needed and only private land is available, then the law of public necessity must be complied with, if the need for the land can be shown.

No one disputes the fact that in the Indiana dunes area, so close to the great metropolitan areas of that part of the country, a public park is needed. That is why I cosponsored that legislation.

My opponents cite the Cape Cod case. In Cape Cod it was necessary to take private land in order to have an adequate park.

But in the Sleeping Bear case, in Michigan, the Senator voted against the legislation, for exactly the same reason that I am urging the elimination of condemnation in the Oregon case. There was no need to take any land in Sleeping Bear in order to have an adequate Federal park. There is no need to take any land in the Oregon Dunes area in order to have an adequate Federal seashore area, for there are thousands of acres of surrounding land, owned by the Federal Government, that is not being taken; and I have already pointed out a large part that was dropped from the bill in the first place.

I have made these remarks, Mr. President, because I want the Senate to know why we are moving at a snail's pace in the Senate today. There is needed a little time to make certain that there is full and adequate reflection on the parliamentary situation that confronts the Senate. I have been here long enough to know that sometimes the passage of a little time opens the window so that a fresh breeze of reasoning returns to the Senate.

I presented during the hearings a detailed discussion of the law of eminent domain, and the cases, including Supreme Court cases, on the subject.

When the leadership says, "Let them vote," I say: You know how they are going to vote in these closing rush days of a very difficult session of Congress. I speak respectfully, but out of experience.

What is in the RECORD is not going to be read by very many in the Senate, but when the vote bell rings and Senators come to the floor of the Senate, the Senate aids will be there to advise them that it is an administration vote and the vote is "yea." I do not intend to stand by and permit the people of my State, who have me here to protect their rights, who are opposed to the bill with the condemnation provision in it, to be subjected to what I consider to be that kind of inadequate consideration of the bill.

I am still hoping that we can work out an acceptable adjustment of our differences in regard to it. I think we would have a better chance of doing it after the Labor Day recess. I can bring back from Oregon the viewpoint of opponents of the bill as to the compromises I would like to suggest to them, but having thus far been told that that accommodation will not be made available, I have no other course of action than to make the fight I intend to make to protect the interests of my State.

Mr. President, I shall await with patience the results of the work of the legal concern with respect to instructions I have given them for a series of proposed compromises. I suggest the absence of a quorum, and ask for a live quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll and the following Senators answered to their names:

[No. 236 Leg.]

Aiken	Hart	Mundt
Allott	Hartke	Nelson
Anderson	Hickenlooper	Neuberger
Bass	Hill	Pastore
Bayh	Holland	Pell
Bible	Hruska	Prouty
Brewster	Jackson	Proxmire
Burdick	Javits	Randolph
Byrd, Va.	Jordan, N.C.	Ribicoff
Byrd, W. Va.	Kennedy, Mass.	Robertson
Cannon	Kennedy, N.Y.	Russell, Ga.
Carlson	Kuchel	Saltonstall
Clark	Long, Mo.	Smathers
Cooper	Long, La.	Smith
Cotton	Magnuson	Sparkman
Curtis	Mansfield	Stennis
Dirksen	McCarthy	Symington
Dodd	McClellan	Talmadge
Dominick	McGee	Thurmond
Eastland	McGovern	Tydings
Ellender	Miller	Williams, N.J.
Ervin	Mondale	Williams, Del.
Fannin	Monroney	Yarborough
Fulbright	Montoya	Young, N. Dak.
Griffin	Morse	Young, Ohio
Gruening	Morton	
Harris	Moss	

The PRESIDING OFFICER (Mr. Moss in the chair). A quorum is present.

CONVEYANCE OF CERTAIN LANDS IN BOULDER COUNTY, COLO., TO W. F. STOVER

Mr. ALLOTT. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of S. 1231, as amended, a bill to convey certain lands in Boulder County, Colo., to W. F. Stover.

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado?

Mr. ELLENDER. Mr. President, reserving the right to object, will the Sen-

ator tell us how long he anticipates the consideration of that matter will require?

Mr. ALLOTT. Approximately 3 minutes.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1231) to direct the Secretary of the Interior to convey certain lands in Boulder County, Colo., to W. F. Stover, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, after line 7, to strike out:

Beginning at corner numbered 1 of the Climax Mill site claim, (United States Mineral Survey Numbered 13874) in section 21 and 22, township 1 south, range 73 west, sixth principal meridian, Boulder County, Colorado, thence south 51 degrees 43 minutes east 190 feet to a point; thence south 48 degrees 23 minutes east 85 feet to the true point of beginning; thence south 48 degrees 23 minutes east 252.26 feet to a point; thence in a northeasterly direction 20 feet more or less to a point; thence north 51 degrees 43 minutes west 252 feet to a point; thence in a southwesterly direction to the true point of beginning.

And, in lieu thereof, to insert:

Beginning at corner numbered 5, Mineral Survey Numbered 13874, Millsite; thence north 48 degrees 23 minutes west, along line 5-6, Mineral Survey Numbered 13874, Climax Millsite 337.26 feet distant to the true point for corner numbered 6, Mineral Survey Numbered 13874 and at the intersection with line 5-6 Mineral Survey Numbered 12354, Happy Valley Placer; thence south 51 degrees 43 minutes east, along line 5-6, Mineral Survey Numbered 12354, Happy Valley Placer 337.83 feet distant to a point; thence south 41 degrees 37 minutes west, 19.61 feet distant to corner numbered 5, Mineral Survey Numbered 13874, Climax Millsite and place of beginning containing 0.15 acres.

So as to make the bill read:

S. 1231

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized and directed to convey to W. F. Stover, Denver, Colorado, all right, title, and interest of the United States in and to a tract of land in the Grand Island Mining District, Boulder County, Colorado, more particularly described as follows:

Beginning at corner numbered 5, Mineral Survey Numbered 13874, Millsite; thence north 48 degrees 23 minutes west, along line 5-6, Mineral Survey Numbered 13874, Climax Millsite 337.26 feet distant to the true point for corner numbered 6, Mineral Survey Numbered 13874 and at the intersection with line 5-6, Mineral Survey Numbered 12354, Happy Valley Placer; thence south 51 degrees 43 minutes east, along line 5-6, Mineral Survey Numbered 12354, Happy Valley Placer 337.83 feet distant to a point; thence south 41 degrees 37 minutes west, 19.61 feet distant to corner numbered 5, Mineral Survey Numbered 13874, Climax Millsite and place of beginning containing 0.15 acres.

SEC. 2. The conveyance authorized by this Act shall be made upon payment of the fair market value of the land as of the effective date of this Act as determined by the Secretary of the Interior plus such sum as may be fixed by the Secretary to reimburse the United States for the administrative costs of the conveyance.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. ALLOTT. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of H.R. 4861, as amended, which is identical to S. 1231, and that the Senate proceed immediately to its consideration.

The PRESIDING OFFICER (Mr. Moss in the chair). Is there objection? The Chair hears none, and it is so ordered. The Committee on Interior and Insular Affairs is discharged from further consideration of H.R. 4861, as amended.

H.R. 4861 will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 4861) to convey lands in Boulder County, Colo., to W. F. Stover.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. ALLOTT. Mr. President, H.R. 4861 is a very simple bill. It provides for the sale—at fair market value—of a small, sliverlike piece of land on the Roosevelt National Forest in Colorado to Mr. W. F. Stover. The land totals 0.15 of an acre. It is 19.6 feet wide at its base, and tapers to a point at 337 feet. Mr. Stover owns the land on each of the long sides, and by acquiring the land he will complete his ownership pattern.

The land is of no particular use in the furtherance of the national forest program, nor is it required for any other Federal purpose. Its extremely small size has made the consummation of an exchange with the Forest Service difficult.

Mr. Stover would not only be required to pay the fair market value of the land, but to also reimburse the United States for the administrative costs involved in the conveyance. This would include a minerals survey.

The one amendment to the bill clarifies the land description.

Both the Senate and House Interior Committees are of the opinion that this small portion of land, located as it is between privately owned parcels, should logically pass into private ownership as it is of no particular benefit to the Forest Service and its disposal could well eliminate administrative problems.

Mr. President, I ask unanimous consent that all after the enacting clause in H.R. 4861 be stricken, and that the text of S. 1231, as amended, be substituted in lieu thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the engrossment of the amendment.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ALLOTT. Mr. President, I ask unanimous consent that the action of the Senate in passing S. 1231 be vacated and the bill indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLOTT. Mr. President, I thank my colleagues for granting this indulgence to me. This is a small matter, but it is, of course, very important to Mr. Stover.

FOOD FOR PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

Mr. MORSE. Mr. President, I say to the Senator from Louisiana that I support the objectives of the pending bill, for the objectives of the bill, in my judgment, are not only humanitarian in their soundness, but I think the objectives of the bill also represent a sound national policy for our country.

As the amendments that I expect to offer during the afternoon will point out, I think that there is a great need for procedural changes in the bill. My overall objections to the procedural provisions of the bill are the same as those of the Senator from Arkansas. I think that the bill is an invasion of foreign policy by the Secretary of Agriculture.

I do not think that the Secretary of Agriculture should be given the policy-making powers that are given to him in the bill. I shall describe this in some detail later today.

I want the RECORD to leave no room for doubt that I certainly think that food should be made available within our capacity and ability to make it available to alleviate not only starvation but also serious shortages of food from time to time in various countries. The very presence of a serious shortage of food creates a domestic disjuncture in numerous ways in the economy of any country.

The Senator from Arkansas [Mr. FULBRIGHT] is quite right in the thrust of his argument that the pending bill in its broad wording gives to the Secretary of Agriculture extensive authority in the field of foreign policy in respect to making foreign policy.

I have spoken out against the Secretary of Defense making foreign policy. In fact, I have been known to say on the floor of the Senate that, in my opinion, the Secretary of Defense has really become the Secretary of State more than Dean Rusk. I think that is a bad administrative procedure. I think that if we pass this bill in its present form, we should pass it for only a 1-year period. Otherwise, we will see a new foreign aid bureaucracy grow up that will operate this program with too little legislative guideline.

As a member of the Committee on Foreign Relations, I point out that we have had considerable difference of opinion within the Committee on Foreign Relations, as we have here on the floor of the Senate, as to the period of time for authorization of the foreign aid bill, both economic and military.

I have supported a 1-year authorization. I feel it is very important that the taxpayers of the United States be given the assurance that the Members of Con-

gress that they elect will exercise an authorization surveillance over foreign aid in all of its forms once a year.

I know of no more important service that we can perform for the American people than an annual surveillance. If we are to maintain this precious right of maintaining our separation of powers doctrine and of assuring the American people that three coordinate and coequal branches of Government is not a myth in the United States, but a living political reality, we cannot very well justify delegation to the executive branch of the Government of as much power as this bill grants to it over a period of 2 years.

I therefore support the effort of the Senator from Arkansas [Mr. FULBRIGHT] to maintain this program on an annual basis. There is no reason for foreign aid in the form of agricultural commodities to be on a multiyear basis, and for foreign aid in the form of munitions or other manufactured goods to be on a multiyear basis.

Congress must and should maintain an annual review of all of these foreign aid programs. Billions of American taxpayer dollars are involved. We have already, since 1946, in our expenditure of over \$16 billion of foreign aid wasted many billions of dollars. Of course, there never has been an answer to me, because there cannot be an answer to me, in regard to the waste and inefficiency and corruption in American foreign aid in many parts of the world.

My statements are based upon the findings of the Comptroller General of the United States. The sad thing is that in spite of the finding of the Comptroller General of the United States the Johnson administration has done practically nothing to eliminate the waste, inefficiency, and corruption caused by foreign aid as found by the Comptroller General of the United States. Of course, the Comptroller General is our officer. He is our official agent.

I have learned something from my detailed study of the mass of reports of the Comptroller General in each year on the foreign aid debate. I have brought them to my desk from the safe in the Committee on Foreign Relations.

The American Government, not too slowly, but steadily and progressively, is moving into a form of government by executive supremacy, a government having an all-powerful President. I say, respectfully, that Congress, time and time again, has been subservient to the President, whereas our constitutional fathers established a system of government having three branches, judicial, legislative, and executive, each on a par with and each having checks upon the other two. Congress, year after year, is abdicating more and more of its legislative checks.

That is why I have discussed these reports of the Comptroller General and have finally obtained from him a ruling that if I read the titles of them, I would not violate secrecy. The titles of the reports are bad enough. They telegraph to the readers of the titles the basic findings of the reports concerning the waste, the inefficiency, and the cause of cor-

ruption in the administration of America's foreign aid program.

Since 1946, more than \$116 billion has been taken from the taxpayers for a foreign aid program that has succeeded, in large measure, in not making friends for us around the world, but enemies or people who distrust us. We have not been able to buy friendship with dollars, and we never shall.

So the senior Senator from Oregon has looked with great worry upon the growing trend in Congress to extend the periods of authorizations for such programs. If we authorize them for more than 1 year, we shall lose a check.

Next year, as the Senator from Arkansas [Mr. FULBRIGHT] reminded us yesterday, there will be a new Congress. I happen to think that after the election in November we will find a number of lame ducks in this Congress. I hope so, for it is a blessing sorely to be desired. But that is up to the people.

But one thing is perfectly clear to my mind, and that is that we should not pass a bill this afternoon or tomorrow, or whenever we pass it, that provides for more than a one-year authorization; because I think that the new Congress, with its new Members, whatever that percentage may be, ought to have the opportunity to reauthorize a program of food for peace.

So I support the Senator from Arkansas in connection with his desire in his amendment to limit the authorization to one year; and I repeat that, in my judgment, Congress should maintain annual review of all these foreign aid programs.

NEW DEPARTURE IN FOOD FOR PEACE WILL CREATE NEW DEMANDS UPON US

This is not a surplus disposal program any more. We are now going into the business of contracting with farmers to raise food and fiber to give away abroad, just as AID contracts with manufacturing concerns to produce for foreign use at the expense of the taxpayer.

In one respect, it is more urgent that Congress maintain tight control over this area of aid than over any other.

It is a far-reaching and in some ways a frightening element being added to U.S. foreign policy when we undertake to feed the growing numbers of people in the world who are unable to feed themselves. If our past experience with feeding the hungry and trying to help develop the undeveloped parts of the world is any guide, we must expect that the nations and the people receiving food under this program will not regard it as an assistance in development of their own food resources. They will come to regard it as their due from the United States. That is what is involved in this program.

It is bad enough that some of the undeveloped nations have leaders who say that they are entitled by right to a certain percentage of the gross national product of the United States to help develop their country.

May I say, as chairman of the Subcommittee on Latin American Affairs, that we have run into this remarkable attitude in some of our discussions with Latin American leaders. Some of the

conferences have developed a strong notion that they have a right to American foreign aid. Not only that, but that they also have a right to foreign aid based upon some ratio percentage of our national productivity.

That is what happens, Mr. President, I fear, when we adopt foreign aid, as we have over the years, as loosely drawn as our foreign aid bills have been. We must make perfectly clear, if we are to adequately represent the American taxpayer, that contrary to what has been proposed by some representatives at foreign conferences and discussions, no country is entitled to a certain percentage of the gross national product of the United States as a matter of right to help it develop its own economy.

In fact, I would feel much better in supporting foreign aid at a much higher level if we could have a little greater evidence on the part of some of those countries that they are willing to help themselves. By helping themselves, I do not mean to help themselves to the wealth of the American taxpayer. I mean to help themselves by way of their own initiative in their own country, and the development of their own private enterprises, rather than constantly letting things get into such a situation that they can appeal to our hearts, and then run to the United States for millions and millions of dollars of aid.

Food is a daily necessity of life. People can get along in a pastoral economy; they do not have to become industrial. But they cannot get along without food.

Over the years past and now in years into the future, it is contemplated that we make ourselves—our farmers and our taxpayers—the world's supplier of daily bread.

I am worried about the implications of that for future generations of Americans. I am even worried about it for the present generation. We are already hearing about impending food shortages that will threaten great areas of the world with starvation. I am for proceeding with a program that will enable us to play our part in meeting that demand. But in instances where an economic or military aid program could be suspended because the conditions were not met, the State Department has invariably found reasons for not suspending it.

The day before yesterday, I read in a newspaper that the State Department is renewing economic aid to Argentina. There is no congressional check on that. In past legislation, other Senators and I tried to achieve a check that would prevent the administration from coming to the aid of military juntas, such as economic aid to Argentina, where we find tyranny being practiced, through suspension of constitutionalism.

Our country, in its shocking hypocrisy, talks about supporting freedom. The sad, ugly reality is that the United States, in too many places of the world, is supporting tyranny with the taxpayers' dollars.

To the taxpayers I say, again: Your only answer now is your ballots. If you continue to vote for people who support the supporting of tyranny and military

juntas, then you have no one to blame but yourself, as this government continues to change its form, as it is changing its form month in and month out, as more and more unchecked power is being vested in a supreme President of the United States.

I do not propose to forget the history that I know, just because I walked into the political arena. I repeat again, because it must be said over and over again, that the executive branch of any government cannot be vested with supreme power and have freedom left for the people. I do not care whether that form of government involves a President of the United States, or a Communist dictator, or a fascist dictator, or a military junta clique such as there is in Argentina today—and we are pouring American aid into Argentina. I am talking about the precious abstract principle of free government. Pages of history can produce no rebuttal to my argument. No people have ever lived under a supreme executive branch of government and been free.

I have protested month in and month out during my 21 years of service in this body that Congress has for years been abdicating more and more of its constitutional checks to the executive branch of government. Oh, I know. Argue as I argue, and the unthinking raise questions as to whether I am a loyal citizen. I am an ultraconservative when it comes to matters of political governmental form, because these forms, these procedures, to the extent that we implement them, determine whether we will remain free.

I raise again my objection to the bill because I think a 2-year authorization period is too long. We should check the president next year with a new Congress. The President should be required to come before us year after year after year for a renewal of authorization in the field of foreign aid because foreign aid is foreign policy. The bill is pregnant with foreign policy. The Senator from Arkansas [Mr. FULBRIGHT] is right when he proposes but a 1-year authorization.

From the standpoint of future generations of Americans I am worried about the implications of the food understanding that we make in the bill under more than a 1-year authorization. As I have said, we are already hearing about impending food shortages that will threaten large areas of the world with starvation. I favor proceeding with a program that will enable us to play our part in meeting that demand. But in instances where an economic or military aid program could be suspended because the conditions were not met, the State Department has invariably found reasons for not suspending it. Think how impossible it would be to expect the State Department to suspend food for peace in India, for example, if India should fail to go through with the changes in her domestic economy she has pledged herself to, as part of her food agreement with us.

If we have a multiyear authorization, it will not be long before every country in the world will take it for granted that the food will be forthcoming from the United States whether or not they comply with the requirements. They will

expect American taxpayers to furnish them with food simply because we would look bad if we did not.

That is what frightens me about this program. We are undertaking a pledge to keep the world in food and fiber. That, at least, is what the administration wants in this program. When the population explosion now underway has increased the hungry mouths of the world by the millions and hundreds of millions, are the American people going to have to meet their food requirements at a rising cost, on the pain of gaining the enmity of billions of people if we do not?

Population control and local development of resources is the only thing that is going to save country after country in the world from starvation in the future. It is not going to be American food. But we can easily find ourselves promising to feed the world, and leading the world to expect us to feed it.

Let us not forget that we now have only 6 percent of the population of the world. As we get the numerous patriotic appeals these days, appeals which wave the flag into tatters, as to what we should do to force our will upon the world, whether people want to accept our will or not, I would have my Government remember that we are but 6 percent of the population of the world. In my opinion, if we continue our military policy of seeking to dominate the world, or any segment of the world that will not bend its knee to the dictates of the United States, in not too many years we shall find ourselves so isolated that we will stand alone on most of the great foreign policy issues that confront us.

In my judgment, there is not a historic possibility that any country, including the United States, can set itself up as an imperialistic determiner of the policies of other countries that disagree with it.

The Johnson foreign policy in Vietnam is based on a unilateral program of "accept our policy, or else." With respect to the semantic discussion that we are willing to negotiate, we are willing to negotiate if there is first a surrender. Our Government talks about being perfectly willing to negotiate with our enemies, but on the basis of the major premise that there be two Vietnams. Who are we to dictate to Asia that there shall be two Vietnams? It was we who created the two Vietnams, in violation of the 1954 agreement.

South Vietnam was created by the United States. It is a U.S. puppet. It did not exist until we took out of exile a South Vietnamese exile in New York City and Washington, D.C., who did not even fight the French.

We took him into South Vietnam. We financed him. We militarized him. We set up the government. That is the history of the United States in South Vietnam. We turned the 17th parallel from a military demarcation line into a political demarcation line, in open violation of the Geneva accords.

This Government has never told the American people about the findings of the International Control Commission regarding our Geneva accords violations.

Why does our Government not tell the American people?

Because it would shock them into a realization that the whole policy it has been following in Vietnam is one of unilateral dictation. That is why the United States is already isolated around the world so far as support for its policy is concerned.

This is an example of executive supremacy which I have been pointing out so many times. Whenever I see the vesting of more and more power in the executive branch and relinquishing the constant checking process by Congress, I object.

Thus, I support the Senator from Arkansas in his proposal to limit the pending bill to a 1-year authorization.

I am absolutely opposed to turning over any such program to administrators for 5 years, or 2 years. The bill does not settle the issue of who is to run it. In my opinion, the evidence shows that in the past the State Department has made the decisions as to which countries shall receive assistance under food for peace, and how much. The State Department makes the effective determinations. Whenever this authority is given to the State Department for any aid program, we can be sure that it will extend aid as a routine matter. The State Department does not believe in conditions for aid, or in receiving countries meeting the conditions. When prescribed conditions have not been met, they have simply been changed. The history of the aid program as administered by the State Department, including food for peace, indicates that it believes the flow of goods is desirable in itself, irrespective of what becomes of it in the recipient country.

We have a whole generation of professional diplomats who believe that giving away goods is a part of diplomatic relations with a country. They think that extension of aid is the same as influencing the foreign policy of the recipient. One wonders what they would do for diplomacy if there were no money program for them to preside over.

We never will have a foreign assistance program through food or anything else that will produce progress in the receiving countries so long as it is run on the basis that our aid programs are now run.

They are, after all, not for the benefit of the recipient, but for the benefit of American foreign policy. They are a foothold for armies of economic assistance officials and military aid officials. In the words of the House Foreign Affairs Committee, foreign aid gives us a means of dealing with situations that may arise in a foreign country. That is what food for peace has been, too, and that is what it will be in the future, no matter whether it is under the nominal jurisdiction of the Secretary of State or the Secretary of Agriculture.

In my opinion, the only meaningful control over food for peace can be the Congress of the United States.

Mr. President, that is why calling for a 1-year authorization in the Fulbright amendment is desirable.

If I may have the attention of the Senator from Louisiana, that concludes my argument in support of the Fulbright amendment, provided we can get a quorum for that short time, in order to get

the yeas and nays ordered—and I want the yeas and nays ordered on the pending amendment.

Mr. ELLENDER. Mr. President, I regret that my good friend from Oregon did not speak as eloquently 5 or 6 years ago against foreign aid as he is now speaking.

Mr. MORSE. I was only a student then. I learned from the Senator from Louisiana.

Mr. ELLENDER. As the Senator from Oregon well knows, for the past 17 to 18 years I led the fight on the floor of the Senate in order to put some common-sense into the operations of our foreign aid programs. Somehow, however, I could not get many Senators to agree with me. I am glad that the Senator from Oregon has stated he is for the pending bill in principle, but that he objects to the provision that the act should be extended for 2 years.

Let me say to my good friend from Oregon that the pending bill does not lend itself to a 1-year limitation for the simple reason that domestic production decision cannot be made for 1 year only. It takes at least 2 years for that to be done.

For instance, a few weeks ago, the Secretary of Agriculture increased wheat production by 30 percent. The Secretary of Agriculture will not know the results of that decision by way of production until the fall of next year when the wheat is being gathered.

The Secretary of Agriculture increased the production of rice by 10 percent last year and the results of that increase will not be known until the end of this crop year.

On the other hand, we have a new approach in the food-for-peace program as it now exists under present law. The thrust under the 1954 act was to rid ourselves of surpluses. Our representatives abroad, who negotiated the agreements, made no demands on foreign countries which may have been in our best interests. Their idea was to get rid of wheat, to get rid of corn and other commodities because of their cost to us by way of storage.

The pending bill envisions the expenditure of a fair share of our productive bounty. In any contracts which will be made after December 31 of this year, we are insisting that the recipient country do certain desirable things in order to be able to obtain the help.

I am sure that it will be very difficult to obtain agreement from a country to do certain things to increase its own food production if the bill is enacted to provide for only 1 year. It might have been better to extend it more than 2 years, but since the House had agreed to a 2-year period, the Senate Committee on Agriculture and Forestry followed suit, and it is my belief that that length of time is short enough.

It would seem to me that is the only way we can find out whether the bill will be administered as anticipated and that the results we expect will be forthcoming.

Under the pending bill, the President would have the right to cancel any agreement immediately, should the receiving country fail to perform in accordance

with an agreement which would have been previously entered into by our Government and the receiving country.

Mr. President, I have listened with a great deal of interest to what the Senator from Oregon stated about the foreign policy involved in this bill. I am sure all of us realize our foreign policy maker is not the Congress; it is not the Secretary of State; but it is the President of the United States. The President would have the power to delegate any member of his Cabinet to represent him in negotiating agreements for the distribution of food to needy countries.

Since this bill has provisions in it that can be better administered through the Department of Agriculture, it was the belief of the committee that the administration of it should be placed with the Department of Agriculture.

Irrespective of whether or not we put it under the Department of Agriculture or the Department of State, the President would be the one to direct what should be done and to enter into any agreements with countries that would be entitled to aid from us.

I am not going to go into details, but I am sure any member of the Committee on Agriculture and Forestry can well remember the great difficulties that the Department of Agriculture had when we had these surpluses because of the fact that the Secretary of State would not cooperate with us. We had extensive hearings in 1955 shortly after Public Law 480 was passed. We found that the State Department was not interested in using our surplus agricultural commodities for the purposes of Public Law 480 at that time. To correct the situation I introduced a bill together with most of the members of the committee and several other Senators. That was S. 2253 of the 84th Congress. That bill centered primary authority in the Secretary of Agriculture. That was its purpose and it was passed by the Senate. There have been several attempts to change it, but Congress has resisted them, and this has been the law since 1955.

Even with this provision in the law, we have had many problems presented to the committee because the Secretary of State oftentimes preferred that we give dollar aid and let the aided countries buy their commodities elsewhere, instead of using our surplus commodities to provide aid. On many occasions objection was urged that if the food were sent to the foreign country, it would put out of balance the production of food in that country or other countries. As a result, I am sure we missed many sales we could have made for cash or under favorable terms, as well as missing many opportunities to use surplus commodities in lieu of dollars.

I am not going to elaborate the case for the bill, but I am hopeful that the Senate will vote down the Fulbright amendment, because, I repeat, this bill does not lend itself to a 1-year extension. It should be at least 2 years. That is because domestic production decisions cannot be carried out in less than 2 years. For those reasons I am sure the Senate will vote down the Fulbright amendment.

Mr. HOLLAND. Mr. President, I, too, oppose the Fulbright amendment. However, I have listened with a great deal of interest, and always with pleasure, to the comments of the distinguished Senator from Oregon [Mr. MORSE], who is always interesting and persuasive.

It seems to me, however, certain things in this whole picture have been overlooked by him.

One thing he does not overlook. He began by stating he realized that this country was undertaking to continue to furnish food to starving and hungry people around the world. I think I read into what he said, the additional statement that nothing so creates a cradle for communism like hunger and deprivation for people who are underprivileged and underfed. He recognized, as the Senator from Arkansas [Mr. FULBRIGHT] yesterday recognized, that we are under the duty to help those people. I think every Senator understands that when we were "shoveling" surplus food to the rest of the world, we were not doing as hard a thing as under this bill. We have gotten rid of our surpluses. We are lucky that we have done it. The committee, headed by the distinguished Senator from Louisiana [Mr. ELLENDER], has played a great part in getting rid of the surpluses.

As the only great country in the world able to do so, we have the duty not only to prevent people from starving, but, to achieve the peace objective, we must also put back into production some of the 60 million acres which were taken out of production in the various legislative acts passed in the last several years.

Mr. President, 60 million acres is a lot of land. I have figured out, at my desk, that it amounts to nearly 94,000 square miles of land. My own State of Florida has some 50,000 square miles. So that amount of acreage is as much as the area of Florida plus another half. It is that much in tillable acres which we have retired from production in order to get rid of surpluses.

Now we are asked by the only department which has the facts, which has controlled this process, to put back into production the additional acreages to meet our needs from year to year.

We are not without some experience in this field, because, as the Senator from Louisiana [Mr. ELLENDER] just explained, the Secretary of Agriculture has sought to step up the production of wheat in two increments of 15 percent, or a total of 30 percent.

I have talked with officials in the Department of Agriculture. They do not believe that anything like that total amount will be put back into production. What is the reason? The reason is that no assurance is given to the farmers, who have been diverting their acres and putting them into grasslands or other uses, that it will be continued for more than 1 year. A farmer, for example, who had diverted his acreage to pasture, would not be willing to produce on those acres not knowing whether he would be able to depend next year on the Government. It has been difficult getting the farmers to react to a 1-year program. With the provision in the bill, we would

have 1 additional year. It is limited to wheat and rice and will be only partially applicable to new production. As to how much will be produced, no man knows, and no man will know until we get further along in the year. But we know, from what the Department of Agriculture tells us, it is going to be much less than the added amounts which he would like to have, but for which he could not give more than 1 year's assurance under his authority.

I think the Senator from Oregon mentioned the fact that Congress has been frequently subservient to the Executive. I recognize that. I think I have been heard just as often in opposition to such subserviency as has any Member on the floor and by my votes have shown that feeling.

That feeling does not exist with respect to this legislation. In the first place, the administration asked for a 5-year program, but this is a 2-year program.

In the next place, the administration asked for a much larger program, and we reduced it to a figure which we thought was in accord with the need. I hope that experience will show our estimate to be more nearly right than the sizably larger program which the President suggested.

We deliberately fixed the 2-year program, because we think that is the minimum period of time under which farmers who have been proceeding under the land diversion and retirement program will be willing to bring the diverted or retired acreage, or part of it, back into production so as to take part in this particular program.

I call the Senator's attention to the fact that this will not be the most highly profitable use to which that land could be put. For instance, in the wheat fields, this does not step up the man's wheat certificates for domestic use at all, because his domestic certification of wheat depends upon what is needed for the domestic market. This additional wheat which he is asked to produce is at the secondary level of price, the secondary level of return to him.

The committee felt that 2 years was the minimum period which would permit the really sound functioning of this program. The committee certainly does not claim knowledge of everything, nor claim to be allwise, but we do think we know that a 1-year program would not meet with the response which is necessary to fulfill this need. That is the reason why we have provided a 2-year program—which, by the way, conforms to the same decision that was made in the House, which itself was not subservient to the Executive, but decided upon a 2-year program rather than a 5-year program.

Mr. President, certain commodities are very vitally involved. One is wheat, which has been mentioned. It is the staff of life in a large part of the earth. I think I have made sufficient mention of that already. Another is rice, which in other parts of this earth is the staff of life; and we propose to supply more rice to those nations which are used to relying upon that crop for their principal diet.

In connection with what was said by the distinguished chairman of the committee, the Senator from Louisiana [Mr. ELLENDER], about the attitude of the State Department, I remember a few years ago, in operations under Public Law 480, when we had a terrible time with the State Department over their arguments as to whether white rice or yellow rice be supplied to Japan. They wanted to supply Japan with the kind of rice that Japan did not want; and we wanted to supply Japan, of course, with the rice that it did want. There was plenty of it. There was a regional difference involved, as to what region produced white rice and which produced yellow rice. I do not know that the State Department was playing politics, but I do know that it took a very unreasonable and impractical attitude, and did not propose to supply to the Japanese, who were crying for rice to feed their people, the type of rice which we had in abundance and overabundance, but which the State Department thought should not be supplied, but should be supplied another kind instead. That is, I think, one of the arguments why the Department of Agriculture should have a very important voice in this whole program.

Mr. President, my feeling is that this bill has been studied very carefully.

Mr. MORSE. Mr. President, will the Senator yield to me just long enough for me to ask for a rollcall vote on the Fulbright amendment?

Mr. HOLLAND. I am happy to yield to the Senator from Oregon for that purpose.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the Fulbright amendment.

The yeas and nays were ordered.

Mr. HOLLAND. So, Mr. President, this bill is for the minimum period of time which our committee, with some knowledge and some experience in the field, and relying on the Department which has even greater experience in the field, decided was the minimum time in which this program could work out.

Mr. President, I shall not dwell in greater detail on this matter. The distinguished Senator from Louisiana yesterday pointed out many practicalities embraced in this bill that have not existed heretofore—such, for instance, as the right to use 25 percent of soft currency for sale to our tourists, in the effort to reduce the balance-of-payments problem; and such as giving more money and greater prominence to the farmer-to-farmer program, believing that our farmers going from this country to underdeveloped countries could not only check with considerable knowledge on whether those countries were really building their agricultural production to greater heights, but also could convey both good will and good information as to the production of some crops which were important.

We have added item after item of the type of those two—time forbids going into them in greater detail—which I hope will make the program more practicable.

To sum up the matter, we have made the whole program answerable to the domestic problem. It can be called off at

any time; and every agreement will have to provide that whenever there is found insufficient carryover from year to year to supply our own domestic needs and to supply our export market, at that time the program can be stopped by our executive. Because, after all, our own problems do have to come first; and even those who will be receiving our grain, our soybeans, and other products, which they very badly need and which will mean so much to them, realize that we are only exercising good commonsense in putting our own needs first.

Mr. President, in closing, I merely wish to say that I do not see any reasonable way for this program to be administered other than to have it administered under the Secretary of Agriculture; because time after time, in the bill and in the report, there is accentuated the fact that before the program can be initiated and before it can be continued after it has been initiated, there must be considered and favorably determined these questions of our domestic supply and the like.

I quote, for instance, from the bottom of page 21 of the report—there are numerous other pertinent statements, both in the bill and in the report, but I shall quote only these few words:

The new dimensions of self-help and use of nonsurplus commodities add to the importance of the principle expressed in section 401 of this bill—that principle which assigns to the Secretary of Agriculture the responsibility for determining “the agricultural commodities and quantities thereof available for disposition under this act, and the commodities and quantities thereof which may be included in the negotiations with each country.”

There is only one place where those determinations have to be made under present law. There is only one place where they conceivably can be made with accuracy, because there is no other office that has the detailed information and experience to enable it to make them. It seemed to our committee that it was a wholesome thing to have this program all in one place, and to have the Secretary of Agriculture determine not only those questions which have to do with production—that is, what commodities should be produced and in what amounts, and when they could be made available and in what amounts—but also whether those amounts continued to be adequate, because he could insist on the programs being called off if at any time they were inadequate.

So our committee decided—and I am still strongly of the opinion that we were right in that decision—that the Secretary of Agriculture, having those most important aspects of this program under his jurisdiction, and necessarily so, should be given more plenary control of the whole program than had been possible heretofore.

We have not been too happy about the manner in which the Department of State has handled many parts of the program. I have mentioned the rice program for Japan, which is just one of several incidents I could relate.

It is my feeling that the bill provides for the shortest minimum time and that

the amendment of the Senator from Arkansas should be rejected. In general, the bill is soundly drawn and places the responsibility in the place it should be.

Mr. President, I hope that the amendment of the distinguished Senator from Arkansas is rejected.

HIGH INTEREST RATES AND THE MORTGAGE MONEY MARKET

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG of Louisiana. Mr. President, the great increase in jobs, income, and prosperity which this Nation has enjoyed for the past 6 years, has been made possible by a vast increase in the credit structure of America, both public and private.

Not a long time ago, the credit facilities of this country were of concern to relatively few people—to the bankers and other lenders; to the industrialist who was expanding his capital plant, or increasing his operations; to the governmental agencies adding to the public facilities, or providing services to the public in other ways; and to the relatively few individuals who were wealthy and in position to furnish the money market with cash.

Today, the majority of our citizens deal almost daily with the money lenders in one form or another. The hallmark of the American system, especially in the eyes of those abroad, has become the use of credit to purchase the goods which our gigantic productive capacities pour out for our consumption. It is no longer just those who must have cash and capital to produce, as the farmers do, and the small service and manufacturing establishments, although this development itself is one of the important aspects of our economy.

The vast majority of all the people are affected in their daily lives almost immediately when interest rates go up. Our total gross private debt has gone up from \$337 billion at the end of 1952 to about \$993 billion at the end of 1965. The interest-bearing portion of that debt has increased roughly from \$238 billion to \$756 billion over the same period, and the cost of carrying this portion has gone up from \$11 billion to \$49 billion, an increase of \$38 billion. These data are estimated and additional details are shown in a tabulation which I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibit 1.)

Mr. LONG of Louisiana. Mr. President, the cost of the excessive interest rates is more easily measured when applied to the national debt. This debt has increased since 1952 by about 21 percent, but the cost of carrying that debt has increased by about 107 percent.

Mr. President, I ask unanimous consent that a small chart illustrating the increase in the debt and the increase in the cost of carrying the national debt be printed at this point in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Increase in debt cost
[In millions of dollars]

NATIONAL DEBT	
1952-----	259,843
July 1966 (21-percent increase)----	314,880
CARRYING CHARGES (ANNUAL INTEREST COST)	
1952-----	6,052
July 1966 (107-percent increase)---	12,520

Mr. LONG of Louisiana. Mr. President, taking into account the increase in the cost of carrying the State and local debts, we find that the burden of higher charges for our debts has gone up by almost \$47 billion for 1965, over what it was in 1952.

It is now much higher. For example, the annual interest charges on the national debt went up another billion dollars from the average for 1965 to July 1966. The data for the increase thus far in 1966 for the private debt are not available, but it is certain that the costs have gone up a great deal more.

This represents a shift in income from those less able to pay to those who are already wealthy. It is a redistribution of income in reverse, if you please, and it makes the fuss about the spending of the Great Society look like a tempest in a teapot.

One competent source, about which I shall have more to say later, has put it in another way. The Conference on Economic Progress stated in 1964:

If the prevalent monetary policy continues, the excess interest costs, during the seven years 1964-70 inclusive, are estimated as: 27.3 billion dollars upon the Federal Budget, 6.6 billion upon States and localities, 54.8 billion upon private borrowers, for a grand total of 88.7 billion—an average of 12.7 billion a year, and 15.4 billion in 1970 alone.

Already we have seen that this forecast was not nearly pessimistic enough, but the correctness of the warning has certainly been proved.

It is not just the added burden financially, Mr. President, although that itself is bad enough, or that the burden falls most heavily upon those least able to bear it. As the money market has gotten tighter and the rates have gone higher, credit has become inaccessible to many people.

The most spectacular aspect has been, of course, what happened to the mortgage market in this country. I am aware of the legislation just passed by the Congress which represents an attempt partially to relieve this particular situation, but I think it important to bear very much in mind what happened to produce such pressures upon the Congress that it had to take some action.

Interest rates for prime first mortgages were $4\frac{1}{4}$ percent in 1952, and at that rate a \$10,000 mortgage under the National Housing Act over a 30-year term requires a total payment of \$17,712. By early this year, the rate had climbed to $5\frac{3}{4}$ percent, and the total payments on

a similar mortgage were \$21,024, an increase of about \$3,300.

And even if they do find someone who would lend them money under the Government program, and they can find a big downpayment, they are not home yet because they must now deal with something called penalty points. This is nothing more than an effective if not an illegal increase in the interest rate; a device which makes nonsense of negotiating the rate of interest and the face amount of the mortgage note.

This can be drastic. For, if the lender insists on eight "penalty points," as he frequently does, this has the effect of increasing the rate of interest by one percent. When added to the one-half percent for the cost of the Government

guarantee, the effective rate becomes $7\frac{1}{4}$ percent.

On loans outside this program, rates have been paid as high as 8 percent, and the increase represented by that rate of interest on a similar mortgage is \$26,415, or an increase of almost \$9,000 over the cost in 1952. This is also more than $2\frac{1}{2}$ times the amount of the original mortgage that the person would have to pay to buy such a home.

Mr. President, I ask unanimous consent that a tabulation, entitled "Comparison of Monthly and Total Payments To Liquidate \$10,000, 30-Year Mortgage—1952 and 1962," be printed at this point in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Comparison of monthly and total payments to liquidate a \$10,000 30-year mortgage, 1952 and 1966

[Index, 1952=100]

	Monthly payment	Index	Total payments	Index	Interest payments	Index
1952 (based upon the $4\frac{1}{4}$ -percent interest rate generally prevailing for FHA loans)-----	\$49.20	100	\$17,712	100	\$7,712	100
1966:						
(a) $5\frac{1}{4}$ percent (nominal FHA rate prevailing since Apr. 11, 1966)-----	58.40	119	21,024	119	11,024	143
(b) $6\frac{1}{2}$ percent (estimated effective FHA rate prevailing in early August, reflecting "points system")-----	63.21	128	22,756	128	12,756	165
(c) 7 percent (rate on conventional mortgage prevailing in some southern and western areas, August 1966)-----	66.53	135	23,951	135	13,951	181
(d) 8 percent (extreme rate prevailing on conventional mortgage in some western areas, August 1966)-----	73.38	149	26,417	149	16,417	213

Primary Source: Federal Housing Administration, Amortization and Mortgage Insurance Premium Tables.

Mr. LONG of Louisiana. Mr. President, the most serious effect in many ways upon the mortgage market was not even in the rate of interest—the money simply was not available to this market in the amounts needed, and there arose discrimination of many types as between the competing applicants for such funds as were available.

Two of these effects were noted on the front page of the Wall Street Journal for last Friday, August 26, where it was stated that in some markets buyers were showing an understandable preference for homes with existing mortgages, but the right to refuse to accept assignment of the mortgages was being exercised ruthlessly by the holder. One real estate source was quoted as saying:

Maybe 12 out of 100 home buyers who ask to assume existing mortgages currently get the bank's okay. A year ago if 50 people wanted it, $49\frac{1}{2}$ would qualify and get it.

The other point noted was that "tight money" has eliminated a lot of people from the market who only have \$2,000 or \$3,000 for a down payment."

In other words, Mr. President, "those who don't have, can't get" in the home mortgage market.

Let us look for a moment, Mr. President, at just who is getting the money

available in the money market. According to the latest figures from the Federal Reserve Board, borrowing by corporate businesses increased by more than \$4 billion on an annual rate as between the second quarter of 1965 and the second quarter of 1966, while household borrowing went down by more than \$4 billion.

Small business, or nonfarm noncorporate business, as the Federal Reserve Board defines it, also went down by more than one-half billion dollars.

Between these same two periods, total borrowing went up less than \$1 billion.

These figures from the official Federal Reserve Board data tell the story. There was very little more money available, but those in the most advantageous position even took funds away which ordinarily would have gone to households and small businesses. These data are from the Federal Reserve Board and a table is appended to my remarks showing these matters in detail.

Mr. President, I ask unanimous consent that a tabulation illustrating in more detail just how some other sectors have suffered from the dominance of the big companies in the money market be printed at this point in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

preme Court. Mr. President, I am a lawyer with much experience, and I have not argued that many cases, and I am 17 years older than Mrs. Motley. So she is a lawyer of great experience.

Here is the other point which appealed so strongly to me, and I think it should to other Senators. We have a character committee for the bar of New York. In order for one to be admitted, the character committee gives an applicant a thorough going over. It is a committee of fitness.

Many who have studied law have had the tragedy of being stopped there in their tracks, and they have not been admitted for reasons infinitely less serious than those stated here as affecting her early life. Apparently she passed through that committee unscathed. She was admitted to the bar, and has remained a member of the bar for 18 years.

She was counsel for a great organization carrying on a great legal battle. Knowing of those who had opposition against the NAACP in that fight, we know that if they could have found anything to use against Mrs. Motley, they would have done so. So nothing was found against her.

She ran for New York senator in 1964. If there is any place where people will dredge up anything they can, it certainly is in that political battle. No one questioned her. She was elected to the State senate from a West Side district.

Then she became borough president of Manhattan, again in the white light of public scrutiny, again with nothing brought up against her. Finally, to cap it off, the Justice Department gives a most thorough going over to such applicants. So does the FBI. The administration is not going to be embarrassed by having anybody nominated who cannot pass the test.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. EASTLAND. The Senator mentioned the FBI. The Senator has not seen the FBI file; has he?

Mr. JAVITS. I have not seen it. I may ask the Senator from Mississippi if he has seen it.

Mr. EASTLAND. Yes. Of course, I would violate a confidence by getting on the floor and stating what was in the FBI file. I certainly would not make a statement that there was not information in that file that bears out this testimony. I would not make such a statement that there is no such information, but I would not attempt to lead the Senate to believe that there is nothing in that file. I judge that that was the tenor of the Senator's remarks.

Mr. JAVITS. No; that is the tenor the Senator reads into my remarks. That is not what I said. The tenor of my remarks was that after the Justice Department and the FBI checked into the nominee, the administration continues to be for her judgeship. I implied nothing else.

There are many unscreened and unevaluated things about all of us, perhaps, in the files of the FBI, Naval Intelligence, Army Intelligence, and everywhere else. I am very well aware of that, as the Sen-

ator from Mississippi knows. That fact has caused a lot of people a lot of trouble, including me. So I speak from experience.

But that does not mean one is guilty of anything. Not in this country. All I am invoking the proceedings of the Department of Justice and the FBI about is that Mrs. Motley's name is here, it continues to be here, the administration sent it here, and it has not backed away from it at all, to its eternal credit. Neither do I, and neither did the overwhelming majority of the members of the Committee on the Judiciary.

Mrs. Motley is an outstandingly fine lawyer, and as fine a woman, so far as I have been able to ascertain from all of these sessions, as reasonable men of high probity and character could wish. I think that her record, and the rather unusual amount of public exposure she has had, as I have just recounted, should give us all the reassurance which we require to stand against the uncorroborated testimony of one person, in, I repeat, a proceeding before another committee, which the same witness did not think it worth while to bring to us, who were the subcommittee sitting on this nomination, to which there was no opposition—not a letter, not an appearance, nothing.

I certainly do not think we ought to destroy a career by turning down this confirmation upon, in my opinion, such a very unsubstantial basis. I agree with the Senator from Mississippi that, since he felt as he did about it, he had a duty to lay the facts before the Senate; and I am glad that he has. But I feel that the overwhelming weight of the evidence and Mrs. Motley's record overall of this time are in favor of this nomination, and I hope the Senate will confirm it.

Mr. KENNEDY of New York. Mr. President, I, too, rise to speak in favor of the nomination of Constance Baker Motley, and I associate myself with the remarks of my senior colleague.

I recommended Mrs. Motley to the Department of Justice and to the President. I recommended her on the basis of my own personal experience, having worked with her, when I was Attorney General of the United States, on some very difficult matters, matters which required a great deal of courage and judgment on her part.

I do not think there was a lawyer involved in civil rights matters during that period of time for whom those of use who were involved in those matters in the Department of Justice had greater respect than we had for Mrs. Motley. She showed sound judgment and great courage and integrity.

So my recommendation is based on that personal experience, plus her reputation, which is of the highest order. My senior colleague has listed some of the matters in which she has been involved during the course of her career, in which she has conducted herself with the greatest degree of intelligence and the highest degree of integrity throughout.

Although young in years, Mrs. Motley has had a long and distinguished record as a lawyer and as a public official.

Since her admission to the bar in 1948, she has been counsel in a substantial number of significant cases and has successfully argued many important appeals before the Supreme Court of the United States.

As I indicated, she has been especially active as a lawyer in the field of civil rights, and her representation of her clients in that area has been particularly outstanding.

In addition to her distinguished record as a lawyer, Mrs. Motley has served in the Legislature of the State of New York as a State senator, and she has also served her State as a member of the State Advisory Council on Employment and Unemployment Insurance.

Since February 1965 she has been the President of the Borough of Manhattan.

So I was very pleased to have the opportunity to recommend her to the President of the United States. My senior colleague has mentioned a number of organizations and groups with which she has been associated, and the fact that she has run for political office in the city of New York and the State of New York. There has, therefore, been ample opportunity over the years for any derogatory matter in connection with Mrs. Motley to be brought out in public.

There is one point I wish to emphasize. In connection with the FBI report, one person who did see that report was the Attorney General of the United States. He was one man who had the opportunity to study the FBI report and all of the evidence that the Senator from Mississippi has stated is available. He had the opportunity to study that and go into it in great detail.

Moreover, he has a responsibility to the Senate and to the people of the United States in the field of internal security. It hardly seems likely that the Attorney General, if he had had any information at all that Mrs. Motley was associated, even in a remote way, with the Communist Party, would have written a letter to the President and recommended that she be made a judge.

In the second place, the President himself would have had access to all of this information. It hardly seems likely that he would have recommended that the Senate confirm the appointment of Mrs. Motley as a judge, if there was any indication, any evidence, or any information that she was identified or associated with the Communist Party.

Not only has Mrs. Motley run for public office, where all these matters could have been exposed, but she has been associated with a major national organization dealing with civil rights, where undoubtedly, as my senior colleague has stated, the offices of that organization would have gone into these matters thoroughly.

But I think the most positive point in her favor is the fact that the Attorney General of the United States, who has this basic responsibility, would not have made this recommendation to the President, and the President would not have submitted her nomination to the Senate, had there been any basis for the charge. And I state for myself that, having known Mrs. Motley and her reputation,

and having been aware of some of these matters, I still highly recommended her to the President, and I highly recommend her now.

I urge the confirmation of her nomination.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

FOOD FOR PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from New Hampshire [Mr. MCINTYRE] and the Senator from Maine [Mr. MUSKIE] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT] would vote "nay."

I also announce that if present and voting the Senator from Georgia [Mr. RUSSELL] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from New Jersey [Mr. CASE] is absent on official business.

The Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON] and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Kansas [Mr. CARLSON], the Senator from Nebraska [Mr. CURTIS], the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Delaware [Mr. WILLIAMS] are detained on official business.

If present and voting, the Senator from Delaware [Mr. BOGGS], the Senator from New Jersey [Mr. CASE], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from California [Mr. MURPHY], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Utah would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Texas [Mr. TOWER]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 11, nays 63, as follows:

[No. 237 Leg.]

YEAS—11

Byrd, Va.	Gruening	Morse
Cotton	Hartke	Symington
Dirksen	Hickenlooper	Young, Ohio
Fulbright	McClellan	

NAYS—63

Aiken	Hill	Moss
Allott	Holland	Mundt
Anderson	Hruska	Nelson
Bass	Jackson	Neuberger
Bayh	Javits	Pastore
Bible	Jordan, N.C.	Pell
Brewster	Kennedy, Mass.	Prouty
Burdick	Kennedy, N.Y.	Proxmire
Byrd, W. Va.	Kuchel	Randolph
Cannon	Long, Mo.	Ribicoff
Clark	Long, La.	Robertson
Cooper	Magnuson	Smathers
Dodd	Mansfield	Smith
Dominick	McCarthy	Sparkman
Eastland	McGee	Stennis
Ellender	McGovern	Talmadge
Ervin	Miller	Thurmond
Fannin	Mondale	Tydings
Griffin	Monroney	Williams, N.J.
Harris	Montoya	Yarborough
Hart	Morton	Young, N. Dak.

NOT VOTING—26

Bartlett	Gore	Pearson
Bennett	Hayden	Russell, S.C.
Boggs	Inouye	Russell, Ga.
Carlson	Jordan, Idaho	Saltonstall
Case	Lausche	Scott
Church	McIntyre	Simpson
Curtis	Metcalfe	Tower
Douglas	Murphy	Williams, Del.
Fong	Muskie	

So Mr. FULBRIGHT's amendment was rejected.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I call up my amendment No. 778.

The PRESIDING OFFICER (Mr. HARTKE in the chair). The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Illinois [Mr. DIRKSEN] proposes an amendment on page 53, be-

tween lines 17 and 18, insert the following:

(E) by adding at the end of section 303 the following: "Notwithstanding any other provision of this Act, the President shall give first priority under this Act to agreements with friendly countries for the exchange of agricultural commodities for strategic and other materials needed by the United States, and no agreement for the sale of agricultural commodities may be entered into under title I with any friendly country unless the President (1) has determined that such country has no such materials reasonably available for exchange, and (2) has so notified the Congress in writing to that effect."

On page 53, line 18, strike out "(E)" and insert in lieu thereof "(F)".

Mr. DIRKSEN. Mr. President, actually, what this amendment amounts to is reinstating barter agreements, so that if a country has critical and strategic materials and resources that we could use, and the President found that they were necessary, those countries would have first priority, and we would get a little something for what we would otherwise be giving away.

In the early administration of Public Law 480, barter contracts were entered into for a variety of strategic and critical materials that were on the Office of Defense Mobilization list of strategic and critical materials. We acquired from foreign sources minerals for stockpile such as copper, lead, zinc, mercury, and others. These stockpiles have proven to be of incalculable value during the Viet conflict. The drawdown on these supplies has been heavy, and the stocks should be replenished as soon as possible.

Aside from its importance to our defense capability, the barter program had two beneficial effects abroad. First, it enabled undeveloped properties to be developed and brought into production, thus widening the foreign source of supply for minerals in which the United States is not self-sufficient—as, incidentally, we are not, in most strategic and critical minerals. This development and production also created employment abroad. In addition, the development of these additional sources of supply also tended to stabilize the market.

One hundred and twenty countries and territories received agricultural commodities under the barter program. The approximate value of these commodities was \$1,652 million. As indicated in the 19th semiannual report on Public Law 480, "Exporting Agricultural Commodities Instead of U.S. Dollars Helps the U.S. Balance-of-Payments Position." The International Economic Policy Association estimated, on page 95 of its book "The U.S. Balance of Payments"—an appraisal of U.S. economic strategy—that:

Strategic materials obtained under title III (Public Law 480) through barter transactions have saved \$1.6 billion.

The food-for-peace measure virtually insures that there will be no further barter transactions. This results from the very generous terms provided in title I of the bill. There could be little question as to what choice a country would make if it could avail itself of the terms of title I. Certainly, it would be highly unlikely that it would voluntarily

offer to barter. Rather, it could reasonably be expected to avail itself of the provisions of title I, and then sell any surplus minerals it had on the U.S. market, depressing domestic prices and causing an outflow of dollars. I think Chile copper is a splendid example of that.

Certainly, it would seem reasonable to require that the President exhaust barter possibilities before authorizing title I sales.

It has been said of the pending bill, "What you can't do under the Foreign Assistance Act you can do under this one and furthermore you have the expertise of Orville Freeman's management."

I believe that we can get a little something for our commodities if we reinstate this barter arrangement, and not give them an incentive to just take it whole hog and "for free."

That is the whole story.

Mr. ELLENDER. Mr. President, I rise in opposition to the amendment of the Senator from Illinois.

A provision such as this has been in the law for the past several years.

The law now provides:

The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation.

That has not been changed at all.

As I understand this amendment, notwithstanding the fact that we have that law, and notwithstanding the fact that the Secretary of Agriculture can take this action in the event we need it, this amendment would force the President of the United States, before any agreement was entered into, to make the determination as to whether or not the recipient country has any strategic materials to barter with. It would simply delay matters and, in my opinion, would make it almost impossible at times for contracts to be entered into.

This amendment would put undue emphasis on barter transactions. As the Senate knows, we now have on hand over \$10 billion of strategic material, much of which was acquired through bartering.

The law already requires the Secretary, "whenever he determines that such action is in the best interests of the United States," to enter into barter contracts. That is about as strong language as appears reasonable, and if the Senator's amendment adds anything to the existing authority, its effect must be to require barter, even when the Secretary determines that such action is not in the best interest of the United States. In my opinion, if that were forced, we might have to bypass cash sales.

We would simply be selling our commodities for materials instead of dollars. The barter provision has been considered carefully and at great length in the past; and one of the most difficult problems we have encountered is that of not displacing dollar sales. We have provided specifically that the Secretary shall safeguard usual marketings of the United States and assure that barter will not replace cash sales for dollars. The Senator's amendment would require

barter to be made without regard to this provision. He would not require what has been called additionality, that is, that the barter be in addition to, rather than in replacement of, what can be sold for dollars. After long experience with the barter program, Secretary Benson in a letter to me dated March 11, 1958, said:

In our judgment the elimination of the principle of additionality as a result of barter cannot be justified.

Through the years, barter contractors have sought stronger and stronger directives requiring the Secretary of Agriculture to barter, since it results in very lucrative business for the barter contractors. The agricultural commodities which the contractor receives in exchange for the materials have frequently, in the past, been disposed of in normal trade channels, so that it has been difficult to be sure that the barter has actually resulted in any increase in the disposition of surplus agricultural commodities. In 1958, an amendment was sought requiring the Secretary to barter up to \$500 million worth of agricultural commodities per year. Like the pending amendment, it would have superseded any consideration by the Secretary as to whether or not the transaction would protect the funds and assets of Commodity Credit Corporation.

Secretary Benson objected very strongly to the amendment in 1958. I shall read what he had to say in regard to this amendment:

In spite of the zeal to substitute barter for normal exchange, the United States dollar can still be utilized to better advantage in world markets than our agricultural commodities. Then why do we have such strong pressures for a wide-open barter program? The fact is that a surplus situation exists in the world for many materials. The producers of those materials in the foreign countries and importers of those materials into this country want a price support and surplus removal program for those materials. We cannot solve the price support and surplus removal problems of our domestic agricultural economy by attempting to take on those same responsibilities for a much wider field of material production throughout the world * * *.

The proposed amendment prohibits the exercise of administrative judgment to an unprecedented extent. In our opinion it would, in retrospect, serve as a basis to discredit the Congress that enacted it and those who attempted to administer it.

Today when our stocks of agricultural commodities have been reduced to a low level, there is less justification for barter than there was in 1958 when we were attempting to dispose of surplus stocks in any feasible manner. The emphasis in the bill before us is to provide assistance to those countries that need it. The amendment of the Senator from Illinois would not contribute to that purpose, but would interfere with its being carried out.

At the present time barter is used principally to meet the needs of Government agencies overseas. In 1965 barter procurements for the Department of Defense were valued at \$112.1 million. Among the various supplies and services procured for the Department of Defense overseas installations in Europe and Asia

were stevedoring services, lumber and transportation, base maintenance services, lockers and PX supplies.

Procurement for AID in 1965 was valued at \$51.8 million. That included cement, petroleum products, fertilizer, and sugar. Much of this material was delivered to Vietnam.

Barter procurements for Federal agencies to use overseas have contributed substantially to the improvement of U.S. balance-of-payments position by using agricultural exports for purchases which otherwise would have resulted in overseas expenditures of dollars.

As of May 31, 1966, stockpile inventories of strategic and critical materials total \$11,499,442,430. That included a host of materials, most of which are in excess of our needs. Increasing barter for strategic and critical materials will add nothing to our balance of payments, but, as a matter of fact, may well interfere with our normal cash sales for dollars.

I ask the Senate to reject the amendment.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, I am afraid that my distinguished friend from Louisiana [Mr. ELLENDER] somewhat misses the point. Now, if there is any virtue or validity in the contention that this is slightly involved, the only answer is that it could easily be modified in conference to make it a little more direct.

But the essential thing is that there be a priority, wherever we can borrow for critical and strategic materials, and the President can make a finding whether a country does or does not have available such materials.

The other point is that no agreement for the sale of these commodities may be entered into under title I with any friendly country unless the President makes that determination. There is \$2.5 billion involved here. Add that to \$3.5 billion in foreign assistance, and the amount comes to \$6 billion.

Do not think for 1 minute there will not be takers under title I if there are materials we can use. If there are resources, if there is something we can do to stimulate development of creating more resources in other countries, it should be done, and under this proposal that gets a priority, and it should have a priority.

I think that the amendment should be approved by the Senate.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. Is the main difference between the amendment of the Senator and the existing law that instead of taking a local currency that is nonconvertible, the Senator would provide for getting some kind of tangible commodity?

Mr. DIRKSEN. It provides that no agreement for the sale of these commodities shall be entered into until the President makes a finding. It gives it a priority and that is what I intend. That it shall have a priority.

Mr. ELLENDER. What about cash sales? I would like to ask the Senator from Illinois about cash sales.

Mr. DIRKSEN. How many cash sales will there be? When all we get is 5 percent in dollars, it does not amount to a hoot.

Mr. ELLENDER. I wish to point out that this is the law and has been for quite some time.

SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for off-shore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges.

We have been handling that for quite some time and we have accumulated—not altogether under this bill, but we have at hand now—over \$10 billion in strategic materials. It would seem to me that there is enough authority in the law now, and the Secretary has the power to make that determination now, acting through the President.

Mr. DIRKSEN. There are two answers. First, we are shooting away like mad in Vietnam. How long, at the rate we are spending, is that pile going to last? Secondly, this requires that the President be given authority.

I do not need the advice of Orville Freeman. I do not give him a chance to qualify and let him determine if it is in the national interest. I would like to see this priority on a mandatory basis, anchored in the law. That is where it belongs.

Mr. AIKEN. Mr. President, I am not as certain as the minority leader that this amendment would be modified in conference, to begin with, because we have had experience in that field.

I think that barter is a good idea if it can be controlled. But we found from experience a few years ago that it is very difficult to control.

We found that instead of strengthening the price of our commodities abroad that those who undertook barter deals would go to other countries and offer our commodities at reduced prices. In one instance I know of one offer that was made for 10 percent less than the regular exporting trade was getting for the same commodity.

The traders are smart. In some ways they know what is going on in the foreign countries a lot better than does the State Department. In fact, I think that is where the State Department gets much of its information.

We found they could sell to one country on a barter deal and get materials in exchange. The materials which they sold could be delivered to a third country, and the commodities which were furnished by this country would be paid for by certain commodities from still another country.

In fact, it was so very difficult to control this practice that Secretary Benson found he had to put a stop to most of it. Except in unusual instances the barterers could cut the ground out from under our regular exporters. They then would have the advantage of bringing the materials, usually minerals which they took in exchange for our commodities, into this country duty free, which enabled them to undersell the people who were legitimately in the same line of business here.

If we could swap some tobacco for copper from another country, that would be a pretty good deal. However, I recall the difficulty in controlling the situation which was experienced during the years it was practiced to a considerable degree. I would not want the pending amendment to be approved expecting the House to reject it, because I doubt that that would be the case. I would also want to have the Department of Agriculture before the committee, and I would want other interested parties to have an opportunity to come before the committee, to find out whether it was a good thing to have the barter authority strictly circumscribed by law, because I know from past history how difficult it would be for the Department of Agriculture to keep it within reasonable bounds. Then we would want to find out just exactly how this amendment would change the present situation. Thus, I think we should have a hearing on it before adopting it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

On this question the yeas and nays have been ordered; the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from Maine [Mr. MUSKIE] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from New Jersey [Mr. CASE] is absent on official business.

The Senator from Delaware [Mr.

BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Kansas [Mr. CARLSON], the Senator from Nebraska [Mr. CURTIS], and the Senator from Delaware [Mr. WILLIAMS] are detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from California [Mr. MURPHY], and the Senator from Wyoming [Mr. SIMPSON] would each vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Delaware [Mr. Boggs]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Delaware would vote "nay."

On this vote, the Senator from Texas [Mr. TOWER] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 19, nays 55, as follows:

[No. 238 Leg.]

YEAS—19

Bayh	Hickenlooper	Russell, Ga.
Cotton	Hruska	Smathers
Dirksen	Kuchel	Smith
Dodd	Mansfield	Thurmond
Fulbright	McClellan	Young, N. Dak.
Gruening	Morse	
Hartke	Mundt	

NAYS—55

Aiken	Hill	Nelson
Allott	Holland	Neuberger
Anderson	Jackson	Pastore
Bible	Javits	Pell
Brewster	Jordan, N.C.	Prouty
Burdick	Kennedy, Mass.	Proxmire
Byrd, Va.	Kennedy, N.Y.	Randolph
Byrd, W. Va.	Long, Mo.	Ribicoff
Cannon	Long, La.	Saltonstall
Clark	Magnuson	Sparkman
Cooper	McCarthy	Stennis
Dominick	McGee	Symington
Eastland	McGovern	Talmadge
Ellender	Miller	Tydings
Ervin	Mondale	Williams, N.J.
Fannin	Monroney	Yarborough
Griffin	Montoya	Young, Ohio
Harris	Morton	
Hart	Moss	

NOT VOTING—26

Bartlett	Fong	Muskie
Bass	Gore	Pearson
Bennett	Hayden	Robertson
Boggs	Inouye	Russell, S.C.
Carlson	Jordan, Idaho	Scott
Case	Lausche	Simpson
Church	McIntyre	Tower
Curtis	Metcalf	Williams, Del.
Douglas	Murphy	

So Mr. DIRKSEN's amendment was rejected.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, if I may have the attention of the Senate, I ask unanimous consent that there be a limitation of debate of 40 minutes on all remaining amendments, 20 minutes to be allocated to the originator of the amendment and 20 minutes to the manager of the bill, with 1 hour allowed on the bill, with the usual procedure.

The PRESIDING OFFICER. Is there objection? Hearing none, the unanimous-consent agreement is entered.

The amendment, as reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That during the further consideration of the bill (H.R. 14929) an act to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 40 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Louisiana [Mr. ELLENDER]: *Provided*, That in the event he is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. The committee amendment is open to amendment.

Mr. DIRKSEN. Mr. President, I submit an amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The legislative clerk read the amendment, as follows:

On page 45, line 6, insert after "Sec. 105." the following: "(a)".

And, on page 45, between lines 16 and 17 insert the following:

"(b) In addition to any other terms and conditions which may be applicable with respect to any loan or sale made from funds made available under authority of this Act, each such loan shall include a provision or provisions whereby the recipient of such loan or sale shall (1) express the par value of its currency in terms of the United States dollar at a rate of exchange between those currencies which the Secretary of the Treasury finds to be reasonable and (2) agree to maintain, notwithstanding any changes in the foreign exchange value of its currency, such initial par value of its currency for purposes of all computations relating to those currencies in connection with such loan. No provision of the terms of any loan hereafter made from funds made available under authority of this Act, which requires the maintenance of the value of the currency of the recipient of such loan in relation to the United States dollar during the period such loan is outstanding, may hereafter be altered."

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. DIRKSEN. I shall take only 2 or 3 minutes.

This is the so-called maintenance of value amendment. I offered it to the Foreign Assistance Act. It was accepted. Now, I rely upon the executive vice president of the Manhattan Bank of New York as authority for the statement I make. The Presiding Officer [Mr. HARTKE] will remember, as a member of the Finance Committee, that we had him testify on foreign investments. Here is what he said:

Mr. BARTH. For instance, I do not understand why any American—I am speaking about private people going to places like India or Pakistan or wherever we have counterpart funds—why they should be allowed to spend any dollars. He should buy the counterpart funds from somebody here before he goes, and spend them freely, and leave the dollars here in the United States.

The CHAIRMAN. Then that being the case, I take it, they would have that available to them to spend in the United States, to buy American products with.

Mr. BARTH. No. Their counterpart funds, Mr. Chairman, belong to you, the Government of the United States, and the dollars that the American tourist would spend abroad will be paid to the Government of the United States.

Now, listen to this:

For instance, you have—

Meaning the United States—

For instance, you have \$1.5 billion worth of rupees. Came the devaluation and you lost \$400 million.

When India devalued some weeks ago, it devalued 36.5 percent. As a result, we lost \$400 million.

In the contracts under the Foreign Assistance Act, for a long time it was a consistent practice to put in the maintenance of value clause. Then in slipshod fashion, sometimes it was included and sometimes it was not. There is no provision for maintenance of value in loans or sales involved in the food-for-peace program, and that is all this amendment will do.

If we expect to protect the Treasury of the United States and the taxpayers of the country, then I think it is high time we see that there is inserted in every contract that is made a provision like this, so we are not on the short end of the stick when they devalue their currency and leave us in the lurch that we have seen happen.

Mr. SALTONSTALL. Will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SALTONSTALL. This refers to counterpart funds, does it not?

Mr. DIRKSEN. Yes.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DIRKSEN. I yield myself 3 additional minutes.

Mr. ELLENDER. Mr. President, the committee has considered language along the line suggested by the distinguished Senator from Illinois. The only difference between what is in the bill and the

amendment is that we provide for a transition period of 5 years. As I understand, the Senator's amendment will make it effective immediately.

Mr. DIRKSEN. Indeed so. Why should we wait?

Mr. ELLENDER. Mr. President, I have no objection to taking the amendment to conference.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SYMINGTON. As I understand the amendment of the distinguished minority leader, it says that if we make loans, and if there is a change in the currency of the country in question, which, in effect, and as has happened so often, makes these loans, become gifts, the value of the loans must be maintained.

Mr. DIRKSEN. More than that, the currency has to be expressed in terms of dollars.

Mr. SYMINGTON. I understand, and support the amendment of the distinguished minority leader. It is protection to the American taxpayer.

Mr. President, I was glad to hear the chairman of the Committee on Agriculture and Forestry say he had no objection to it. As mentioned, I think it is a good amendment, in the interest of the taxpayer.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MILLER. I understand that the Senator's amendment would also cover this case: That where we would make a sale for a soft currency of the recipient country, let us say, for \$1 million, the credit for the \$1 million would be set up, perhaps not to be repaid for some years, and that if in the meantime the currency of that country was devalued, when they did get around to pay for the sale, it would be in full, fair dollar value as of the time the sale itself was made. Does the Senator's amendment cover that situation?

Mr. DIRKSEN. Exactly so. It gives the Secretary of the Treasury a chance to establish a reasonable value for that currency; but once that is done, it must be maintained. So if they devalue at some subsequent time, that will not bother any contract or sale that they have with us, because we will have it expressed in terms that we understand.

Mr. MILLER. So the Senator's amendment covers not only a loan, but a long-term sale?

Mr. DIRKSEN. Yes. I included the word "sale."

Mr. MILLER. I thank the Senator.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ALLOTT. Mr. President, the Senator from Iowa spoke of the devaluation of currency. Of course, we are all concerned about the maintenance of values in such case. But as I understand the minority leader's amendment—and I wish to be sure that this is true—it would cover not only situations where

currencies have been devalued, but also where they have been depreciated, or do depreciate, as they have done so violently in some of our Latin American countries, for example.

Mr. DIRKSEN. I think so. I think when you give the Secretary of the Treasury authority to establish a reasonable value in any case, you cover a situation of that kind.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. I yield myself 2 additional minutes.

Mr. ALLOTT. I wanted to be sure that that understanding was correct, because so many of the nations with which we have been dealing have as little restraint, unfortunately, as this country has shown in the last few years, all to our present sorrow. I wished to be sure that in the maintenance of values, in expressing these things, not only would voluntary devaluation by a country be covered, but also any depreciation of the currency which resulted from any other cause whatever, so that, in the end, no matter what the value of the soft currency at the end of 5 years, 10 years, or up to 20, as provided in the bill, we would get x dollars back, spelled out in terms of the then value of the soft currency, wherever and at whatever time the sale was consummated.

Mr. DIRKSEN. I think the language which reads "agree to maintain, notwithstanding any changes in the foreign exchange value" is in accord with the Senator's understanding.

Mr. ALLOTT. I thank the Senator.

Mr. DIRKSEN. I wish to compliment the distinguished chairman of the committee for putting a provision in the bill with respect to the sale of foreign currencies to those who travel abroad, at least up to 25 percent, as I recall it.

Mr. ELLENDER. Yes. My good friend, the Senator from Georgia, introduced that amendment in the committee.

Another thing that we put in the bill which would protect us is the realistic exchange rate. For instance, we found out that the official exchange rate in Poland was 24 zlotnys to the dollar, but you could go out, in Poland, and get 55 for a dollar. So we provided that the wheat or any commodity sold will be sold on the basis of 55 zlotnys to the dollar, rather than the 24 at which we sold it previously.

Mr. DIRKSEN. It has always seemed incredible to me—and I have discussed the matter with the Secretary of the Treasury on a number of occasions—that, since we have a Treasury full of foreign currencies, we do not compel our tourists to buy their currencies here and leave their dollars here.

But the answer was a very simple one, that those countries, notwithstanding our sympathy, our charity, and how good we have been to them, refused to accept their own currencies that we had obtained from them on a different deal.

That is an amazing situation, and I am glad that provision was put in this bill.

Mr. ELLENDER. It is possible that one of the virtues of the Senator's amendment is that it will lead to more

cash sales, which will not make any of us unhappy.

Mr. President, I yield myself 20 seconds. I ask unanimous consent to have printed in the RECORD at this point a statement entitled "Maintenance of Value Under Public Law 480, Title I, Sales and Loan Agreements."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MAINTENANCE OF VALUE UNDER PUBLIC LAW 480, TITLE I, SALES AND LOAN AGREEMENTS

During the first period of PL 480 operations, up until July 1955, the policy of denominating local currency proceeds in dollars and depositing them in a special dollar denominated account was followed. The policy was changed at that time in order to facilitate conclusion of sales agreements by relieving the purchasing government of the obligation to maintain constant value of the sales proceeds.

Maintenance-of-value requirements were maintained on loans of U.S.-owned local currencies until April 14, 1959. The reasons for discontinuing the maintenance-of-value requirement on loans of local currencies are set forth below.

The maintenance-of-value provision has in many cases caused considerable difficulty in negotiating loan agreements under PL 480. Foreign governments are understandably reluctant to conclude loan agreements requiring maintenance of value on local currency loans from the United States when they have an alternative choice of borrowing from their own banking system without the maintenance-of-value requirement and of allowing equivalent amounts of PL 480 funds to remain idle.

It is now the policy of the United States to require that substantial agreement be reached on the terms of PL 480 loan agreements at the same time as PL 480 sales agreements are concluded. This practice is desirable as a general rule. However, if we insist upon the inclusion of maintenance of value, as well as upon a simultaneous understanding on the loan and sales agreements, we may expect that negotiating difficulties will increase, will slow down the PL 480 program, and may reduce its overall magnitude.

The benefits to the United States originally anticipated from the maintenance-of-value clause are largely illusory. The clause has meaning, of course, only for currencies which have been overvalued and for which devaluation has occurred or is in prospect. In such cases, however, the United States is often favorable to devaluation and would not want the maintenance-of-value clause to stand as an obstacle to sound currency reform. Also, we may expect that if there has been a devaluation, the country concerned will press vigorously for renegotiation to eliminate the effect of the maintenance-of-value clause. Consequently, the clause is a potential source of trouble in our relations with other friendly governments.

Mr. ELLENDER. Mr. President, I yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I can appreciate the position of the Senator from Louisiana, the chairman of our committee, in taking this proposed amendment to conference, because it is too complicated a matter to deal with here on the floor of the Senate.

I think it is fraught with all kinds of administrative difficulties. I think it will defeat some of the purposes of the bill. I will not oppose it here today, because I am confident that if the conferees will look at the matter very carefully, they will eliminate this provision from the bill.

We have a provision in the legislation now to do everything we can within reason to move these underdeveloped countries to the point where they can pay for their food in cash within 5 years' time. The amendment proposed here will simply delay that process. I hope that if the Senator's amendment does go to conference, our conferees will take a very careful and critical look at it.

Mr. DIRKSEN. Mr. President, I yield myself 1 minute.

If that is to be the case, if this amendment is to be accepted and then the conferees are going to take a dim view of it, we had just as well have a rollover right now, and I ask for the yeas and nays.

Surely my friend from South Dakota does not stand up in the Senate and say that the conferees ought to ignore the will of the Senate.

Mr. McGOVERN. I am just expressing my own personal view.

Mr. DIRKSEN. That is what the Senator is saying.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

Mr. ELLENDER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], the Senator from South Carolina [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Alaska [Mr. GRUENING], and the Senator from Tennessee [Mr. BASS] are absent on official business.

I further announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from Maine [Mr. MUSKIE] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT] would vote "aye."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from New Jersey [Mr. CASE] is absent on official business.

The Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Kansas [Mr. CARLSON], the Senator from Colorado [Mr. DOMINICK], and the Senator from Delaware [Mr. WILLIAMS] are detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Delaware [Mr. BOGGS], the Senator from Kansas [Mr. CARLSON], the Senator from New Jersey [Mr. CASE], the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from California [Mr. MURPHY], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 53, nays 19, as follows:

[No. 239 Leg.]

YEAS—53

Allott	Griffin	Moss
Anderson	Hartke	Mundt
Bayh	Hickenlooper	Neuberger
Bible	Hill	Pastore
Brewster	Holland	Prouty
Byrd, Va.	Hruska	Randolph
Byrd, W. Va.	Jackson	Robertson
Cannon	Jordan, N.C.	Russell, Ga.
Cooper	Kuchel	Saltonstall
Cotton	Long, Mo.	Smith
Curtis	Long, La.	Sparkman
Dirksen	Magnuson	Stennis
Dodd	McClellan	Symington
Eastland	Miller	Talmadge
Ellender	Monroney	Thurmond
Ervin	Montoya	Tydings
Fannin	Morse	Young, N. Dak.
Fulbright	Morton	

NAYS—19

Aiken	Mansfield	Proxmire
Burdick	McCarthy	Ribicoff
Clark	McGee	Williams, N.J.
Hart	McGovern	Yarborough
Javits	Mondale	Young, Ohio
Kennedy, Mass.	Nelson	
Kennedy, N.Y.	Pell	

NOT VOTING—28

Bartlett	Gore	Muskie
Bass	Gruening	Pearson
Bennett	Harris	Russell, S.C.
Boggs	Hayden	Scott
Carlson	Inouye	Simpson
Case	Jordan, Idaho	Smathers
Church	Lausche	Tower
Dominick	McIntyre	Williams, Del.
Douglas	Metcalf	
Fong	Murphy	

So Mr. DIRKSEN's amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

The Senator from Arkansas is recognized.

Mr. FULBRIGHT. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 50, line 2, strike out \$1.9 billion and insert in lieu thereof \$1 billion.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes. I shall not take very long on this amendment.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, in the course of the debate yesterday the chairman of the Committee on Agriculture and Forestry, the distinguished senior Senator from Louisiana [Mr. ELLENDER], stated that in his personal opinion \$1 billion would be adequate authorization for the pending bill.

There is a carryover of \$1.7 billion, making a total of \$2.7 billion, which is not quite as much as we are authorizing in the regular aid bill, which is about \$3.5 billion. I think \$2.7 billion is adequate.

The following statement is found on page 20241 of the RECORD for yesterday, August 29, 1966:

My second amendment is to cut the authorization back to \$1 billion instead of \$1.9 billion. Earlier in colloquy I understood the chairman of the Committee on Agriculture to say that \$1 billion would be adequate.

Mr. ELLENDER. That was my personal opinion.

Of course, it is my opinion, too. I think that in giving away agricultural commodities, \$2.7 billion should be enough for 1 year. There is only \$3.5 billion for industrial equipment, military equipment, and all other types of commodities which we are either giving or selling under the other aid bill.

That is about all to be said. I believe \$1 billion is adequate for this authorization.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield for 1 minute.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader, while Members are on the floor, what the schedule is for the balance of the day and for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, it is intended to take up, after the disposition of the pending bill, not the Oregon Dunes bill, which will be taken up after we return, following Labor Day some time, but Calendar No. 1443, H.R. 9424, an act to provide for the conservation, protection, and propagation of native species of fish and wildlife, and so forth; Calendar No. 1498, H.R. 9918, and Calendar No. 1499, S. 1713, both District of Columbia bills; and other measures which will have been reported by committees today.

Mr. President, I ask unanimous consent that when the Senate completes its business tonight—we evidently cannot finish the bill tonight, but we will have two or three more votes—it stands in recess until 11 o'clock tomorrow morning, at which time we will go immediately on the bill, on allocated time, after the morning prayer.

Mr. DIRKSEN. Mr. President, one or two other questions.

Is the majority leader anticipating a rollo call tonight?

Mr. MANSFIELD. Yes, a couple more, and there will be rollo calls tomorrow morning, also.

Mr. DIRKSEN. Can the majority leader inform the Senate what is anticipated for Thursday?

The PRESIDING OFFICER (Mr. HARTKE in the chair). Is there objection to the unanimous-consent request?

The Chair hears none, and the unanimous-consent request is agreed to.

Mr. MANSFIELD. The distinguished minority leader and I have discussed this matter, and it is anticipated that there will be legislation Thursday, but that the Senate will be able to quit work Thursday afternoon some time, so to speak, hold a pro forma meeting on Friday, and then come back on the following Tuesday.

FOOD FOR PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

Mr. FULBRIGHT. Mr. President, I do not think there is much more to be said about this amendment. It is purely one's judgment as to the extent of our commitments, how much of this food and fiber we wish to grow for the purpose of giving it to foreign countries.

We already have made clear in the debate that we are not dealing with surpluses. The only commodities in this category, in surplus, are cotton and tobacco. According to the latest reports, the surplus in cotton will be radically reduced this year, according to the estimates of the Department of Agriculture. But in the major items that are involved in this bill—wheat and rice and perhaps maize, corn—the food grains, it is a question of how much one wishes to subsidize the farmers to raise them, because there is no surplus now. As a matter of fact, the carryover is approximately what is considered a minimum for our own purposes.

This is a very simple judgment that the Senate has to make, namely as to whether or not we should engage and embark upon a very large program to increase production for the purpose of giving it to foreign countries. I do not know of much more to be said about it. I am ready to vote.

Mr. ELLENDER. Mr. President, I rise in opposition to this amendment.

I do not know whether my friend, the Senator from Arkansas, is aware of this, but under the bill presented to the Senate, we have combined titles I and IV of existing law. Under the present law, the limitation is \$2.5 billion under title I, and there is no limitation whatever under title IV—that is, for dollar credit sales.

So it seems to me that the amount authorized in the present bill should be adopted, as that will cover not only title I, sales for soft currencies, but also title IV, credit sales for dollars.

Mr. President, as we all know, in anticipation of a continuation of this program, the President authorized an additional

amount of wheat as well as rice to be produced. We do not know what that production will be, but it is my belief that the amount that the committee reported, \$1.9 billion, should be the figure agreed upon in order to take care of the additional production anticipated.

I did say yesterday to my good friend, the Senator from Arkansas, that if left entirely to me, it may be that \$1 to \$1.5 billion would be sufficient. I did say that. Of course, the Senator knows that I have been against foreign aid for quite some time, and I had that in mind when I made the answer to him yesterday.

We must not forget that we have a huge surplus of cotton on hand. Last August, the cotton on hand was 16.5 million bales, and that is far in excess of any amount we have ever had. I would certainly desire to have sufficient funds at hand, to dispose of some of that cotton, if possible. If we curtail the authorization too much, the chances are that we will not have enough authorization to dispose of many of the commodities that we have in surplus now or which is being produced.

Mr. SYMINGTON. Mr. President, may I ask the able Senator from Louisiana a question:

Last year, under Public Law 480, we disposed of \$926 million, nearly a billion dollars, of wheat. On the other hand, and despite the fact it is now the largest surplus, only \$69 million worth of cotton was disposed of under this law.

Fiber is needed along with food in many of these countries. In fact, we often give them food which they utilize to raise more cotton. Am I to understand from the Senator from Louisiana, chairman of the Senate Committee on Agriculture and Forestry, that if we vote for this higher figure which he recommends, he believes this will take considerable cotton out of surplus?

Mr. ELLENDER. It would move more.

The Senator stated a moment ago that we have a carryover from previous years of \$1.7 billion. That, of course, would be applied not only to next year, but also the year after.

If the bill is limited to \$1 billion, it will mean that over the 2-year period, only \$3,700 million will be available under title I, which, as I said, includes not only sales for local currencies but also cash sales, and in my opinion that will not be sufficient.

Mr. SYMINGTON. It is my understanding that last year agricultural exports from the United States reached an alltime high of \$6,700 million—for the fiscal year 1965-66—an increase of some \$600 million. The wheat farmers have had their problem taken care of from the standpoint of surplus. Of course, that is satisfactory to me.

On the other hand, only about 7 percent of the amount of wheat disposed of under 480 was disposed of in cotton.

I want to be confident in my mind that the chairman believes if we maintain the figure he now seeks in the bill, considerably more cotton will be sold. If not, I shall vote for this amendment.

Mr. ELLENDER. I cannot give my

friend, the Senator from Missouri [Mr. SYMINGTON] the assurance that we can force our friends to buy cotton when they need wheat. The chances are that with the great surplus of cotton that we have on hand, if there should develop a demand for it, we could sell some of it for local currencies and some on credit for dollars. We would certainly dislike not having a sufficient amount of authorization to cover any demands that may be made.

Mr. SYMINGTON. I thank the able Senator.

Mr. ELLENDER. It is my belief that since the committee saw fit to combine titles I and IV—which includes, as I said, credit sales for dollars and local currencies—that we are actually reducing the authorization. Under the law as it now stands, under title IV there is no limitation of the amount of commodities we can sell for dollars or credit. It is my belief that, since we combined both titles, and make it less than the House committee recommended it may be a little dangerous to reduce the authorization still further.

Mr. FULBRIGHT. Will the Senator yield?

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. To clarify the record, the \$93 million the Senator mentioned is not for 1 year. That is 1961-1965, which shows how little the sales have been for cotton.

Cotton is in excess supply not only in this country, but in other countries. If it were to be given away, you would still have more. I suppose you could give it away, and they could sell it on the market, but not under an orderly disposition.

I do not see how the disposition of \$2.7 billion is going to prejudice the sale of cotton, for there has been so little cotton handled in this program. It is nearly all rice, wheat, and food materials.

Mr. ELLENDER. I understand. We cannot force people to take cotton.

Mr. FULBRIGHT. Of course not.

Mr. ELLENDER. I would hate to see us have an opportunity to dispose of cotton on a dollar credit sales basis and not have the authorization to do so.

Mr. FULBRIGHT. I would, too.

This morning I received a call from a very good friend of mine in the agricultural life in Arkansas, who obviously had been inspired by the Department of Agriculture on this subject. He was upset about what my opposition to the bill would do. It is very far-fetched to think that under an authorization of \$2.7 billion, that in some mysterious way it would prejudice cotton. I would not, of course, be lending my influence to any program or motion that would prejudice cotton. Under the experience we have had under this bill, we know that the demand is for wheat in short supply and not long supply.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. Is it not true that this amount which is sought to be

changed would also change the American portion of the ocean freight bill?

Mr. ELLENDER. The Senator is correct.

Mr. HOLLAND. And that amounts to more than half of the freight bill for freight carried in American transportation.

Mr. ELLENDER. As I pointed out yesterday, the ocean transportation has cost the American taxpayer \$337 million, and that consists of quite a lot of the amount we are now authorizing.

Mr. MORTON and Mr. McGOVERN addressed the Chair.

Mr. ELLENDER. Mr. President, I yield to the Senator from Kentucky [Mr. MORTON].

Mr. MORTON. Mr. President, is not the pipeline important? We talk about \$1.7 billion in carryover and now the amendment attempts to reduce \$1.9 billion to \$1 billion. Is not the pipeline an important factor regardless of whether there is involved cotton, feed grain, or rice?

Mr. ELLENDER. Under the law we carry over the amount of previous authorization.

Mr. MORTON. Yes.

Mr. ELLENDER. And it does not cover the actual contract; but the amount that has not been contracted for over past authorizations amounting to \$1.7 billion. That will be carried over and added to the \$1.9 billion that is provided for each year, in each of the 2 years 1967 and 1968.

Mr. MORTON. But do we not have the same basic so-called pipeline problem in this program that we have in hard programs?

Mr. ELLENDER. The Senator is correct.

Mr. MORTON. Is that not one reason why we should sustain the committee?

Mr. ELLENDER. I believe so. Here is another matter which I failed to mention.

The President has authorized an additional 30 percent in wheat acreage, and last year 10 percent in rice. The corn crop is working pretty good. It is my belief that we should have at least a sufficient authorization under the bill to take care of any situation that we may have—an excess in wheat or corn or any commodity that—by trying to sell abroad.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SYMINGTON. I think the distinguished Senator from Arkansas [Mr. FULBRIGHT] and I were talking about two different figures. The Senator from Arkansas was talking about cotton over a period of years. I was talking about the fiscal year 1965-66.

Mr. President, I ask unanimous consent to have printed in the RECORD a short table of Public Law 480 shipments for 1965-66, preliminary, wheat and flour in one category, feed grains in another, and cotton in a third.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Public Law 480 shipments for 1965-66 (preliminary)

	Total exports	Public Law 480	Public Law 480 as percent of total
Wheat and flour:			
Amount.....	859,700,000 bushels.....	569,500,000 bushels.....	66 percent.
Dollar value.....	\$1,403,000,000.....	\$926,000,000 (estimate).....	
Feed grains:			
Amount.....	25,400,000 metric tons.....	2,400,000 metric tons.....	9 percent.
Dollar value.....	\$1,351,000,000.....	\$122,000,000 (estimate).....	
Cotton:			
Amount.....	3,000,000 bales.....	5,000,000 bales.....	17 percent.
Dollar value.....	\$386,000,000.....	\$69,600,000.....	

Mr. ELLENDER. I am sure that this document will indicate much more wheat and edible commodities than cotton. There is no doubt we have been able in the past to sell much more food than fiber.

Mr. SYMINGTON. About 15 times more.

Mr. ELLENDER. The Senator is correct, because there was a demand for it and there seems to be less demand for cotton.

Mr. SYMINGTON. Now that we have passed this Dirksen amendment, and desire to make sound loans wherever possible does the able chairman believe there is a good chance at the figure of \$1.9 billion to make some cash sales for these products on the basis of loans than are really loans.

Mr. ELLENDER. Yes. The same as we have now under title IV.

The record shows that under title IV we have sold almost \$1 billion worth.

Mr. FULBRIGHT. Of what?

Mr. ELLENDER. Different commodities, on credit.

We do not want to curtail that. Under the law, as it now stands, we can sell all we desire for credit under title IV. It would certainly be a mistake to reduce it more than we recommended.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. ELLENDER. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. MILLER. I would like to get these figures clearly in mind. The bill calls for \$1.9 billion for comparison of title I and title IV, does it not?

Mr. ELLENDER. The Senator is correct.

Mr. MILLER. How much has the title totaled up to now, per year?

Mr. ELLENDER. Two and one-half billion dollars.

Mr. MILLER. Two and one-half billion dollars.

Mr. ELLENDER. That is for the past 5 or 6 years.

Mr. MILLER. Per year.

Mr. ELLENDER. Two and one-half billion dollars per year, yes.

Mr. MILLER. In addition, we have had how much per year under title IV, approximately?

Mr. ELLENDER. Open end?

Mr. MILLER. I mean, how much has it come out to?

Mr. ELLENDER. We have sold in the neighborhood of \$1 billion.

Mr. MILLER. Last year?

Mr. ELLENDER. Under title IV? No; altogether. We do not have any figures available for last year, but all sales under

title IV which were credits and based on 20 years have aggregated about \$1 billion.

Mr. MILLER. What the Senator is saying is that even with the \$1.9 billion submitted under title 4 altogether, this is a substantial reduction under title I over the present year?

Mr. ELLENDER. The Senator is correct.

Mr. MILLER. I thank the Senator for his information.

Mr. McGOVERN. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. McGOVERN. Does the Senator think it is significant that the committee has already reduced the amount requested by the administration by \$600 million, and that we have reduced the amount that was overwhelmingly approved in the House by \$600 million?

Mr. ELLENDER. The Senator is correct.

Mr. McGOVERN. The committee considered the amount carefully and determined against any greater reduction.

Mr. ELLENDER. The House bill, of course, contains \$2½ billion authorization under title I.

Mr. McGOVERN. If we are going to get additional production, we will have to get farmers back into production on idle acres. Will that not have to be some assurance that there will be a market for the products?

Mr. ELLENDER. The Senator is correct. That is why I think we should at least vote the amount the Senator has recommended.

Mr. McGOVERN. I think it is a meager figure.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. All the time that we have been operating out of surplus and selling or giving, as the case may be, from our surplus and limited per year, it was \$2½ billion, was it not?

Mr. ELLENDER. That is right.

Mr. HOLLAND. The President suggested \$2½ billion for 1967 and the years following under the new arrangement; is that not correct?

Mr. ELLENDER. The Senator is correct.

Mr. HOLLAND. Now it is suggested that because we have to plant and produce rather than to send it out of surplus, we will put a limitation on of \$1 billion to cover both commodities to be produced; is that not correct?

Mr. ELLENDER. One billion nine hundred million dollars.

Mr. HOLLAND. Not under this amendment.

Mr. ELLENDER. Oh, not under this amendment—excuse me—yes.

Mr. HOLLAND. Yes. It is suggested that we reduce this whole operation to \$1 billion a year.

Mr. ELLENDER. Yes.

Mr. HOLLAND. It seems to me that certainly is a challenge to our good faith and humanitarian impulses over what we have done heretofore when we have been furnishing \$2.5 billion per year out of surpluses.

Now it is proposed that since we have to produce—and the farmer wants to produce—we will reduce it to \$1 billion a year. I do not think we should take that drastic action. I think it would leave open to question the motives of this country and make it subject to critical inspection and comment not only from other people but also from some of our own. Certainly, we have felt that we were doing an unselfish, humanitarian job; and here we are making a total contrast—if the amendment is adopted—over what we did when we had surpluses and what we propose to do when we have to go out and produce it. I hope that the amendment will be defeated.

Mr. FULBRIGHT. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER (Mr. MORTON in the chair). The Senator from Arkansas is recognized for 1 minute.

Mr. FULBRIGHT. Mr. President, I only wish to say that I did not know the bill had been sold to the American people as a humanitarian gesture. I had thought it was more of a business-like nature than that. It never was described as humanitarian in the past.

I also want to refer to page 7 of the committee report which, if I read it correctly, states that the "credit utilized" under title IV of Public Law 480 since the beginning is \$415,486,000, which is a long way from the \$1 billion. There is an unutilized balance of outstanding commitments.

Mr. President, I am ready to vote and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

Mr. ELLENDER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Arkansas.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. METCALF], the Senator from South Carolina [Mr. RUSSELL], the Senator from Alaska [Mr. GRUENING], the Senator from Florida [Mr. SMATHERS], and the Senator from Oklahoma [Mr. HARRIS] are absent on official business.

I further announce that the Senator from Alaska [Mr. BARTLETT], the Senator

from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from Maine [Mr. MUSKIE] are necessarily absent.

I further announce that, if present and voting, the Senator from Oklahoma [Mr. HARRIS], the Senator from Florida [Mr. SMATHERS], and the Senator from Alaska [Mr. BARTLETT] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from New Jersey [Mr. CASE] is absent on official business.

The Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Kansas [Mr. CARLSON], the Senator from Colorado [Mr. DOMINICK], and the Senator from Delaware [Mr. WILLIAMS] are detained on official business.

If present and voting, the Senator from Kansas [Mr. CARLSON], the Senator from New Jersey [Mr. CASE], the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. MURPHY], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from Idaho [Mr. JORDAN]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Kansas would vote "nay."

On this vote, the Senator from Texas [Mr. TOWER] is paired with the Senator from Delaware [Mr. BOGGS]. If present and voting, the Senator from Texas would vote "yea" and the Senator from Delaware would vote "nay."

The result was announced—yeas 12, nays 61, as follows:

[No. 240 Leg.]

YEAS—12

Bible	Fulbright	Morse
Byrd, Va.	Hartke	Russell, Ga.
Cotton	Hickenlooper	Saltonstall
Dirksen	McClellan	Young, Ohio

NAYS—61

Alken	Hruska	Nelson
Allott	Jackson	Neuberger
Anderson	Javits	Pastore
Bass	Jordan, N.C.	Pell
Bayh	Kennedy, Mass.	Prouty
Brewster	Kennedy, N.Y.	Proxmire
Burdick	Kuchel	Randolph
Byrd, W. Va.	Long, Mo.	Ribicoff
Cannon	Long, La.	Robertson
Clark	Magnuson	Smith
Cooper	Mansfield	Sparkman
Curtis	McCarthy	Stennis
Dodd	McGee	Symington
Eastland	McGovern	Talmadge
Ellender	Miller	Thurmond
Ervin	Mondale	Tydings
Fannin	Monroney	Williams, N.J.
Griffin	Montoya	Yarborough
Hart	Morton	Young, N. Dak.
Hill	Moss	
Holland	Mundt	

NOT VOTING—27

Bartlett	Gore	Murphy
Bennett	Gruening	Muskie
Boggs	Harris	Pearson
Carlson	Hayden	Russell, S.C.
Case	Inouye	Scott
Church	Jordan, Idaho	Simpson
Dominick	Lausche	Smathers
Douglas	McIntyre	Tower
Fong	Metcalfe	Williams, Del.

So, Mr. FULBRIGHT's amendment was rejected.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLAND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I send to the desk an amendment and ask that it be laid before the Senate and made the pending business. I have an understanding with the majority leader that it will be taken up for debate the first thing tomorrow.

I ask unanimous consent that this amendment be printed, so that it will be available to Senators tomorrow, together with three other amendments which I also send to the desk.

The PRESIDING OFFICER. Without objection, the amendments will be printed.

The amendment which is to be the pending business will be stated.

The legislative clerk read as follows:

AMENDMENT NO. 781

On page 57, line 20, immediately before "the Secretary of Agriculture" insert "the Secretary of State, the Secretary of the Treasury."

On page 57, line 24, after "House Committee on Agriculture" insert "and the House Committee on Foreign Affairs".

On page 58, line 3, after "and Forestry" insert "and the Senate Committee on Foreign Relations."

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the majority leader.

ORDER FOR ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, instead of convening at 11 o'clock tomorrow, as previously agreed to, that the Senate adjourn until 10:30 tomorrow morning, that there be a period for the transaction of morning business until not later than 11 o'clock, and that at 11 o'clock the time limitation begin to run on the Morse amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

DEATH OF PARLIAMENTARIAN EMERITUS CHARLES L. WATKINS

Mr. MORSE. Mr. President, I send to the desk, in behalf of the majority leader and the minority leader, with whom I am delighted to join, a resolution, and ask for its immediate consideration.

The PRESIDING OFFICER laid before the Senate a resolution (S. Res. 299) which was read, considered, and unanimously agreed to, as follows:

S. RES. 299

Resolved, That the Senate has heard with profound sorrow and regret of the death of Mr. Charles L. Watkins, late Parliamentarian Emeritus of the Senate.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn until 10:30 a.m. Wednesday next.

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

The PRESIDING OFFICER. Pursuant to the second resolving clause of the resolution, and in accordance with the previous order, the Senate now stands adjourned until 10:30 a.m. tomorrow, Wednesday, August 31, 1966.

Thereupon (at 5 o'clock and 45 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, August 31, 1966, at 10:30 o'clock a.m.

NOMINATION

Executive nomination received by the Senate August 30, 1966:

DEPARTMENT OF DEFENSE

Russell D. O'Neal, of Michigan, to be an Assistant Secretary of the Army, vice Willis Moore Hawkins, Jr., resigned.

CONFIRMATION

Executive nomination confirmed by the Senate August 30, 1966:

DEPARTMENT OF JUSTICE

Constance Baker Motley, of New York to be U.S. district judge for the southern district of New York.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 1, 1966
For actions of Aug. 31, 1966
89th-2nd; No. 146

CONTENTS

Consumers.....	24	Forest service.....	26	Price controls.....	22
Cotton.....	21	Guam.....	2	Research.....	17
Demonstration cities....	16	Inflation.....	21	Roads.....	10
Disaster relief.....	28	Intergovernmental		School milk.....	9
Electrification.....	3	relations.....	20	Surplus property.....	6
Farm labor.....	25	Interest rates.....	13	Timber.....	7
Fish protein.....	17	Loans.....	15	Traffic safety.....	12
Food for freedom.....	1	Marketing.....	27	Water pollution.....	8
Food prices.....	23	National Park.....	7	Watersheds.....	18
Foreign aid.....	11	Peace Corps.....	14	Wildlife.....	4
Foreign trade.....	21	Personnel.....	5,19		

HIGHLIGHTS: House received conference report on foreign aid authorization bill. House agreed to conference report on road authorization bill. House committee voted to report bill for rural-renewal loans and cost-sharing for recreation facilities. Rep. Abernethy expressed concern over cotton imports. Senate passed food for freedom bill. Sen. Proxmire urged increase in school milk funds. Rep. Johnson, Calif. commended Forest Service and inserted correspondence.

SENATE

1. **FOOD FOR FREEDOM.** Passed with amendments H. R. 14929, the food for freedom bill. Conferees were appointed. House conferees have not yet been appointed. (pp. 20566-86, 20629-30)

Adopted the following amendments:

By Sen. Morse, to enlarge the Advisory Committee to include the Secretaries of State and of the Treasury, and four members each of the Senate Foreign Relations Committee and the House Foreign Affairs Committee. (pp. 20566-7).

By Sens. Williams, Del. and Neuberger (modified by Cooper amendment), to exclude alcoholic beverages and tobacco or its products from the term "agricultural commodity." pp. 20573-81

2. GUAM. The Commerce Committee reported without amendment S. 2979, to extend coverage of the State Technical Services Act of 1965 to the territory of Guam (S. Rept. 1554). p. 20612
3. ELECTRIFICATION. The Commerce Committee reported with amendment S. J. Res. 189, to provide for a study of the impact of overhead electric transmission lines and towers upon scenic assets, zoning and community planning, property values, and real estate revenues (S. Rept. 1556). p. 20612
4. WILDLIFE. Passed as reported H. R. 9424, to provide for a program of protection and conservation of fish and wildlife threatened with extinction and to consolidate the authorities relating to Interior administration of the national wildlife refuge system. pp. 20857-8
5. PERSONNEL. Conferees were appointed on S. 2393, to authorize additional super-grade positions for use in agencies or functions created or substantially expanded after June 30, 1965. House conferees have already been appointed. p. 20593
6. SURPLUS PROPERTY. A subcommittee of the Government Operations Committee approved for full committee consideration S. 3385, to give State health, education, and civil defense agencies priority over foreign eligible donees in receiving Government surplus property. p. D832
7. NATIONAL PARK. Sen. Kuchel criticized the cutting of timber by a private company on the site of the proposed Redwood National Park. pp. 20562-6
8. WATER AND AIR POLLUTION. Sen. Tydings inserted two articles, one describing industrial waste isolation as "a new concept to preserve fresh water," the second urging businesses to end pollution of the air. pp. 20608-11
9. SCHOOL MILK. Sen. Proxmire urged an increase of \$6 million in funds for the school milk program. p. 20625

HOUSE

10. ROADS. Agreed to the conference report on S. 3155, the road authorization bill, which authorizes \$33 million for forest highways and \$170 million for forest development roads and trails for each of the fiscal years 1968 and 1969. This bill will now be sent to the President. pp. 20452-9
11. FOREIGN AID. Received the conference report on H. R. 15750, the foreign aid authorization bill (H. Rept. 1927). pp. 20488-96
Rep. Bingham inserted an editorial commending Rep. Morgan for his "effective leadership" in the House committee and floor debate on the bill. pp. 20535-6
12. TRAFFIC SAFETY. Both Houses agreed to the conference report on S. 3005, to establish motor vehicle safety standards. This bill will now be sent to the President. pp. 20459-63, 20598-604

done to destroy the desirability of the park. We attach hereto a chronological summary of our logging program since 1955, and if you will review this summary, you will note that in 1956 we started logging along our northern line adjacent to—but a mile south—of the Jedediah Smith park boundaries. It can hardly be said that in 1956 the Miller property was under consideration as a national park.

Thus, there is absolutely no foundation to the statement that we have been destructively accelerating our cutting because of the proposed park.

5. In your letter of July 13, you have urged us to stop operations in the so-called vital areas. As the representative of all people from California—including those from this area—we are certain that you are not aware of the implications of this request. If we were to adhere to your request, it would be absolutely necessary for the Miller Rellim Company to cease operations, plus the stopping of the new expansion of facilities, which is presently in progress.

6. Even beyond this point, it is impossible to make this move because we cannot accommodate the proper consist of the timber requirement without melding timber from the area where we are now cutting, and timber from other areas within our land. We simply do not have the proper balance of timber within our area that would support our operation unless we log as we have planned, as far back as 1955. Your proposal will close down the operation entirely and destroy the economy of Del Norte County.

7. You have further stated in your press releases and on the floor of the Senate that we have closed our land to the public, and a clear implication is made so that we can go into a destructive cutting program. This simply is not so. We have closed our land only to those who are so frantically desperate to vindicate an untenable recommendation to the Congress that they will employ any distortions to substantiate their position. Within the last few weeks, we have had innumerable newspapermen—running from the Science Monthly magazine to the editor of the Reader's Digest, all of whom we have escorted all through the property. We have authorized Los Angeles television stations to come in and photograph. We have kept our land open to the public. We have allowed the public to come in and use the fishing facilities and the other facilities that we offer to them without charge.

We recognize your well-known judicious attitude and your spirit of fairness, and we request that this letter with, of course, such appropriate comments as you may desire to make, be placed in the CONGRESSIONAL RECORD, since your accusations were similarly placed a short time ago, in order that all may have an opportunity to review our response.

We wish to point out—to anticipate any questions that may be raised—that as to cutting practices, our cutting is varied between selective and clear cutting and in the areas where clear cutting is desirable the reasons are obvious, but for the edification of those who are unfamiliar, we set forth below, eleven reasons why the clear cutting method employed in this particular instance is most desirable:

1. The maximum recovery by harvesting all the trees from each acre reduces the surface area covered annually minimizing soil erosion.
2. The land remains undisturbed until the next harvest cycle, eliminating periodical recurring soil disturbances.
3. Reduces the experience of wind throw damage to the old growth trees.
4. Creates a more uniform age class for the future, and a more entire and uniform site preparation.
5. Provides for a better specie composition.

6. More efficient fire protection.
7. Eliminates growth loss in leave trees.
8. Relog operations destroy regeneration.
9. Increases growth rate of regeneration.
10. Breakage and destruction of values in the leave trees through wind storms.

11. The even age nature of the dense over mature forests in Mill Creek is not conducive to the tree selection method.

Finally, as a further illustration, to show that we are in no way attempting to cloak our activities and to show what our logging practices have been, at the conclusion of this letter we will submit to this Committee a map which will show our logging operations from the inception of our activity to date, and which will show that there has been no acceleration of our cutting in the proposed park area.

Before closing, we wish to say that we completely agree with you in your letter of July 13, that we do have a moral obligation, but we think this moral obligation lies with the people of Del Norte County who are dependent upon us for their existence.

Very truly yours,

HAROLD MILLER.

MILLER REDWOOD Co.,

Crescent City, Calif., August 18, 1966.

Hon. STEWART L. UDALL,

Secretary, Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: It was very nice of you to take time yesterday afternoon out of your busy schedule, to meet with myself, Mr. Darrell Schroeder and our counsel, concerning the proposed Redwood National Park. As we advised Senator KUCHEL, we have a perfectly open mind and were willing to listen to any suggestions that you may have.

As I understand what you have proposed, it is somewhat along the following lines:

Firstly, you feel that you can obtain from private foundations, some funds which would be used to make up the economic losses to the company if we were able to move our present cutting arrangements.

Secondly, additional funds would be available as option money on the property if we were able to agree on what the proper price for the property is.

Thirdly, we would negotiate as to what the true price of the land would be.

Fourthly, it was indicated that if there were deficiencies dollarwise in what you are able to offer, you felt you could arrange certain tax benefits that would make up such deficiencies.

Fifthly, it was indicated to us that your arrangement would be effective at least until the end of the next session of Congress, since you indicated that you were confident that a bill would be passed during the next session, and that if it did not pass the deal would be over with, but we would, nevertheless, keep the funds made available because of the economic loss of the movements, as well as any option money paid.

As we understand it, based upon the conversations, all of these negotiations would be contingent upon the company picking up and moving its cutting operations. Yet, you are aware that we had, only within the hour, testified that any moving of the cutting operations as described by yourself, would force the company to close down. This is apparently a condition precedent to such negotiations and as long as it remains as a condition, in all good faith we must advise you that we see no point in taking up your time and our time with such discussions.

As we stated in our letter to Senator KUCHEL of August 17, and repeated in the hearings before the Subcommittee on Interior and Insular Affairs on the same date, we do feel a moral obligation in this issue and it is a moral obligation to all the people in Del Norte County who would be obviously hurt by the proposal. When we first started operations, we told the people we were there

to stay. We are creating in the area a viable economy for the first time in three generations. We are there to stay. We repeat this position and hope that it will be finally accepted.

In the same meeting, we did suggest to you the possibility of viewing the matter from another aspect—namely, the redesigning of a park which would not put any company out of business and would not result in economic disaster. In fact, perhaps an alternative could be designed that would cost the Government considerably less. This was apparently met with general rejection. However, we must state in fairness that you did indicate you would be perhaps willing to discuss the "boundaries" within the present park proposal, but this seems to be the limitation of any redesignation.

During the pendency of the hearings, Senator CLINTON ANDERSON made it quite clear that he felt the price tag on the bill for the proposed park was not realistic, and it was apparent he felt for the Committee to properly judge the merits of the legislation that a realistic price should be included in the bill. In this we concur, because we are certain that when the Committee is appraised of the true costs involved, that they will know that greater value can be obtained for less elsewhere.

Consequently, we are prepared to discuss with you the true price that should be affixed to this bill, but such discussion should no way be construed as any diminution of the position that we have heretofore stated, namely that we stand opposed to the bill and we shall continue to oppose it with all the vigor that we can muster.

We respectfully await your advice.

Very truly yours,

HAROLD MILLER.

THE SECRETARY OF THE INTERIOR,

Washington, August 19, 1966.

Mr. HAROLD MILLER,
Miller Redwood Co.,
Crescent City, Calif.

DEAR MR. MILLER: This will acknowledge receipt of your letter of August 18, 1966. You refused to conduct a good-faith negotiation to devise a solution that would simultaneously protect the economic position of your company, preserve the integrity of the proposed National Park, and give the Congress time to deliberate. This is incredible.

The Senate Committee hearings held in Crescent City last month and in Washington this week make it clear there is overwhelming sentiment in Congress and the country for a Redwoods National Park. It is also plain from the statement which I made publicly at the hearings last Wednesday—and the assurances which I gave you later at my office—that we can obtain Foundation commitments which will enable us to pay your company losses it might sustain by moving your cutting operation outside the Park area.

Your unwillingness to even seriously discuss such a generous solution can only mean that you and your associates have elected to pursue an outrageous public-be-damned, conservation-be-damned approach to this whole issue.

Your reply makes it crystal clear that you and your company are determined to defeat by any means available the National Park plan transmitted to the Congress by President Johnson last February. I can only conclude, therefore, that the location of your logging operations along the State Park boundary and in other key spots is, in reality, a spite cutting action designed to destroy the great trees whose preservation is the main purpose of a Park in the Mill Creek watershed.

I must also squarely take issue with your assertion that any moving of your cutting operation "would force the company to close down." All of my timber management ex-

perts who are familiar with your operation are of the unanimous opinion that your company could move its cutting operation outside the boundary of the proposed park. Presently you are cutting about 250 acres per year. Even if your 6,000 acres of timberlands outside of the Park are of different type and quality than those 250 acres inside the Park which you are now cutting, you could double your acreage cut, adjust your mill operations, extend your log haul, and continue to operate your plant for several years if you wished. You would be compensated for any extra costs involved, your employees would be retained, your profits would not be affected, and you would have performed a great public service by your discontinuance of operations in the splendid old-growth Mill Creek stands proposed for inclusion in the National Park. These experts are of the opinion that such a move would entail additional costs to your company (roads to move equipment or extra transportation costs, etc.) but these are the very costs we have offered to pay if you will cease cutting within the proposed Park.

If this were done it is obvious none of your employees in Del Norte County would lose jobs—and therefore your assertion that you owe a "moral obligation to all the people of Del Norte County" is a weak and threadbare argument. In fact, the people of Del Norte County will in the long run benefit greatly from establishment of the National Park. If your economic situation and costs are protected (as we have proposed) do you owe no moral obligation to the Congress, or to the people of the United States?

I urge that you reconsider your ill-advised decision and enter into immediate negotiations which will lead to a settlement of this controversy which is in the national interest.

Sincerely,

STEWART L. UDALL,
Secretary of the Interior.

JULY 26, 1966.

Mr. ROBERT S. LUNTEY,
Assistant Chief, Office of Resource Planning,
San Francisco Planning and Service
Center, National Park Service, 450
Golden Gate Avenue, San Francisco,
Calif.

DEAR MR. LUNTEY: This will respond to your letter requesting permission to take certain photographs of our property for purposes of showing them to the Senate Subcommittee concerned with the proposed national park.

Please be advised that we have conferred with our Council in Washington, and we hereby deny your request. As you should be aware five members of the Subcommittee, including the Chairman of the full committee, were recently in Crescent City and personally visited our lands. In addition to that the same group flew over the entire territory by helicopter. Accompanying the senators were representatives of the Park Service. As we are aware, many factors concerning this proposed park have been distorted and photographs similarly can cause an erroneous impression.

We consequently see no reason why in such a short space of time the expense of photographs to make expensive montages to impress the committee is necessary. Consequently, this request is denied.

Very truly yours,

BELLIM REDWOOD CO.,
DARRELL H. SCHROEDER,
Vice President.

RAGAN & MASON,
Washington D.C. August 19, 1966.

HON. STEWART L. UDALL,
Secretary, Department of Interior,
Washington, D.C.

DEAR MR. SECRETARY: During the course of the hearings on August 17, concerning the

Redwood National Park, we indicated to Senator KUCHEL that while we had restricted the entrance of the Interior Department people to the park, pending the hearings, so that photography could not be used as an unfair weapon until the company was in a position to supply, in the most minute detail, the true facts of the cuttings of the Miller Company, this policy was not one that would continue after the company had had the opportunity of giving the full facts to the Committee. This has been accomplished.

As you are aware, a complete map showing the cuttings, year by year, has been supplied to the Committee and refutes beyond any question the charges of acceleration and destruction in cutting that have been so irresponsibly made.

This letter is to formally advise you that any members of the Department of Interior National Park Service are welcome on the property, assuming of course, we have some reasonable notice that they are coming and will arrive during business hours. Under those circumstances, we will be very happy to escort any persons you may designate. We would, of course, want copies of any photographs taken and will be glad to pay any costs incurred for the photographs.

Very truly yours,

RAGAN & MASON,
WILLIAM F. RAGAN.

SARGENT SHRIVER AND THE OFFICE OF ECONOMIC OPPORTUNITY

Mr. CLARK. Madam President, yesterday a powerful Member of the other body called for the resignation of Mr. Sargent Shriver as Director of the Office of Economic Opportunity. It has been my duty, pleasure, and privilege, as chairman of the Subcommittee on Employment and Manpower and Poverty of the Senate Committee on Labor and Public Welfare, to work very closely with Mr. Shriver in his administration of that program.

We have not always agreed, but I believe that Mr. Shriver's record at the Office of Economic Opportunity has been on the whole magnificent; that the American people are fortunate to have so able, dedicated, and inspiring an individual at the head of the antipoverty program.

Talk of his resignation is, in my judgment, ill advised. I have complete confidence in Sargent Shriver as an administrator. I have the highest regard for the job he has been doing at OEO.

I do not deny—there is no question—that mistakes have been made in the administration of the poverty program. This is a wide-reaching and brandnew Federal program which inevitably has had growing pains. Nevertheless, the war on poverty has been successful in reaching into thousands of communities and helping 11 million impoverished Americans in 50 States. These programs have been long overdue to them.

Mr. Shriver should be warmly commended for a great job.

The real barrier to growing progress in the war on poverty is the lack of funds for 1967, which is why I am so eager to secure rapid Senate action on the Economic Opportunity Amendments of 1966, which I hope will be reported shortly to the Senate. We must act quickly to keep this vital program going.

I do hope Members of the other body will share my sense of urgency in this matter and that we will have no personal attacks on dedicated and able public servants.

FOOD FOR PEACE ACT OF 1966

The ACTING PRESIDENT pro tempore. Under the previous unanimous-consent agreement, the Chair lays before the Senate the unfinished business, which the clerk will state.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 41929) to promote international trade in agricultural commodities, combat hunger and malnutrition, to further economic development, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. ELLENDER. Madam President, I yield myself 1 minute.

The first amendment to be considered is by the distinguished Senator from Oregon [Mr. MORSE]. The purpose of the amendment, as I understand it, is to add additional members to the advisory committee. The new members would be the Secretary of State, the Secretary of the Treasury, and four members from each of the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.

At present the advisory committee consists of the Secretary of Agriculture, the Director of the Bureau of the Budget, the AID Administrator, and the chairman and ranking minority members of the House and Senate Agriculture Committees. That is what is now provided for by law. The pending bill as passed by the House and reported by the Senate Committee on Agriculture and Forestry would add the next ranking majority and minority members of the Agriculture Committees so that four members of each of those committees would be on the advisory committee. The Senator from Oregon would further add the Secretary of State, the Secretary of the Treasury, and the top two members from each party of the House and Senate committees dealing with foreign relations. The advisory committee would then consist of the Secretaries of State, Treasury, and Agriculture, the Director of the Bureau, the Administrator of the Agency for International Development of the Budget, and 16 Members of Congress, 4 from each of the committees mentioned.

It is true that the advisory committee would be somewhat overloaded, but I urge no objection to the amendment. It may be well to have more people on the advisory committee, to look into the matter more thoroughly.

So far as I am concerned, I do not know of any objection on the part of members of the committee. I am willing to accept the amendment proposed by the Senator from Oregon.

Mr. MORSE. Madam President, I shall be brief, in view of the statement by the Senator from Louisiana [Mr. ELLENDER], which is typical of his fairness and objectivity. As he pointed out, my amendment would add the Secretary of State and Secretary of Treasury to the advisory implications of the commit-

tee. It also would add members of the House Foreign Affairs Committee and the Senate Foreign Relations Committee to the advisory committee.

In my judgment, this is highly desirable, in view of the fact that it has been admitted by all in the course of this debate that there are a good many foreign policy implications connected with the so-called food-for-peace bill. My amendment would eliminate any basis for the type of comment or criticism, if you will, to the effect that the Department of Agriculture would be taking over a very important sphere of American foreign policy, and therefore jurisdictional conflicts with the State Department would inevitably be created.

Here in Congress, I am sure there is no one on the Committee on Agriculture and Forestry who would want to object to having the advice of the ranking members of the House Foreign Affairs Committee and the Senate Committee on Foreign Relations in respect to the foreign policy implications of a food-for-peace program.

I believe that it is in the best interests of comity here in the Senate to have the committees work together on a common problem.

I thank the Senator from Louisiana very much for being willing to take my amendment to conference. I yield back the remainder of my time.

Mr. ELLENDER. Madam President, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Oregon.

Mr. MORSE's amendment (No. 781) was agreed to.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

Mr. MORSE. Madam President, I have another amendment amendment to offer, which I may withdraw later.

I call up my amendment No. 782, and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Oregon [Mr. MORSE] proposes an amendment, as follows:

AMENDMENT NO. 782

On page 29, line 8, after the word "production", strike out the semicolon and the words "and to promote in other ways the foreign policy of the United States."

On page 54, beginning at line 2, strike out the sentence "The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country."

Mr. MORSE. Madam President, I should like to hear the objections of the Senator from Louisiana to the amendment.

Mr. ELLENDER. Madam President, the primary purpose of the law is to use our agricultural production, instead of dollars, to provide assistance to our friends abroad who need such assistance. In doing this, it appears appropriate that it be done in a manner that will advance the foreign policy of the United States. Both the Secretary of Agriculture and

the Secretary of State therefore have an interest in this legislation, but the Secretary of Agriculture should have the dominant interest. The use of our agricultural commodities for this purpose has a very great impact on the operation of our agricultural plant. It affects marketing quotas, acreage diversion, price supports, surplus disposal, market prices, domestic supplies, and all other facets of our farm program.

In 1955, a subcommittee of the Committee on Agriculture and Forestry held extensive hearings on the operation of the program and found that the State Department was interfering with the use of our commodities under the bill, preferring that we furnish dollar aid, and let other countries sell the commodities, thus thwarting the purpose of the law. A bill was introduced by me and many other members of the committee to correct this situation. That bill was approved by the committee and by Congress. It inserted the sentence which would be stricken by the second part of the Senator's amendment.

Even with this sentence in the law, the State Department has frequently indicated a preference for dollar aid over commodity aid, but the presence of this sentence in the law has contributed greatly to its being carried out in accordance with the intentions of Congress.

I point out further that if the Senator's amendment is adopted, we would be striking out the foreign policy purpose of the bill and, at the same time, opening the door to administration by the Secretary of State.

The committee felt that the importance of administration by the Secretary of Agriculture was such that it gave special emphasis to it in its report, at page 22, beginning at the top of the page.

The Senator from Oregon, in his printed explanation of the amendment, indicates that there is confusion in authorizing the President to negotiate and carry out agreements with friendly countries, while authorizing the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated. We do not believe that there is any inconsistency in these provisions. The President will, of course, negotiate and carry out the agreements, but we desire to make it clear that he would look to the Secretary of Agriculture rather than the Secretary of State for determinations as to the nations with whom agreements shall be negotiated, and even more particularly with respect to the commodities and quantities which are available and should be included in those agreements.

Mr. MORSE. Madam President, I yield myself an additional 5 minutes.

Does the Senator from Louisiana agree with me that with the expanded membership of the advisory committee, if any real problem develops in connection with the Secretary of Agriculture seeking to enter into arrangements or agreements that would, in the opinion of the State Department, be inconsistent with the best foreign policy interests of the country, we could have the benefit of the advisory committee's views? Also, could

not the Secretary of State himself take up any question with the President, who supervises both the Secretary of State and the Secretary of Agriculture?

Through the advisory committee arrangement, which we have just adopted, do we not provide a check on the Secretary of Agriculture in case he should seek to follow a foreign policy course of action which the State Department believed was inimical to the foreign policy interests of the United States?

Mr. ELLENDER. There is no doubt about that. As I suggested a moment ago, the President, in all events, makes the contracts and agreements with foreign nations. Even if the Secretary of Agriculture should make his own determination, I feel certain that the President would consult with the Secretary of State. The fact that we have included the amendments suggested by the Senator from Oregon provides another inlet by which the Department of State and the Department of Agriculture can coordinate their efforts in the administration of the program.

Mr. MORSE. I agree with the observation of the Senator from Louisiana. For the purpose of making legislative history—and I shall then withdraw my amendment—I wish to express again today the concern that I expressed yesterday with respect to a possible diminution of the authority of the Secretary of State over foreign policy. Many times I have expressed concern that the Department of State is permitting its authority in the field of foreign policy to be eroded. In my judgment, we are finding that the Department of Defense is assuming too much authority in the field of foreign policy. The Agency for International Development, likewise, has assumed too much authority in the field of foreign policy.

I should like to see the Secretary of State exercise greater checks on AID than he has been doing for some time past. Similarly, I do not want to see the Secretary of Agriculture build up a rival bailiwick that could be considered a division of the Department of Agriculture with respect to foreign policy. Matters of foreign policy should be funneled through the Department of State.

Moreover, it will be much easier for Congress to write the standards under which aid to any field may be extended if all the programs are administered together.

Because I think the advisory committee, as we now have revised it, provides a reasonable check against the fear that I have expressed, I withdraw my amendment.

Mr. HOLLAND. Madam President, there has been repeated reference in the debate to the portion of the report, contained on pages 21 and 22, dealing with this precise question.

I think, to illuminate this whole question, it would be well to have printed in the CONGRESSIONAL RECORD the part of the report beginning with the words "Section 401" on page 21 down to the words "Section 402" on page 22.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Section 401 authorizes the Secretary of Agriculture, after consulting with other Government agencies and within policies laid down by the President, to determine the commodities to be furnished under the act, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover. The new dimensions which this legislation gives to our food-for-peace programs are most important; in fact, they are essential to meet conditions that prevail today. The new dimensions of self-help and use of nonsurplus commodities add to the importance of the principle expressed in section 401 of this bill—that principle which assigns to the Secretary of Agriculture the responsibility for determining “the agricultural commodities and quantities thereof available for disposition under this act, and the commodities and quantities thereof which may be included in the negotiations with each country.”

The Congress has always held that the Secretary of Agriculture should have major responsibility for the Public Law 480 program. This responsibility is even more important under the new conditions that prevail today, and especially under the new concepts now being incorporated in this bill.

We are—in this legislation—eliminating the surplus requirement, which, up to now, has been a limiting factor on food-for-peace programs. This is appropriate in view of today's conditions, but it also adds significantly to the importance of administrative decisions as to the agricultural commodities and quantities that are available for programming, and the commodities and quantities which may be included in the negotiations with each country. Responsibility for such decisions must remain with the Secretary of Agriculture because they are so closely interwoven with the Secretary's responsibilities for domestic farm programs.

There have been some ideas expressed that under this new program food aid is going to become just a part of the foreign assistance program, and that it will then be treated just like dollar aid. We want to make it clear that this is not the case.

Surely we expect that it will be administered in coordination with our other kinds of foreign assistance. And surely we expect that increasing use will be made of our expert agricultural know-how—in the USDA, in our land-grant colleges, and in the abilities of our farmers—to help the hungry nations to help themselves.

But food aid cannot be treated just like dollar aid. If we had wanted that we would have turned it into dollars and put it in the Foreign Assistance Act.

Food aid cannot be treated as dollar aid simply because this would present too great a risk to American farmers and American consumers. Domestic needs and supplies, together with price supports and acreage allotments that affect agricultural production, must be integral factors in our food aid program. This is why food aid must be handled separately and this is why section 401 insures separate handling by vesting responsibility in the Secretary of Agriculture.

This section also (1) authorizes the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated, and (2) provides that no commodities shall be made available under this act if domestic requirements, adequate carryovers, and anticipated dollar exports as determined by the Secretary could not be met.

The ACTING PRESIDENT pro tempore. The amendment has been withdrawn. The bill is open to further amendment.

AMENDMENT NO. 784

Mr. MORSE. Madam President, I think there ought to be an official action on each amendment. I call up amendment No. 784 and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 55, line 14, strike out all of section 406.

Mr. MORSE. Madam President, I withdraw my amendment.

The ACTING PRESIDENT pro tempore. The amendment is withdrawn.

AMENDMENT NO. 783

Mr. MORSE. Madam President, I call up amendment No. 783 and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

FOREIGN CURRENCIES.—Sales financed under this Act may provide for payment in foreign currencies only to the extent that the Secretary of the Treasury determines at the time of each such sale that the existing or anticipated requirements for such foreign currencies for payment of United States obligations abroad are such that an excess of United States Government holdings of any particular foreign currency is not likely to result.

Mr. MORSE. Madam President, I should like to hear from the senior Senator from Louisiana on that matter.

Mr. ELLENDER. Madam President, this amendment would prohibit sales for foreign currencies in excess-currency countries. For fiscal 1967, Burma, Ceylon, Congo, Guinea, India, Israel, Pakistan, Poland, Tunisia, United Arab Republic, and Yugoslavia have been determined to be excess-currency countries. Other countries that are very near to becoming excess-currency countries are Brazil, Bolivia, Finland, Indonesia, Morocco, Paraguay, Sudan, Syria, and Turkey.

The object of making sales for foreign currencies is twofold:

First, we provide the recipient country with needed food and fiber to be distributed through the normal channels of trade.

Second, the proceeds are then used in part for the economic development of the country, so that further aid will become unnecessary, or for the payment of U.S. obligations. Under this bill particularly, we intend that the currency shall be used in large part to develop the agricultural plant of the country so that it will be able to feed itself.

In all of our discussions in committee, India has been constantly considered, and a very great purpose of this bill is to help India. India is already an excess-currency country and this amendment would prohibit any sales for foreign currencies to India. It would thwart the bill's purpose of assisting India to develop its agricultural plant.

We have recently increased our wheat acreage allotment by about a third, and we have increased our rice acreage allot-

ment for the purpose of sale of these commodities to India and other countries for foreign currencies. This amendment would require either that we reduce our allotments of wheat and rice or be faced with a surplus of those commodities.

The Senator from Oregon in his printed explanation of his amendment points out that similar language is already provided in the pending legislation applicable to our military assistance program. The situation there, however, is not comparable to the present situation. Foreign currencies derived from sales of military hardware are not available for the economic development of the purchasing country, whereas that is the principal purpose of foreign currencies received from sales under Public Law 480.

With respect to India, if dollar payment with a 2-year grace period and a 20-year repayment period is required, it would pose an enormous burden. India's external debt is now about \$7 billion and is rising rapidly. Repayments are now running at the level of \$300 to \$400 million per year, and dollar payment would place a burden of an additional \$100 million per year by 1970.

The food margins in India are very thin. The population pressure is great and is unceasing. Against this is the Indian Government's fear of mortgaging the future. Harder repayment terms on our part could lead to a decision by the Government of India to curtail requests for Public Law 480 commodities which would maintain, if not increase, the degree of malnutrition and possibly even starvation among the poorer classes in India.

As I have just indicated, Madam President, under this amendment many other countries would not be able to purchase the commodities so badly needed by them for foreign currencies and they could not possibly buy for cash or long-time credit. It would really defeat the purpose of the bill, in my humble judgment.

Mr. MORSE. Madam President, I yield myself 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Oregon is recognized for 5 minutes.

Mr. MORSE. Madam President, I shall withdraw the amendment when I finish my statement. However, I should like to have the assistance of the senior Senator from Louisiana for legislative history.

What concerns me is that we have a bill that gives the American taxpayer the impression that we are selling a certain portion of these agricultural products, but actually we are selling them for soft currency in the foreign countries, which currency, because of the restrictions placed upon it by the foreign country, is worthless to the American taxpayer.

It seems to me that we would be more forthright if we were to make a grant of the goods, rather than to take foreign currency in many of these countries.

The Senator has talked about India. There is no better example of the problem that I raise.

The American taxpayer has been taken advantage of by India time and time again in connection with the so-called sales of agricultural products for Indian currency. That currency is kept in India and only a very small percentage of it can be used to pay for certain personal service in our Embassy or consulates throughout India and for certain maintenance expenses of American installations in India.

When I was in India in 1957, I used some of this soft currency to pay for functions sponsored by our Embassies and consulates to enable our Senate group to meet with local business and legal organizations.

Of course, I could have paid for these official functions with American dollars made available by the Senate. However, I discovered that I had authority to draw soft currency belonging to the United States in India, while the Ambassador and Consul General had no such authority. I took the position that the functions should be paid for with this American-owned soft currency and I signed the necessary orders.

But the Indian Government almost invariably finds, if we want to spend this currency for other purposes, that it would be disruptive to the Indian economy. That is their out. So we say to the American taxpayers that we are getting paid, and we are not getting paid at all. The foreign currency is locked up, not circulated, and we cannot spend it. I would rather give them the food than go through what I think is the false maneuver of saying that we sell it to them.

What can we do in regard to this soft currency problem in order to at least get greater use of that soft currency for the United States and the country concerned?

Mr. ELLENDER. Madam President, that is a very good question. Under the bill as we have presented it, our Government can more or less force India to use more funds to develop its agriculture; and under the agreements that will be entered into, there can be a provision that India shall use so much of its resources to develop agriculture. After the amount that it usually uses is reached, then we can insist that some of these counterpart funds be used in order to assist India to further increase its agricultural program, so as to make India more or less self-sustaining in that regard.

In the past, much of the aid was used to develop industrially. But under this bill, we can now insist that it be used to develop agriculture. It is my belief that if this new policy is followed through by our Government, it will only be a question of a few years until India should be self-sustaining.

For instance, under this new law, we can insist that instead of putting up, let us say, a plant to make steel, they make fertilizer—something to aid agriculture.

Another feature, I may say to my good friend, the Senator from Oregon, is that we can insist that some of these funds be used to develop education along agricultural lines.

Under this bill the emphasis is being put on agriculture. These funds can be

used to further develop agriculture, and thereby make it possible that we will soon be out of India, insofar as our selling surplus food for her to carry on.

Mr. MORSE. I note that the Senator from Ohio [Mr. LAUSCHE] has come on the floor, and I want to make this comment in his presence, because this is very important legislative history.

The Senator from Ohio and I have stood shoulder to shoulder on the floor and in the Committee on Foreign Relations, to seek some procedural changes in this handling of soft currency abroad, with particular reference to India.

The Senator from Louisiana has pointed out that, in the past, it has been used for industrial development. But what kind of industrial development? The industrial development of a state socialism in India, not the industrial development of a private enterprise. Indirectly, we have been exporting state socialism, through this type of aid.

I completely agree with the Senator from Louisiana that we should insist that they use some of these counterpart funds to develop fertilizer plants, but private enterprise fertilizer plants; farm machinery plants, but private enterprise machinery plants.

The Senator from Ohio and I were in India last fall. We went into some of these areas, and we were very much disturbed to see the use to which our aid is being put. It is quite inconsistent with what we profess is essential if we are to export economic freedom.

This is important legislative history, and the chairman of this committee being the man that I know him to be, I know he will help ride herd, so to speak, on the Department of Agriculture and the Department of State, through the advisory committee that has been set up in this bill, to put a stop to the type of use of funds that State and Agriculture have been guilty of in the past.

The Senator from Georgia [Mr. TALMADGE] is also here, and I know of debates in which he has joined, in insisting that we get for the American taxpayers some benefit out of the soft currency funds that are being stored away in these foreign countries and not benefiting the American taxpayer one iota.

Mr. TALMADGE. I compliment the distinguished Senator from Oregon for the matter he has brought up today.

I point out that in the committee report on this bill, the Senator will note the committee amendments on page 10. The amendments appear on half of page 10, all of page 11, and about two-thirds of page 12. The committee has tightened up this bill tremendously, to seek to accomplish the very purpose that the Senator from Oregon points out to the Senate.

One of the amendments included in the bill was offered by the Senator from Georgia, and it was agreed to unanimously. That amendment will permit the sale of these excess currencies, up to 25 percent of the total amount of future negotiated contracts, to American tourists; and in that way we can utilize foreign currencies and also can reduce the dollar deficit that has been increas-

ing so rampantly in recent years. The dollar deficit has continued to increase without any indication of improving.

It is my feeling—and I am sure that it is shared by every member of the Committee on Agriculture and Forestry—that we should utilize these soft currencies not only to the best advantage of developing food in the donee country or the country to whom we sell, but also to the best advantage of the Government of the United States, in attempting to do so drastically curtail our dollar deficit and stop our gold drain, which is one of the most serious threats that face our Nation.

Mr. MORSE. Madam President, if my time has expired, I yield myself an additional 5 minutes.

I thank the Senator from Georgia for his contribution to this legislative history.

I ask unanimous consent to have printed at this point in my remarks the section of the committee report that the Senator from Georgia has referred to, starting on page 10, under the heading "Committee Amendment," running over to the next section on page 12.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

COMMITTEE AMENDMENT

The committee amendment, which is in the nature of a substitute for the text of the House bill, restores a number of provisions of Public Law 480 which were omitted from the House bill, and makes a few other minor changes. The committee felt that the omitted provisions had been carefully considered by Congress before their adoption, and provided safeguards which should be continued in the law. The committee substitute differs from the House text in that it—

(1) Changes the short title of the bill to "Food for Peace Act of 1966."

(2) Clarifies the language of section 103(a).

(3) Amends section 103(b) to reflect the change in dollar credit terms described in item (17) hereof.

(4) Permits sales determined by the President to be in the interest of the United States to countries dealing with Cuba and North Vietnam.

(5) Restores the exchange rate provision currently in the law.

(6) Provides for publicizing the concessional nature of title I sales, instead of marking the commodities themselves.

(7) Restores the existing requirement that foreign currencies be convertible to the extent consistent with the purpose of the act, and in any event to the extent necessary to pay obligations to the host country.

(8) Requires foreign currencies received under future agreements to be convertible to the extent of American tourist expenses, or 25 percent of the currencies so received, whichever is less.

(9) Restores the existing requirement (for government-to-government transactions, as well as private trade sales) that dollar credit sales not displace cash sales.

(10) Clarifies the language of section 104(b)(3).

(11) Restores the existing provision limiting the use of foreign currencies without appropriation for emergency relief to nonfood relief and \$5 million per year.

(12) Permits sales of foreign currencies for dollars to U.S. citizens in nonexcess, as well as excess, currency countries.

(13) Provides for the use of foreign currencies to finance the planning of nutrition programs in friendly countries.

(14) Restores the existing limits on grants and uses of repayments so as to subject them to Appropriation Act or committee approval.

(15) Restores the existing minimum interest rate on foreign currency loans (the cost of funds to the United States).

(16) Exempts "excess currency" countries from the requirements described in items (14) and (15). Requires the amount of the excess to be devoted to the acquisition of buildings and grounds for U.S. purposes and to additional agricultural self-help. Requires Presidential reports on the extent and use of the excess.

(17) Restores the existing requirements that deliveries on dollar credit sales be made within 10 years and that payments begin in 2 years and be completed in 20 years. (This amendment, together with that described in item (3), preserves the significance of dollar credit terms as "hard" terms while permitting the transition contemplated by section 103(b). The amendment described in item (3) provides for transition either to dollar sales or to foreign currency sales which will provide the same dollar return to the United States as would be returned by the softer dollar credit terms provided for by the House text.)

(18) Requires dollar credit sales agreements to specify the economic development to which the sales proceeds will be devoted.

(19) Makes it clear that private trade dollar credit sales are subject to all applicable provisions of the act (including prohibitions against dollar displacement and the limitation on transshipment).

(20) Strikes out the provision which would have extended the CCC commercial export credit program to private stocks and authorized appropriations to reimburse CCC for credits extended under that program.

(21) Restores the current provision prohibiting CCC from financing basic freight charges (as opposed to extra costs resulting from cargo preference) and extends it to dollar credit sales.

(22) Includes establishment and expansion of institutions for adaptive agricultural research among the self-help criteria of section 109.

(23) Makes it clear that the proviso in section 109 is intended to be a positive requirement of law, rather than a standard suggested for the President's consideration.

(24) Requires title I agreements to show that the recipient country is engaging in a self-help program, and provides for termination of the agreement if such program is not carried out.

(25) Changes the title I annual authorization from \$2.5 billion, plus carryover, to \$1.9 billion, plus carryover.

(26) Changes the title II annual authorization from \$800 million, plus carryover, to \$600 million, plus carryover.

(27) Makes it clear that section 201 does not contain a broad grant of authority for nonfood assistance to needy persons.

(28) Expresses the sense of Congress that the assistance of other countries should be sought, particularly through the world food program.

(29) Restores the provision authorizing the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated.

(30) Prohibits the disposition of any commodity under the act if such disposition would result in a shortage.

(31) Makes it clear that the act is applicable only to U.S. produced agricultural commodities and products.

(32) Restores the provision requiring expenditures under the act to be shown in the budget as expenditures for international affairs and finance.

(33) Requires the President's annual report to be made not later than April 1 and to describe the progress of each country's self-help program.

(34) Amends section 3(d) of the bill to provide that cotton product exports shall be financed in the same manner as exports of products of other agricultural commodities, without regard to whether the raw cotton content accounts for a substantial portion of the sales price.

(35) Strikes out the provision of section 3(e) requiring voluntary adjustment programs to be fixed so as to provide a carryover equal to at least 25 percent of consumption and exports, and further amends section 3(e) to provide that the special CCC sales price restriction would be 120 percent of current support, plus carrying charges, and would be applicable to wheat when the carryover was less than 35 percent of requirements.

Mr. TALMADGE. Thirty-five in number.

Mr. MORSE. Thirty-five in number.

This will be a great step forward, if it is carried out. I express great concern about the extent to which we can expect the executive branch to carry out our legislative intent. Its record thus far has not been very good in these matters.

Mr. ELLENDER. When the so-called Cooley amendment provided for loans to private firms for economic development, not more than 25 percent of the foreign currencies were permitted to be used for that purpose. Now we provide that these currencies shall be devoted to that purpose to the maximum usable extent.

The Senator will note, by referring to page 17 of the report, that the committee feels that private business can and should play a much greater role in the economic development of countries being assisted by the Public Law 480 program; and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives.

So we have raised the amount of these foreign currencies that can be loaned to friendly business to do the thing that the Senator is talking about. And in our report we encourage such use.

(At this point, Mr. BYRD of Virginia took the chair as Presiding Officer.)

Mr. MORSE. That is needed in every one of these countries, and particularly in India. She is not alone, but she is one of the worst examples.

I remember that the Senator from Ohio [Mr. LAUSCHE] led the fight in the Committee on Foreign Relations against the attempt to get great sums of money from the American taxpayers for building a steel plant to be owned and operated by the Indian Government.

When we went there last fall, we had quite a discussion with them about that. Their alibis in that field fell flat on the spokesmen.

Mr. LAUSCHE. I appreciate very much the friendly comments made about my fight respecting the use of soft currency American dollars in foreign countries to promote socialistic governments.

Last fall, with the Senator from Oregon [Mr. MORSE] and other Senators, I went to the Far East, and the judgment was uniform that wherever there was socialism there was dormancy in the growth of the economy. In those countries where there was some sign of free-

dom, where free enterprise operated, there was activity. If I had any question in my mind about the ability of socialism to produce a dynamic economy, it was confirmed when I was there. India sanguinely believes in the socialistic form of government. The more it is promoted, the more its economy stagnates.

If this bill contemplates, as the Senator from Louisiana [Mr. ELLENDER] stated, the promotion of private enterprise through our aid, there is no better help that we can give to those countries.

I subscribe fully to what the Senator from Oregon [Mr. MORSE] has said and the Senator from Louisiana [Mr. ELLENDER] has said.

Mr. ELLENDER. I wish to further emphasize that a new direction is being given under this bill for the use of these funds. There is no doubt in my mind, having traveled quite a bit over the world, that most of the socialistic countries or communistic countries want to make a big show, and the way they do it is by building a large industrial plant to increase industrial production, to the detriment of agriculture.

Under this bill, and through the advisory committee that we have reconstituted, we will have a say as to how these funds shall be used. I shall insist that a maximum amount will be used for agriculture. If that plan is followed I visualize that in the next 2 or 3 years India should be on the way toward producing a sufficient amount of food for its use.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). The Senator will state it.

Mr. MORSE. How much time do I have remaining on the amendment?

The PRESIDING OFFICER. The Senator from Oregon has 6 minutes remaining.

Mr. MORSE. How much time does the Senator from Louisiana [Mr. ELLENDER] have remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 14 minutes remaining.

Mr. LAUSCHE. Mr. President, while we were in India one of the vital questions discussed was famine in India. Of course, the testimony revealed that they needed fertilizer plants. A large U.S. industrial enterprise wanted to build a fertilizer plant. The Indian Government, said, "No, you cannot build it unless you allow us to run it." Everything they have run has been run into the ground. It is simply unbelievable that while people are dying from famine—food was not to be had in many places—they insisted on adhering to their socialistic method of solving economic problems.

I wish to say to the Senator from Oregon [Mr. MORSE] that I believe that out of that trip came a very salutary result because they subsequently decided to admit that American company and allow it to run the plant.

If this bill will do what the Senator from Georgia [Mr. TALMADGE] has just said about the use of soft currency, and

what the Senator from Louisiana [Mr. ELLENDER] said, I subscribe to it with great vigor.

Mr. MORSE. I wish to point out another matter before I withdraw my amendment.

We make a mistake when we talk about India as though it were an entity. I see the former Ambassador to India [Mr. COOPER] in the Chamber. I hope that he will give heed to what I say in case he wants to make some observation about it.

India is not one country. India is a country divided into a series of provinces, with insistence upon rights from province to province.

One of the things that our delegation observed with shocking surprise was to get to the border of one province where they did not have a scarcity of food, and see wagon loads drawn by oxen, and many trucks lined up at that border, stopped by the officials of that province refusing to let them take that food into the next province in which there was a great scarcity of food.

Who said, "How do you justify this? How do you justify this maldistribution of your own food in your own country, and then cry on the shoulder of the United States for exportation of shipload after shipload of wheat?"

They have internal problems with regard to distribution of their own food. We are told in this country about the great shortage of food in a province, but we are not given a report of the surplus food that may exist in another province in India. We have the mistaken idea that the Indian parliament has the power to order the distribution of food. I wish to say on the floor of the Senate today that India has some internal housekeeping to put in order in respect to such problems as this.

The second and last point that I shall make is to call to the attention of the Senate that it was in 1957 that I set a precedent for the Committee on Foreign Relations which has been followed since. This bears somewhat on the suggestion of the Senator from Georgia in regard to making use of soft currency that we have stored, in millions of dollars worth, in India. I use India as a horrible example because it is a horrible example.

I got into India in 1957 as the chairman of a Senate delegation to the British Commonwealth Parliamentary Conference. I found that our embassies and consulates, as I traveled in various parts of India, had already spent all of their representative funds and had done so for months previous. Various groups in India, such as the bar and Supreme Court of the Province of Madras wanted a state function, a province function, but they wanted it paid for by the American consulate. The function was arranged, but I discovered I could sign as the head of the delegation for use of American soft currency in India that the ambassador could not sign for, and that the Consul General in Madras could not sign for. Therefore, I proceeded to pay for the functions on the basis of my signature as chairman of the delegation. I was told this was the first time that had ever happened to a traveling congressional

delegation in India. I found out later that it was also the first time it had ever happened to a traveling congressional delegation anywhere else in the world. I made a report to the Committee on Foreign Relations when I returned. This is all a matter of the printed RECORD now. I was sustained by the Committee on Foreign Relations. It has become common practice on the committee since. I understand—and the Senator from Louisiana can tell me if I am right—it has been common practice, when the Senator from Louisiana has gone abroad representing the Committee on Agriculture and Forestry.

Do not get the idea that it was enthusiastically received by the Indians at the governmental level. But, that was a most appropriate use of American soft currency. I am glad to hear the Senator from Georgia and the Senator from Louisiana point out in this debate that they think steps should be taken by the executive branch to have some of this money made available for American tourism. This is natural with the balance-of-payments problem. I think the American taxpayers are entitled to have Congress get really hard boiled and tough on this matter—that is why I am making this legislative history today—and tell the other end of Pennsylvania Avenue that they had better stop coming up here asking for authorization and appropriation bills for the various foreign assistance programs involving the expenditure of taxpayers' money unless they are willing to insist in their diplomatic relations with other countries—where we have these huge accumulations of soft currencies belonging to us but which are not expendable or which are not expendable because of restrictions which foreign governments have placed upon their spending—that it must stop. We have got to use this money for such things as the Senator from Louisiana and the Senator from Georgia have pointed out in this debate; namely, to plow it into Indian agriculture, for example, so that they can get on a self-sustaining basis.

Mr. ELLENDER and Mr. McGOVERN addressed the Chair.

Mr. MORSE. Mr. President, before I withdrew my amendment, I wish to yield first to the Senator from Louisiana [Mr. ELLENDER] and then to the Senator from South Dakota [Mr. McGOVERN].

Mr. ELLENDER. I should like to enlarge upon what my good friend the Senator from Oregon has just stated about our use of Indian rupees. As many Senators know, I have made quite a few tours of the world. I furnished to the Senate, I think it has been 11 written reports, 8 of them Senate documents. The record will show that in all these countries I never used a single cash dollar. I always used counterpart funds. Of course, it put me to a lot of trouble to do that, but at the same time the record will show that every dollar advanced to me by the State Department to make these tours I returned to them 100 percent by using counterpart funds—as the Senator from Oregon says he used—in India.

Mr. McGOVERN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. McGOVERN. I simply want to draw attention to what I think are rather hopeful developments along the lines the Senator from Oregon has been discussing. One was a news report in yesterday's Washington Post to the effect that for the first time the Indian 5-year plan puts agriculture at the top, in the No. 1 priority position. It remains to be seen how successful and how diligent they are in carrying out that objective, but at least this is the first Indian 5-year plan that has clearly given agriculture the No. 1 priority.

Mr. President, I ask unanimous consent to put in the RECORD news articles from the August 30 and 31 issues of the Washington Post on India's new 5-year plan.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 30, 1966]
INDIA SHIFTS PRIORITIES IN 5-YEAR PLAN; AGRICULTURE PUT AHEAD OF INDUSTRY

NEW DELHI, August 29.—India's fourth five-year plan, which envisages a total capital outlay of about \$32 billion will give highest priority to the development of agriculture and increased food production.

This was the first time that the emphasis has been taken from industrial development, which was the theme of the first three plans.

The plan published today should have started in April but has been held up until now because of uncertainty over foreign exchange resources.

A draft outline of the plan presented to Parliament listed principal tasks for the country during the next five years. They include price stabilization and increased agricultural and industrial production to promote exports and replace imports.

The plan proposes an annual growth rate of 5½ per cent in national income and a rise in per capita income of 3 per cent a year.

Per capita income in India now is about \$61.60 annually. A 3 per cent annual increase for the five years would bring it up to about \$70.

The plan estimated that \$8400 million would be needed in external credits for the five years of which \$1700 million will go toward loan repayments.

[From the Washington Post, Aug. 30, 1966]

INDIA NEWS AGENCIES URGED TO EXPAND
(Reuters)

NEW DELHI, August 29.—Information Minister Raj Bahadur said today he would try to encourage Indian news agencies to distribute news abroad, as he considered foreign agencies were giving a distorted picture of the country.

He told Parliament, however, that there was no question of the Indian government setting up its own international news agency.

He said the government's effort would be "to encourage our news agencies to enter into collaboration with agencies in different countries, for example Yugoslavia, the United Arab Republic and other African countries to give a basis for collaboration, thus ensuring that undistorted and correct news is provided."

[From the Washington Post, Aug. 31, 1966]
INDIA PLAN AIMS TO RAISE AVERAGE INCOME
(By Warren Unna)

NEW DELHI, August 30.—India's fourth five-year plan, which Prime Minister Indira Gandhi's government submitted to Parliament yesterday, means to raise the average Indian's income from \$59.60 a year to \$70.92;

provide him with three more ounces of wheat or rice a day; and clothe him with 78.7 inches more of cotton length every year.

To a Westerner these goals—over a five-year period ending in 1971—may seem modest almost to absurdity. But here in India, where the population, which is desperately poor, now is just about half a billion—more than two and a half times that of the United States—the new plan is, if anything, overly ambitious. Its total cost, the equivalent of \$316.6 billion, is regarded by many, including Finance Minister Sachindra Chaudhuri, as simply way beyond India's purse.

PREMIER'S VIEWPOINT

But Mrs. Gandhi and her Minister of Planning, Asoua Mehta, are convinced that the only way to get India moving is to jerk it up by the seat of its dhoti. And the Prime Minister, anticipating criticism of the plan's size in a broadcast earlier this month, declared: "The maximum we can do is the minimum we should attempt."

In the eyes of India's well-wishers in the American Government and in the World Bank, the new plan is probably well on target. It gives highest priority to producing more food and trying to get ahead of hungry appetites through population control. On first glance the plan also apparently aims at making India grow and go ahead through greater use of her existing industrial capacity—instead of spreading herself too thin with all sorts of new projects. But, as the *Times of India* editorialized today, "The (plan) document is far better at defining the problems and fixing the goals than at indicating how precisely they are to be reached in the present political context. Even where it does say what ought to be done to achieve a particular objective it does not pause to ask whether, in the light of past experience, this can or will be done."

The planning commission says that less than one fifth of the new plan's foreign exchange outlay will have to come from foreign aid—and a good amount of this will be devoted to paying interest and retiring past loans.

FOREIGN AID CRUCIAL

But whatever the percentage, this foreign aid increment is so crucial that the fourth five-year plan has been in the revision stage for over a year while waiting for the United States, India's biggest benefactor, to resume the economic aid she had suspended at the time of last fall's war between India and Pakistan. And the first year of the new plan, which began last April 1, had to be launched on its own while waiting for the over-all plan to catch up.

Even now India has not received the full long-range commitment she would like and is aware that a renewed outbreak of hostilities with Pakistan could bring about another aid suspension. Moreover, Mrs. Gandhi's government currently is having a hard time with opposition cries that she submitted to the Western demand that India devalue her rupee on the promise of a lavish foreign aid commitment to the plan that has not yet materialized.

In addition to her dependence on foreign aid to make the plan succeed, India also is depending upon her own economy growing. And yet last year's rain failure showed how the caprice of nature could turn what had been a record agricultural growth into a huge deficit one.

For these reasons Mrs. Gandhi's government has tried to make the new plan antecedent to a fifth five-year plan which will free India from further foreign aid dependency by 1976. And the current plan has "core" elements that are to receive top priority even if India's own resources should again hobble her.

FOOD OUTPUT PUSHED

The first priority goes to agriculture with food production being pushed in areas with an assured supply of water and soils particularly responsive to fertilizer, insecticides and high yielding varieties of seeds. The fourth five-year plan would have an India that produced only 72.3 million tons of food grains last year produce no less than 120 million tons during the plan's final year ending March 31, 1971.

The plan would have a national birth rate that is now 40 per thousand of population reduced to 25—all within five years! And the plan makes special mention that if the allotted equivalent of \$1.264 billion doesn't produce enough loops and other family planning devices for success an additional equivalent of \$1.920 billion will be made available.

The plan obviously is predicated on reaching a sufficient food surplus through increased agricultural and decreased human production to provide India with the basic stability for other types of economic improvement.

Even in a plan as ambitious as India's new one, not everything can enjoy top priority. For this reason, India's planners envision 18.5 to 19 million new jobs being created during the plan's five years despite the fact that some 23 million more people are expected to enter the labor market. Since India's first three five-year plans failed to provide jobs for some nine to ten million people entering the labor market during their periods, India's planners have had to grit hard in recognizing that this country will have a whopping 14 million eligible people unemployed by 1971.

Mr. McGOVERN. Part of the credit for that recognition of the importance of agriculture should go to Members of Congress, members of the executive branch, and others who have been working with like-minded people in India toward that end.

Some people might argue that more important than the Indian food problem is her population problem. Many of the things we try to accomplish under our aid programs in various parts of the world are offset by uncontrolled population growth. But here again, the pending bill will be good news. For the first time in a congressional enactment we are specifically and clearly permitting the use of some of the currencies generated by this program for family planning and population control.

Thus, I think that on those two points the Senator can at least say there are grounds for hope.

Mr. MORSE. I want to thank the Senator from South Dakota. Those are hopeful grounds.

If I may make a very quick comment while the Senator from Ohio comes back to the floor, we were talking about the predominance of the state Socialist attitude on the part of the state government officials of India. I want to tell the Senate one of the reasons for it. This is a country in which the total population is highly illiterate. Illiteracy in India today is at a very high rate. A great majority of the educated people of India are in government. They are really an aristocracy of the mind.

I remember, in 1957, Prime Minister Nehru complained to me, in a conference I had with him about sending students

to the United States, that there were two problems. One, although Indians were pledged to return to India, many of them used every device they could to remain in the United States and, too frequently, the State Department helped them remain. If they went to medical school in the United States, they were encouraged to go on and become doctors and remain in the United States as doctors, instead of returning to India. Prime Minister Nehru said that, as a result, serious consideration was being given to a cutback in the whole student program so far as India was concerned in sending students to the United States.

Then, he said, the second problem arose when the students, returning to India, did not want to back to the villages they were trained to serve; they all wanted government jobs, and that they wanted to come to New Delhi or to the governments in the provinces rather than to go back and intermingle in the communities from which they had come in the first place.

Thus, there has developed a tremendous bureaucracy in the Government of India. We have our problems with bureaucracy in this country, of course, but we would have a lot to learn from India if we wanted to increase bureaucracy in the United States. God forbid.

The tendency has developed on the part of Indian Government officials to have the Government run the business of the country to give all these people something to do.

Thus, that is part of our problem, it seems to me.

That is why I was so glad to hear the Senator from Louisiana say that he has been trying to urge the use of these counterpart funds not only for agriculture but also for education in the local country.

If we can help encourage the need for education in India, I think we will also be helping to develop its private enterprise system, by seeing to it that more and more of their people are educated for something other than government employment and thus help to check the tendency of the Government to take over their industries.

Mr. President, before I withdraw my amendment, I yield at this time to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, I yield 1 minute to the Senator from Texas in order to present a conference report.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J. Res. 1284)

making continuing appropriations for the fiscal year 1967, and for other purposes, and it was signed by the Vice President.

PROMOTION OF HEALTH AND SAFETY IN METAL AND NONMETALLIC MINERAL INDUSTRIES—CONFERENCE REPORT

Mr. YARBOROUGH. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8989) to promote health and safety in metal and nonmetallic mineral industries, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of August 30, 1966, CONGRESSIONAL RECORD, pp. 20384-20389.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. YARBOROUGH. Mr. President, I move adoption of the conference report. I yield back the remainder of my time—30 seconds.

The conference report was agreed to.

ELIMINATION OF ANTI-JUNTA AMENDMENT FROM FOREIGN AID AUTHORIZATION BILL

Mr. JAVITS. Mr. President, I am very grateful to the Senator from Louisiana [Mr. ELLENDER] for yielding me this time.

I am informed that the conference committee on the foreign aid bill has eliminated a crucial amendment which would have cut off all U.S. aid to Latin American governments which came into power by unconstitutional overthrow of a freely elected, constitutional, democratic government acting in accordance with its constitutional mandate. This amendment was approved by the Senate without opposition after an effort to strengthen it even further was defeated by a roll-call vote.

Elimination of the so-called anti-junta amendment represents a grave setback to the democratic cause in the hemisphere and to the lofty objectives of the Alliance for Progress. Its elimination will regretfully be interpreted in the hemisphere as a clear admission that U.S. foreign policy is based on a double standard—one directed toward Communist regimes and another toward military regimes. We should have avoided such interpretations of U.S. foreign policy. The opportunity was provided by this amendment, and the opportunity was lost in conference.

In addition, the result of the conference committee's report will be to further confuse the world as to the objectives of U.S. foreign policy. For the conference committee's action came just 5 days after the President declared in Denver:

In the Latin American countries we are on the side of those who want constitutional governments. We are not on the side of those who say that dictatorships are necessary for efficient economic development or as a bulwark against communism.

It was my view when I proposed this amendment—and it is my view now—that the objectives of the Alliance for Progress and the OAS Charter are entirely incompatible with U.S. aid to regimes that came under this amendment and continuation of U.S. aid to such regimes is so damaging to our policy in Latin America as to require the utmost justification on the highest level.

The problem of dealing with the illegal overthrow of constitutional, democratic governments is the No. 1 problem facing the hemisphere today. It simply cannot be ignored any longer. This amendment represented an effort to bring the question into the realm of collective hemispheric action. The governments of the hemisphere already took a first—though hesitating—step toward dealing with recognition of de facto regimes at the Second Special Inter-American Conference last November. Approval of the amendment would have encouraged further steps.

This anti-junta amendment was, of course, primarily a procedure through which the will of Congress could be expressed. The President remained the final arbiter. The President can still carry out the policy of this amendment to deny economic and military aid to military regimes taking over constitutional governments, restoring such aid as the result of collective action in the hemisphere, or if not, only in cases having unusual justification in the national interest of the United States.

I am unaware of the reasons why this amendment was dropped in conference, but I hope the administration, especially in view of the President's statement in Denver, will honor the policy. If it does not, it will be a grave blow to our promising efforts to restore our close relationship with Latin America, a relationship cruelly jarred by the Dominican incident.

FOOD-FOR-PEACE ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

The PRESIDING OFFICER. The Senators each have 1 minute left.

Mr. MORSE. Mr. President, I withdrew the amendment which I have at the desk, but I have some comments to make on an amendment already withdrawn.

Mr. ELLENDER. I yield 2 minutes on the bill to the Senator from Oregon.

Mr. MORSE. Mr. President, I withdrew my amendment No. 782 a few minutes ago. That amendment reads:

On page 29, line 8, after the word "production", strike out the semicolon and the words "and to promote in other ways the foreign policy of the United States."

On page 54, beginning at line 2, strike out

the sentence "The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country."

The RECORD will show that the Senator from Louisiana [Mr. ELLENDER] and I had a colloquy, the substance of which was that, under the advisory committee which has been set up, the administration would be fully protected in making its wishes known to the Secretary of Agriculture.

I did not know, at the time I withdrew the amendment—and I will stand on the withdrawal—that the administration supported the amendment.

There has been handed to me from the State Department, in behalf of the administration, a note. I only want to say this about it for legislative history, because it will also serve as legislative history for the Secretary of Agriculture: that the administration fully supports my amendment 782. I think the Senator from Louisiana will agree that under the legislative history, due notice is served on the Secretary of Agriculture. Procedure is available in the bill—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield 1 additional minute to the Senator from Oregon.

Mr. MORSE. Procedure is available in the bill for the administration not only to make its position known to the Secretary of Agriculture, but the procedure is also available in the bill for the President to issue orders to the Secretary of Agriculture, or, in case he makes decisions without the knowledge of the President, to rescind those orders. So I think the withdrawal of the amendment, to which I committed myself, will in no way handicap the administration in carrying out the administration's policy. But if difficulty arises that requires legislation in the future, I shall not hesitate to offer such legislation.

The PRESIDING OFFICER. The committee amendment is open to amendment.

Mr. WILLIAMS of Delaware. Mr. President, on behalf of the Senator from Oregon [Mrs. NEUBERGER] and myself, I call up my amendment No. 777. It has been modified.

The PRESIDING OFFICER. The clerk will read the amendment, as modified.

The legislative clerk read the amendment (No. 777) as modified, as follows:

On page 54, line 16, before the period, insert a colon and the following: "Provided, however, That the term 'agricultural commodity' shall not include tobacco or products thereof."

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 5 minutes.

The amendment as it was originally printed would have precluded any gifts under this program of alcoholic beverages. Since submitting this amendment, I have been advised by the Department that no alcoholic beverages have ever been included under any title of the program heretofore and that there would not be with or without this amendment. Therefore it would serve

no useful purpose to include this part of the proposal, nor would it correct any practice which has been followed heretofore.

In other words, I have been given assurance all around, by the manager of the bill as well as the Department, that alcoholic beverages would not be included under this bill with or without the amendment.

Therefore, I am confining the amendment now being offered solely to tobacco as included in the bill; that is, the pending amendment would prohibit any of the funds provided in the bill to subsidize exports of tobacco or tobacco products.

I am not trying to stop bona fide sales of tobacco or tobacco products for export as they may be purchased and paid for with dollars outside this program; however, this particular program has as its stated purpose, and I am quoting from the title of the bill, "to promote international trade in agricultural commodities, to combat hunger and malnutrition."

The title of the act is "Food for Peace Act of 1966." On page 29 the policy is described as follows:

To use the abundant agricultural productivity of the United States to combat hunger and malnutrition.

Certainly tobacco and tobacco products do not come under the category of agricultural products which are necessary to combat hunger or malnutrition.

On the contrary, the Surgeon General of the United States has stated most emphatically that the use of tobacco products is injurious to human health. Therefore, it does not make sense that any bill which provides for the use of the taxpayers' money to supply food and food products to feed the hungry people of the underdeveloped nations should provide for the subsidy of tobacco or tobacco products.

I hope that the manager of the bill and the Senate will accept the amendment. Then it would merely confine the purpose of the bill to what is stated therein—solely to provide agricultural commodities for the alleviation of hunger.

Mr. LAUSCHE. Will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Does the Senator's amendment prohibit, either directly or indirectly, the sale of tobacco products?

Mr. WILLIAMS of Delaware. As dollar sales, no. They could be sold outside the bill. It would stop the subsidy. In one part of the bill is a reference to sales; that means that tobacco products may be sold for foreign soft currencies, which in turn are spent primarily in the country they are obtained. In effect, such sales are substantially grants.

Another part of the bill provides for the sale of tobacco products for dollars. However, the provision for sales for dollars is set forth on page 45 of the bill, as follows:

SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of

such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section.

Thus we find that even though they may be sold under this act for dollars the dollars received will not pay for the total cost. When full payment is being made they can be sold for dollars outside of the act. Such sales do not have to come under this bill at all.

The only purpose of the act before us is to subsidize such sales. It is true that when the commodities are sold under section 4 of the act, which provide for dollar sales, to a certain extent, we do get back the cost of the product, but I repeat, the purpose of this entire bill is to subsidize all sales, to get part payment in dollars where we can, and where we cannot, to get payment in soft currencies; and there is even a provision for outright donations.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. I yield myself 2 additional minutes.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Ohio.

Mr. LAUSCHE. The purpose of the Senator's amendment, as I understand, is to prevent the subsidization in any manner of the sale of tobacco products under the general principle that we are aiding in the elimination of hunger.

Mr. WILLIAMS of Delaware. That is correct.

Mr. LAUSCHE. And sales, under the bill, can be subsidized in one of two ways: First, sales for soft currencies; and second, sales for dollars, but under terms that normally do not prevail in the general market.

Mr. WILLIAMS of Delaware. That is correct. Then there is an additional provision that sales can be made under the barter agreement, where we accept in exchange commodities that are understood not to be worth as much as their price in dollars. If they were they would sell those commodities in the free market and pay us in dollars.

My amendment would also preclude outright gifts or grants of tobacco.

I understand that, generally speaking, all of the tobacco which has been disposed of under this program heretofore has been subsidized even though such subsidizing was disguised as sales for soft currencies.

Mr. LAUSCHE. The objective of the Senator from Delaware is to prevent subsidization of the sale of tobacco under the guise that when we sell tobacco to a nation, we are helping that nation eliminate hunger?

Mr. WILLIAMS of Delaware. That is correct. The purpose of this amendment is to prevent the American taxpayers from subsidizing the export of tobacco to underdeveloped nations under the guise that we are furnishing tobacco or tobacco products to help combat hunger and malnutrition.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 12 minutes remaining.

Mr. WILLIAMS of Delaware. I yield myself 2 minutes, and yield to the Senator from Florida.

Mr. HOLLAND. I wonder if the Senator has forgotten to read the title of the bill, or the first paragraph in the committee report, both of which are considerably broader than the mere purpose of combating hunger and malnutrition.

The title of the bill reads: "To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes."

Is the Senator purposely overlooking or leaving out of the discussion the fact that the bill is designed, among other things, to promote international trade in agricultural commodities?

Mr. WILLIAMS of Delaware. Not at all. I am well aware of those purposes.

But if what we are trying to do is to promote international trade in tobacco let us so label the bill. Instead, the bill is labeled and known as a food-for-freeedom bill. I quote again from the title, "To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes."

The whole principle of this bill has been built around the idea that in our generosity and with our overabundance of agricultural commodities we are going to try to feed the underdeveloped nations of the world. If that is not the reason for the bill let us cut out this camouflage and admit that the bill is simply a subsidy of American agricultural products and that it is not being done for the noble objective of combating hunger and malnutrition.

I am willing to support the bill if it is for the purpose of combating hunger and malnutrition, but I am not willing to support a bill to subsidize the shipment of tobacco to underdeveloped countries, a product which our Surgeon General says is injurious to the health of our own citizens.

I reserve the remainder of my time.

Mr. HOLLAND. If the Senator will yield me 2 minutes, I wish to call attention to the fact that throughout the discussions on this bill, there have been frequent references to the fact that there is a large surplus of cotton on hand, and that the promotion of the sale of that cotton is one of the major objectives of the bill.

It is no secret at all that there is a surplus of tobacco on hand, and there is no reason in the world why we should not use this means to get rid of our surplus cotton and tobacco, just as we have gotten rid of our surplus wheat, corn, and rice. I think that the Senator, while he keeps mentioning that the principal purpose of the bill is to combat hunger and malnutrition, is unfair in not stating that the first named purpose is to promote international trade in agricultural commodities, among which are cotton and tobacco.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 1 minute.

I am well aware that the bill also provides for shipment of cotton. But cotton can be used for clothing. It is an essential commodity for the people of underdeveloped nations. I have no objection to cotton being included in the bill, but I do not see how we can include tobacco or tobacco products as being beneficial to the hungry people of these underdeveloped nations. Therefore, I am trying to exclude this one item.

It may be true that we have a surplus of tobacco; but let us face it, how did we get the surplus? Under another Government program we are subsidizing the production of tobacco, which creates a surplus. Now we are asked to subsidize the disposition of that surplus to people in foreign and underdeveloped countries under the guise that we are helping them relieve their hunger and malnutrition.

That is a contradictory policy. If we have a surplus of tobacco let us stop the subsidy which encourages the overproduction of tobacco here in this country, a product which the Surgeon General says is detrimental to the public health.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. ELLENDER. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. ELLENDER. This amendment would exclude tobacco and tobacco products from the definition of agricultural commodities. It would prevent their sale or donation under the act.

The determination as to what commodities should be sold or donated should be left to the President. I do not think we should begin to enumerate the commodities which at the moment appear to us as not being useful as foreign aid. We might exclude cake, ice cream, candy, and innumerable other items, but I do not believe we should begin such enumeration.

We must remember that the countries in need of our aid are short of foreign exchange. We should not require them to spend exchange for tobacco when we have a substantial surplus supply of that commodity in our hands. We are trying to help these countries conserve their foreign exchange so that they can devote their resources to developing their agricultural plant to the point that they can feed themselves. The foreign exchange they conserve by acquiring tobacco from us is just as valuable in developing their agriculture as the same amount of foreign exchange conserved by acquiring wheat from us.

I yield 5 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 5 minutes.

Mr. ERVIN. Mr. President, the statement of the amendment of the Senator from Delaware to the effect that tobacco is not an agricultural product will not bear analysis.

Six hundred thousand American farm families, embracing in their number approximately 2.5 million Americans, make their living from the growing of tobacco.

Tobacco is in, I believe, the fourth position as a farm commodity. Furthermore, the charge that the American taxpayers are subsidizing tobacco in the ultimate analysis is absolutely unfounded. The truth is that tobacco is subsidizing the American taxpayers.

Tobacco pays \$3 billion each year in excise taxes to the Federal and State Governments. In addition, it pays hundreds of millions of dollars in income taxes. It also pays hundreds of millions of dollars in various kinds of taxes to municipalities throughout the United States.

Of all the farm programs which have been put into effect, the most successful one is the tobacco program. The records show that since the farm programs began in the 1930's, tobacco's share is less than two-tenths of 1 percent of the total cost of all price-supported and related farm programs. The total outlays for tobacco under the price-support program and Public Law 480 have amounted to slightly more than \$300 million while excise taxes on tobacco products have approximated some \$40 billion.

For these reasons I assert that the American taxpayer is not subsidizing tobacco. On the contrary, tobacco is subsidizing the American taxpayer and the Treasury of the United States.

I should like to point out what would happen to our balance of payments if we were to stop exporting tobacco. I think the observation I am about to make is relevant because the curtailment of tobacco exports is the object of the amendment of the Senator from Delaware.

Four hundred million dollars worth of tobacco is exported every year. Of this \$400 million, at least 90 percent is purchased for cash by foreign countries. If we stopped the export of tobacco, we will throw the balance of payments out of balance by an additional \$400 million.

The Senator from Delaware's amendment would not stop foreigners from using tobacco to any degree whatsoever. They will simply supply any resulting deficiency in American exports by purchases in other lands. Consequently, the only effect of the amendment would be to reduce the export of American tobacco.

I do not think that the Surgeon General of the United States is sacrosanct in his statements. Many reputable physicians and scientists say that there is no evidence of any causal relationship between cigarette smoking, or the use of tobacco, and lung cancer.

Those who take the contrary position base their opinions upon statistics rather than actual research. Mr. President, whenever I hear an opinion based on figures, I think of a story, which I have told on the Senate floor on other occasions, concerning the Old South mountaineer in my country who bought his groceries on credit at a country store.

After a time the old mountaineer went to the grocery store to pay his grocery bill. The storekeeper told him the amount of the bill, which was more than

the old mountaineer thought it ought to be.

The old mountaineer complained. The storekeeper got out his account books, laid them on the counter, and said, "Here are the figures. You know, figures don't lie."

The old mountaineer said, "I know figures don't lie, but liars surely do figure." An attempt is made to condemn an industry on the basis of statistics, and without research.

After a thorough study of the statistics assembled by the Surgeon General's Office and all available sources of information, I am convinced there is grave reason to think that this is another time when figures lie, no matter how honest those who rely on them may be.

I respectfully request that the Senate reject the amendment. Passage of the amendment would harm farm families. It would accomplish no good, but, on the contrary, would be inimical to a trade policy which our Nation has long pursued to its advantage.

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I thank the Senator from Louisiana.

Mr. President, I recognize what the Senator from Delaware has said about the title of the bill. So that the title will not be confusing to everyone, I wonder if it would satisfy the objection of the Senator from Delaware if the title were modified so that the words "both edible and nonedible" were added after "agricultural commodities," so that the title of the bill would read: "A bill to promote international trade in agricultural commodities, both edible and nonedible, to combat hunger and malnutrition, to further economic development, and for other purposes."

In that way we would make it clear that we are not talking about merely edible foods in the policies of international trade.

I recall that during the deliberations of our committee we discussed particularly the problem of cotton.

I believe that every committee member felt that the policies of international trade should not be defined on edible foods. The qualification that I suggest would point that up.

Mr. WILLIAMS of Delaware. Mr. President, in reply to the Senator from Iowa, the description of tobacco as a nonedible food would not make it any more nutritious, nor would it help alleviate the malnutrition of hungry children.

Mr. MILLER. Mr. President, there is another point concerning the Williams amendment that I should like to discuss. The discussion of the Williams amendment has been confined to tobacco, but I should like to point out that it goes further.

It reads:

Provided, however, That the term "agricultural commodity" shall not include tobacco or products thereof or agricultural beverages.

Mr. WILLIAMS of Delaware. The phrase "alcoholic beverages" was de-

leted based on information furnished to me by the Department to the effect that alcoholic beverages never have been included under the program in any of the sections and it was said that they would not be. Therefore, I saw no use in offering an amendment to cover something that never had happened and never would happen.

Mr. MILLER. Mr. President, I am glad to get that information, because in all of our discussion in the Committee on Agriculture and Forestry I never heard anything said to indicate that there was no intention contained in the bill to further the international trade in this commodity, or to use alcoholic beverages or allied items of that nature.

I accept the explanation of the Senator and I am pleased that he so modified his amendment.

Mr. WILLIAMS of Delaware. That was included originally because it was agreed that by an interpretation of the language alcohol products could be included. However, when I was advised that alcoholic beverages had never been included and that they would not be included under any circumstances, with or without the amendment, I modified the amendment accordingly.

Mr. MILLER. Mr. President, we never discussed that item at all to my recollection. I do not believe there is any intention to cover it on the part of the committee or on the part of the administration.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. COOPER. Mr. President, I hope very much that as a result of this debate all Senators will get a better balanced idea of the purpose of this bill, and of the scope of the amendment proposed by the Senator from Delaware [Mr. WILLIAMS].

The Senator from Delaware said that his amendment would prohibit the sale of tobacco and tobacco products under the pending bill.

I think the Senate should know and remember that the pending bill is an extension of Public Law 480, which was first enacted in 1954 and has since been amended from time to time.

Under that bill, tobacco was included from the beginning as one of the agricultural commodities which could be sold for foreign currency, and later for dollar credits. Public Law 480, as does this bill, had several purposes.

I would agree with the Senator from Delaware that the chief purpose of this bill is to provide food to the developing countries, and in so doing to insist that those countries take effective self-help measures to increase their own food production. But it is also a bill to promote the interests of U.S. agriculture—to open new markets for all agricultural commodities. For that reason, other agricultural commodities, such as cotton and tobacco which are not food, are included.

As the Senator from North Carolina has stated, the export of tobacco is an

important factor in our U.S. trade, and also in dealing with the balance-of-payments problem. Four hundred million dollars of tobacco has been exported each year in the last few years. The favorable U.S. balance of trade in agricultural products is millions of dollars over imports; and without this trade in agricultural commodities, our balance-of-payments problem would be a very dire one, indeed.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. TALMADGE. Is it not true that a very substantial portion of our tobacco production is exported?

Mr. COOPER. Yes. Especially of Flue-cured and Fire-cured tobaccos.

Mr. TALMADGE. It is substantial for Flue-cured.

Mr. COOPER. About one-third of the crop, I believe. It is less for burley tobacco.

Mr. TALMADGE. And also some burley?

Mr. COOPER. Yes; about 10 percent of the crop—over 50 million pounds.

Mr. TALMADGE. And a percentage of that is sold for dollars; is it not?

Mr. COOPER. Yes; indeed. Ninety percent is sold for cash.

Mr. TALMADGE. Is it not true that if we lose that market our dollar deficit will increase beyond its present condition?

Mr. COOPER. The Senator is correct.

Most of the tobacco exported is now sold through the regular commercial channels of trade, for dollars. In addition, some is sold to developing countries under Public Law 480. The tobacco sent to developing countries under this bill could continue to be sold for soft currency for a time, but most of it would be sold for dollars—the payment deferred, of course, as with all other agricultural commodities sold under the bill.

One of the purposes of this bill is to enlarge the future markets for tobacco in those countries. That will have a good effect upon our international agricultural trade, and our balance of payments.

Mr. President, I remember when the Marshall plan was enacted. I was in the Senate at that time, as was the Senator from Delaware. Tobacco was included for export to the Marshall plan countries—and one very important reason was to provide them with leaf tobacco for manufacture, which they could then sell as tobacco products and which would provide a good source of tax revenue. That is also an important factor in the export and sale of tobacco to these developing countries.

Mr. JORDAN of North Carolina. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JORDAN of North Carolina. Is it not true—and the Record, I think, indicates this—that if our shipments of tobacco were cut off, say, to India or to any of these countries that would be included in this bill, those countries would use their currency to buy tobacco in Rhodesia or some other country?

Mr. COOPER. Yes, instead of Flue-cured; or perhaps a substitute burley from Canada or Italy.

Mr. JORDAN of North Carolina. Because it is one of the most valuable tax-yielding products they have. We would miss the sale. They would buy the tobacco from some other country, and we would be out.

Mr. COOPER. The Senator is correct.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. Mr. President, I ask that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. (Mr. MORTON in the chair). Without objection, it is so ordered.

Mr. COOPER. Mr. President, I think these points have been well made in the colloquy:

First, I want to say again that tobacco has always been included in these programs—the Marshall plan, Public Law 480, and every similar plan we have had to aid other countries. This has been so for two important reasons—to provide them a product which will give these countries an important source of tax revenue, and to provide U.S. agriculture the opportunity for markets in the future.

Second, nearly 90 percent of all tobacco exports have been for dollars. The major part of tobacco exports under this bill would be for dollars—true, upon deferred payment.

Third, the tobacco program has been under attack now for several years. The Senator from Delaware, has introduced amendments before against tobacco programs, and even to abolish the price-support program for tobacco farmers. I think at times he feels it is a social evil that needs to be curtailed. But we are not enacting a social bill here.

Fourth, I insist that this commodity, which represents only 3 percent of all sales under Public Law 480, should not be discriminated against.

I hope the Senate will reject the amendment of the Senator from Delaware. If the Senator from Delaware presses his amendment, I intend to offer an amendment to modify it so as to preserve the export sales of tobacco under Public Law 480.

Mr. ELLENDER. Mr. President, unless another Senator wishes to speak on the Williams amendment—

Mr. TALMADGE. Mr. President, will the Senator yield me 2 minutes?

Mr. ELLENDER. I yield 2 minutes to the Senator from Georgia.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. ELLENDER. I yield to the Senator from Georgia 2 minutes on the bill.

Mr. TALMADGE. Mr. President, when time has been exhausted on the pending Williams amendment, the distinguished Senator from Kentucky [Mr. COOPER], together with several of us who have the honor to represent tobacco-producing States, will offer a substitute for the Williams amendment.

I hope that the Senate will reject the Williams amendment and approve the amendment of the very distinguished Senator from Kentucky. The Williams amendment is arbitrary; it is discriminatory; it picks out one particular farm commodity, to the exclusion of all other

farm commodities, and directs that particular farm commodity shall not be sold under the food-for-peace program for soft currencies or dollar credits to foreign countries.

If we are to discriminate against one farm commodity, we should discriminate against all farm commodities. The production of tobacco is legal. It is produced in quite a number of States. And it is important to the economy of the States. It is important to the tax revenues of the States and the United States. In addition, it is important to the consuming members of the public who buy tobacco.

I know of no reason why we should select this product, which is produced in a particular section of the country, to the exclusion of any other product, such as rice, corn, feed grain, wheat, butter, or any other commodity that has been produced.

We should not be speaking on the floor of the Senate about one particular farm commodity and discriminating against that farm commodity to the exclusion of all others. If the food-for-peace program is important, it is important for all farm commodities. All farm commodities should be treated alike and none should be discriminated against. This amendment would do exactly that.

I hope that the amendment will be overwhelmingly rejected by the Senate, and that the Cooper amendment will be overwhelmingly agreed to.

Mr. ELLENDER. Mr. President, I yield 1 minute to the junior Senator from Virginia on the amendment.

Mr. BYRD of Virginia. Mr. President, I wish to associate myself with the remarks just made by the distinguished Senator from Georgia and the remarks previously made by the senior Senator from Kentucky and both Senators from North Carolina.

I do not consider this amendment to be a wise one or a warranted one. It occurs to me that if we are going to pass this legislation to promote international trade in agricultural commodities, then it should be for all the agricultural commodities, and that one commodity should not be singled out for elimination.

I hope that the Senate will reject the pending amendment.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President—

The PRESIDING OFFICER. The Senator has 9 minutes remaining on the amendment.

Mr. WILLIAMS of Delaware. I shall not take that much time. I shall merely take a couple of minutes to reply to some of the arguments that have been made against the pending amendment.

No. 1, the suggestion has been made that the adoption of this amendment would destroy our balance-of-payments program. The adoption of this amendment would not in any way affect the straight sales of tobacco anywhere in the world where anyone wanted to buy tobacco for dollars. It would only stop the subsidy of their sales.

I am not attempting to legislate on the social question as to whether people should or should not use tobacco. That has nothing to do with the question before us.

I am only raising this question: Should the American taxpayers subsidize the export of tobacco to these underdeveloped nations under the guise that we are going to feed the hungry and undernourished people throughout the world?

The argument has been made: Why single out this agriculture product? Because it is the only one mentioned in the list which our own Surgeon General has said is injurious to the health of human beings.

With respect to the argument that it is an agricultural commodity and therefore to single it out for elimination is sacrilegious. Let us face it, where does heroine come from? Heroine is derived from an agricultural product grown by farmers. Are we going to say that because that is an agricultural commodity it should be included? Certainly heroine would be worse than tobacco. But heroine is produced from an agricultural product. But the fact that this narcotic is grown as an agricultural commodity does not make it any better. The mere fact that tobacco is an agricultural commodity has nothing to do with it.

I have never tried to support legislation to prohibit a man from smoking. I would oppose such legislation.

But I do oppose American taxpayer dollars being used to subsidize production or sale of a product in this country which everybody agrees—even those who use it—is injurious to the health standards of this country.

Now let us examine the argument about the great contribution that tobacco has made to the taxpayers of America. One of the arguments made is that billions of dollars have been collected in excise taxes from the sale of tobacco and cigarettes and that, therefore, its use is beneficial to all mankind. The same argument could be used by the distillers of this country who pay a large tax on the alcoholic beverages distributed in this country. Is the argument going to be made that if the American people drink twice as much we could pay off the national debt? It is going to be argued that the American people could drink themselves into prosperity or smoke themselves into a balanced budget? Those arguments do not even make an intelligent smokescreen.

The announced purpose of the bill before us, as it has been portrayed by the administration, is that it is for the purpose of promoting international trade in agricultural commodities in order to combat hunger and malnutrition of the undeveloped countries.

I do not think that tobacco and tobacco products can come under the definition of this bill by any stretch of the imagination. No one is trying to restrict the sale of tobacco which could be financed under sales by the Export-Import Bank or sold direct for cash. We are only trying to restrict those cutrate

sales which are subsidized at the expense of the American taxpayer.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I yield back the remainder of my time.

AMENDMENT NO. 785

Mr. COOPER. Mr. President, I call up my amendment No. 785, and ask that it be stated.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). The amendment will be stated.

The assistant legislative clerk read as follows:

To the amendment numbered 777 proposed by Mr. WILLIAMS of Delaware to H.R. 14829, an Act to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes:

On line 3, after the word "include", insert "alcoholic beverages, and for the purposes of title II of this Act,".

The PRESIDING OFFICER. How much time does the Senator yield unto himself?

Mr. COOPER. Mr. President, I yield myself 5 minutes. I ask unanimous consent that a letter I have prepared, which has been laid on the desk of each Senator, be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. SENATE, COMMITTEE ON AGRICULTURE AND FORESTRY,

August 31, 1966.

DEAR SENATOR: Senator WILLIAMS is proposing an amendment to H.R. 14929. His amendment numbered 777 reads as follows: "On page 54, line 16, before the period, insert a colon and the following: 'Provided, however, That the term 'agricultural commodity' shall not include tobacco or products thereof or alcoholic beverages.'"

The amendment would prohibit any sales or gifts of tobacco, tobacco products and alcoholic beverages. Commenting on Senator WILLIAMS' amendment, I would like to point out that alcoholic beverages have never been sold or given away under P.L. 480, and are not intended to be sold or given away under the pending bill. Tobacco has been included with other agricultural products sold under P.L. 480. Tobacco is used by the developing countries to manufacture tobacco products, and is valuable as a source of tax revenues.

The amendment I will offer with Senators MORTON, JORDAN of North Carolina, ERVIN, TALMADGE, and HOLLAND would modify the amendment of Senator WILLIAMS so that it would read as follows:

"On page 54, line 16, before the period, insert a colon and the following: 'Provided, however, That the term 'agricultural commodity' shall not include alcoholic beverages, and for the purposes of Title II of this Act, tobacco or products thereof.'"

The effect of our amendment would be as follows:

(1) Although alcoholic beverages have never been sold or given away under P.L. 480, our amendment would specifically exclude any sales or gifts of alcoholic beverages under the pending bill. In this respect, the Williams amendment is not changed.

(2) Our amendment would permit the continuation of sales of tobacco and tobacco products, but would not permit the gift of

tobacco. Title II provides for the donation of agricultural commodities, and tobacco could not be made available under this title. It is not donated now; it is sold.

We will offer our amendment when Senator WILLIAMS calls up his amendment, and hope very much that it will be adopted.

Sincerely,

JOHN SHERMAN COOPER.

Mr. COOPER. Mr. President, the Senate will note that I have modified my amendment as it has been printed and is on our desks, by striking out the words:

On line 4, strike out the words "or alcoholic beverages."

I have done this because the Senator from Delaware [Mr. WILLIAMS] has previously stricken those words, "or alcoholic beverages."

So the amendment, as modified, which I have offered for myself and my colleagues, Mr. MORTON, Mr. JORDAN of North Carolina, Mr. TALMADGE, Mr. ERVIN, and Mr. HOLLAND would still amend the pending Williams amendment so as to make it read:

Provided, however, That the term "agricultural commodity" shall not include alcoholic beverages, and for the purpose of title II of this act, tobacco or products thereof.

The explanation is that although the Senator from Delaware struck from his printed amendment the words "alcoholic beverages" when he called up his amendment today, I have nevertheless included them in my amendment to make it clear that the sale or gift of alcoholic beverages is not intended and was never intended under this bill.

While the Senator removed alcoholic beverages from his amendment when he offered it today for himself and the Senator from Oregon [Mrs. NEUBERGER], that amendment was introduced on Monday, 2 days ago, and has been printed and at the desk for at least a day. I have talked to a number of Senators; they believe they are going to vote to prohibit the sale or gift of alcoholic beverages. That impression has been left with the Senate.

We propose in this amendment to make clear that it was not intended to sell or give away alcoholic beverages under this bill. Of course, it never was so intended.

Our amendment would permit the sale of tobacco and its products, but it would not permit the charitable gift of tobacco. Tobacco is not given away now; it is sold.

So when the vote comes upon our amendment, the Senate will be voting whether or not to continue the same program that we have known since 1954, when Public Law 480 was first enacted.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. COOPER. I yield.

Mr. PASTORE. Mr. President, would the effect of the amendment of the Senator be toward expansion of acreage for the growing of tobacco?

Mr. COOPER. No; it would not change the present program. Our tobacco price support programs are production control programs. Each year the Secretary of Agriculture makes a determination of the expected use of tobacco and the stocks on hand, and

fixes the farm acreage allotments according to that determination.

I wish to make it clear how this tobacco is disposed of now, and would be disposed of under the bill.

The Commodity Credit Corporation does not go out and sell tobacco to other countries. The private trade buys tobacco on the auction markets, or from the pools, at the market price and sells it abroad to purchasers—in Europe and in other places. It would be sold for dollars, on such terms as they presently sell tobacco.

It is true that under this bill the tobacco could be sold to these developing countries on the terms of credit prescribed in the bill, either for dollars in deferred payments or foreign currency. But during the entire history of the Public Law 480 program since 1954, 90 percent of all tobacco exports have been for dollars, only about 10 percent for credit. Moreover, tobacco has represented less than 3 percent of Public Law 480 sales of all agricultural commodities.

All we are asking is that this tobacco export programs, as it has been successfully maintained over 12 years, be continued with the added provision that tobacco cannot be given away. It must be sold.

One of the purposes of the bill before the Senate today is to promote our agricultural trade, to increase for American farmers our markets abroad, and to treat tobacco as all other agricultural commodities are treated.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. Is it the intent of this bill to negotiate solely with developing nations?

Mr. COOPER. Yes.

Mr. PASTORE. This bill has to do alone with developing nations?

Mr. COOPER. Yes.

Mr. PASTORE. How do we justify the use of money on the part of these developing nations to buy tobacco when we are trying to promote the idea of feeding them?

Mr. COOPER. They are going to buy tobacco from some country. If they are going to buy tobacco, why not buy it from this country?

Mr. PASTORE. Why do we not encourage them—

Mr. COOPER. We are promoting markets for American agricultural products and for our own farmers. If we are promoting markets for other agricultural commodities, what is wrong with promoting them for tobacco and for tobacco growers? It is a legal commodity. It provides \$3 billion in taxes for this country; its export sale assists our balance of payments problem. Why try to prevent tobacco exports because of the health report that was made 2 years ago?

The PRESIDING OFFICER. The 5 minutes of the Senator from Kentucky have expired.

Mr. COOPER. Mr. President, I urge that my amendment be adopted to protect our tobacco program, which the Williams amendment would seriously cripple.

Mr. MORTON. Mr. President, will my colleague yield to me?

Mr. COOPER. Mr. President, I yield 3 minutes to my colleague [Mr. MORTON].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 3 minutes.

Mr. MORTON. Mr. President, I point out that this program is part of an overall program that has been carried out to implement our foreign policy. I understand that the conference on the foreign aid bill has recently been completed. It had been held up for some time. This program is part and parcel of that.

The points which seem important are, first, as my colleague [Mr. COOPER] has clearly pointed out, these countries are going to buy this tobacco somewhere. Second, in most countries underdeveloped or developed, tobacco furnishes a means of taxation, of generating revenues for the country. This is true in this country, as it is true everywhere—more so in other countries than here.

Even in many of the developed countries there is a so-called tobacco monopoly.

The Government itself recognizes the potential for revenues and has made a monopoly out of tobacco and tobacco processing, even, in some ways, to the selling of tobacco products. So that these countries will get the tobacco somewhere to begin with.

Third, it furnishes a base which helps them to raise revenues to develop their own economies. Now fertilizer is not in itself a consumable product. Under the foreign aid program—not this one—we subsidized and encouraged the export of fertilizer.

Why?

Because we want to help these countries become self-sustaining insofar as food and fiber is concerned.

Tobacco furnishes that same function, in that it helps the governments become more liquid and more fiscally able to do something for their own development.

I think that the amendment, which I am happy to cosponsor, which my colleague has offered, and which definitely precludes alcoholic beverages from the act—and never was intended, because the act says that we cannot give tobacco or tobacco products away—is a good amendment. I trust that the Senate will give it its approval.

Mr. President, I reserve the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, who has control of the time in opposition?

Mr. ELLENDER. The minority leader does, but I am handling it for him.

Mr. WILLIAMS of Delaware. Will the Senator yield me 5 minutes?

Mr. ELLENDER. Mr. President, I yield 5 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 5 minutes.

Mr. WILLIAMS of Delaware. Mr. President, the adoption of the amendment of the Senator from Kentucky would nullify any effect whatsoever of the Williams amendment now pending.

While it may sound very nice—the language is nice—I wonder why the sponsors did not also include a statement that they were for motherhood. This too would sound good.

The fact is that its purpose is to defeat the original amendment. As I stated earlier, alcoholic beverages never have been in the bill and are not in the bill now. No one ever had any intention of putting them in.

I am also advised that tobacco has not been given away under title II of the bill and outright gifts are not contemplated now.

Therefore, adoption of the amendment which would prohibit giving away tobacco means nothing.

There is no argument about the purpose of the Cooper amendment—it is intended to nullify the Williams amendment.

My amendment refers to subsidized sales under titles 1, 3, and 4 as well as gifts under title 2.

The Cooper amendment refers only to title 2 gifts. There have been no gifts anyway.

Under the bill, tobacco is sold at reduced prices for foreign currencies. We take these soft currencies in payment and largely restrict their use in those same countries. Subsidized sales under this bill do not help the balance of payments.

These so-called tobacco sales are subsidized sales, even on a dollar basis. As the Senator from Rhode Island points out, this bill deals only with underdeveloped nations. I fail to see how subsidizing exports of tobacco to the underdeveloped countries which cannot feed their own people today without our assistance—how subsidizing the exporting of tobacco is going to help anyone but the tobacco growers. I hope that the Cooper amendment will be rejected for the simple reason that adoption of the amendment would completely nullify the original amendment. It would restore the original language of the bill. If the pending amendment were to be adopted it would mean that the program would continue as it has been administered heretofore and as it was planned to be administered under the committee bill. The approval of this Cooper substitute would be the same as a vote to reject the original amendment.

Mr. JORDAN of North Carolina. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield 2 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 2 minutes.

Mr. JORDAN of North Carolina. I point out that all we are asking is that the bill as written remain as written. The program has operated in this way for 12 years, regardless of what anyone says. Tobacco is not subsidized.

The benefit to the taxpayer, as I understand, is approximately \$3 billion from a commodity grown on the farm and sold across the counter for a few million dollars—a very few. So I do not see how we can say it is subsidized, because it is not.

Any time we make more money out of something we sell than it costs to make, we are making a profit. The United States is already getting a profit from every pound of tobacco processed and sold in the United States or anywhere else in the world. It is not being subsidized whatsoever. This commodity should not be excluded from sales, because as both Senators from Kentucky have pointed out, a very small percentage of tobacco is being sold now under soft currency. Most of it is sold on credit that goes through a program which is repaid in dollars to the United States.

Thus, I cannot understand why this particular commodity was selected for deletion from the bill. I hope that the amendment of the Senator from Kentucky, which I cosponsored, will be adopted and that the program will remain as it is, because it was never intended to give any subsidy to tobacco. That is what the bill provided for, to start with.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Louisiana yield 1 minute?

Mr. ELLENDER. I yield 1 minute to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 1 minute.

Mr. WILLIAMS of Delaware. I merely wish to state again that the reason that tobacco was singled out as an agricultural commodity was that tobacco is the only agricultural commodity mentioned in here which would not contribute to the noble purpose of the bill; namely, to combat hunger and malnutrition in the underdeveloped nations.

The argument of the Senator from North Carolina [Mr. JORDAN] that tobacco and its users are subsidizing the taxpayers by \$3 billion a year is ridiculous. On that basis an even greater argument could be made on behalf of the distilling industry. Taxes on whisky and other alcoholic beverages exceed those on tobacco. If that argument of the Senator from North Carolina is correct then all that is necessary is to promote a program to encourage everybody to drink twice as much liquor. And we would have a balanced budget. Perhaps we could even pay off the national debt if we smoke or drink enough. Such an argument on the part of the Senator from North Carolina is silly and has no basis whatsoever.

I conclude by pointing out again that the adoption of the Cooper amendment to the Williams amendment would mean that we will continue to subsidize the distribution of tobacco and tobacco products under this program. The result would be the same as a vote to reject the original amendment that I offered.

Mr. ELLENDER. Mr. President, I yield myself 1 minute.

I hope the Cooper amendment will be adopted. I am surprised that the Senator from Delaware should have waited so long to move to exclude tobacco. The tobacco program has existed since 1954.

As was stated by the distinguished Senator from North Carolina and other Senators, tobacco has been a great revenue producer for the country.

Yesterday I pointed out to the Senate the losses from various commodities that are protected under the Agricultural Acts. Although tobacco is the greatest producer of revenue for the Government, the cost of the program by way of price supports under Public Law 480 since 1933 has been only \$374 million, while the cost of corn and other feed grains has been over \$10 billion. The cost of the wheat program has been over \$14 billion.

I hope that the amendment offered by the distinguished Senator from Kentucky [Mr. COOPER] will be agreed to.

Mr. PASTORE. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. PASTORE. I hope the Senator is not trying to make an analogy as between tobacco and edible feed grains.

Mr. ELLENDER. I am not.

Mr. PASTORE. I cannot understand the argument. Why should tobacco be subsidized at all? Tobacco does not help anyone except the people who grow it and make a profit on it, and the people who smoke it. We have an abundance of evidence that tobacco is injurious to health. The Surgeon General has said so.

I think the Senator from Delaware weakened his own amendment when he included alcoholic beverages, because no one expected that that would be done. The Senator gave a sort of ridiculous tone to the amendment when he included alcoholic beverages.

After all, we could not, as moral people, say that the U.S. Government, under the pretext of feeding the hungry mouths of the world, was going to feed them by giving them alcohol. It should never have been included. And now we are compounding that error by excluding alcohol and including tobacco.

The Senator from Delaware made the argument that we never have used alcoholic beverages for that purpose in the first place. Why did he bring it up?

I am saying that part of the tobacco produced is sold for soft currencies. Part of it never gets back to the U.S. treasury. This is merely an economic gimmick. We should recognize it. All we are trying to do by the Cooper amendment is help the tobacco growers. That is all. We are not feeding the hungry mouths or helping the underdeveloped nations. I think it is a pretext.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield 2 minutes to the Senator from Kentucky.

Mr. COOPER. The Senator has said that it just helps the tobacco growers. Of course, it helps the tobacco growers, but it also helps the Government by the development of agricultural markets abroad. That will come. That helps this country in its trade, in its balance of payments, and it helps other countries. As my colleague pointed out, it gives them a commodity which is a revenue producer. We have had this provision since the Marshall plan. There was a provision to supply it to European countries. Now it is going to the underdeveloped countries.

Mr. PASTORE. Mr. President, I am a member of the Commerce Committee. Not too long ago we had protracted hearings on the causes of cancer.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. Who has control of the time?

Mr. ELLENDER. I yield 1 minute to the Senator from Rhode Island.

Mr. PASTORE. How generous. Please, may I have 2 minutes?

Mr. ELLENDER. Make it 3.

Mr. PASTORE. Three minutes. We had protracted hearings and it was made abundantly clear—at least it was to my mind—so much so that we passed a law that there must be placed on every package of cigarettes, words to the effect that habitual use of those cigarettes is injurious to public health. Now here we are and here is a bill that I believe was conceived in morality. We are trying to feed the hungry of the world, and we are trying to palm off, in the process, tobacco in order to help the tobacco growers. This idea of supplying tobacco is, in the final analysis, not going to help them, but hurt the people. We put food in their mouths to help them live, and then we put tobacco, through cigarettes, in their mouths to give them cancer. That, I think, makes no sense.

I think both amendments give a ridiculous tone to this bill, and they should not have been started in the first place.

Mr. ELLENDER. I agree.

Mr. AIKEN. Mr. President, will the Senator yield for a question so I may know about the amendment?

Mr. ELLENDER. I yield.

Mr. AIKEN. As I understand it, the Cooper amendment would prevent giving away either tobacco or liquor under the food-for-peace bill?

Mr. ELLENDER. The Senator is correct.

Mr. AIKEN. Would the Cooper amendment prevent the sale of tobacco or alcoholic beverages on long terms under the food-for-peace bill?

Mr. COOPER. Alcoholic beverages are out.

Mr. AIKEN. Alcoholic beverages are out, but tobacco may be sold under usual terms, but cannot be given away. Is that correct?

Mr. COOPER. That is correct.

Mr. ELLENDER. Mr. President, I stand willing to yield back the rest of my time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield me 1 minute?

Mr. ELLENDER. I yield 1 minute to the Senator from Delaware.

Mr. WILLIAMS of Delaware. The Senator from Rhode Island asked why alcoholic beverages were mentioned. Yesterday when the question was first raised we were not able to get assurance that alcoholic beverages were not included. It was only after the amendment was submitted that we were told that alcoholic beverages never had been and never would be included in the future. So I modified my amendment accordingly to deal with tobacco and tobacco products only.

Tobacco products would not be given away under this bill. The Cooper amendment to the pending amendment really has no effect. It merely provides that we cannot do something which has never been done, and which would not be done anyway.

Mr. COOPER. Is it not correct that without the amendment they could be given away?

Mr. WILLIAMS of Delaware. Yes, but my amendment prohibits both gifts or subsidized sales. It is the subsidized sales that we are trying to eliminate. The adoption of my amendment would prevent subsidizing tobacco under the guise that we were helping alleviate malnutrition and hunger in underdeveloped nations.

I think the Cooper amendment should be rejected and the original Williams amendment should be approved.

The question is very simple—do we or do we not wish to subsidize the export of tobacco to these underdeveloped nations under the guise that we are helping them combat hunger and malnutrition?

Mr. ELLENDER. Mr. President, I yield back the remainder of my time.

Mr. COOPER. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BURDICK in the chair). All time having been yielded back, the question is on agreeing to the amendment of the Senator from Kentucky to the amendment of the Senator from Delaware. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. METCALF], the Senator from West Virginia [Mr. RANDOLPH], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from Nevada [Mr. CANNON], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. HARRIS], and the Senator from New Hampshire [Mr. MCINTYRE] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from New Jersey [Mr. CASE] are absent on official business.

The Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON],

the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

If present and voting, the Senator from Kansas [Mr. CARLSON], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Wyoming [Mr. SIMPSON] would each vote "yea."

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Hawaii would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Idaho [Mr. JORDAN] is paired with the Senator from Texas [Mr. TOWER]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Texas would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from California [Mr. MURPHY]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from California would vote "nay."

The result was announced—yeas 60, nays 15, as follows:

[No. 241 Leg.]

YEAS—60

Aiken	Hartke	Montoya
Allott	Hickenlooper	Morton
Anderson	Hill	Moss
Bayh	Holland	Mundt
Bible	Hruska	Nelson
Burdick	Inouye	Pell
Byrd, Va.	Jackson	Prouty
Byrd, W. Va.	Javits	Proxmire
Cooper	Jordan, N.C.	Robertson
Curtis	Kuchel	Russell, Ga.
Dirksen	Long, Mo.	Saltonstall
Dodd	Long, La.	Sparkman
Dominick	Magnuson	Stennis
Eastland	Mansfield	Symington
Ellender	McClellan	Talmadge
Ervin	McGee	Thurmond
Fannin	McGovern	Tydings
Fulbright	Miller	Williams, N.J.
Gruening	Mondale	Yarborough
Hart	Monroney	Young, N. Dak.

NAYS—15

Boggs	Kennedy, N.Y.	Pastore
Clark	Lausche	Ribicoff
Cotton	Morse	Smith
Griffin	Muskie	Williams, Del.
Kennedy, Mass.	Neuberger	Young, Ohio

NOT VOTING—25

Bartlett	Fong	Pearson
Bass	Gore	Randolph
Bennett	Harris	Russell, S.C.
Brewster	Hayden	Scott
Cannon	Jordan, Idaho	Simpson
Carlson	McCarthy	Smathers
Case	McIntyre	Tower
Church	Metcalf	
Douglas	Murphy	

So Mr. COOPER's amendment to the amendment of Mr. WILLIAMS of Delaware was agreed to.

Mr. COOPER. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. MORTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, will the Senator yield 1 minute on the bill?

Mr. ELLENDER. Mr. President, I yield 1 minute to the distinguished Senator from Rhode Island.

Mr. PASTORE. Mr. President, so that there will be no misunderstanding on the part of those who voted no on the last

vote, I want the RECORD to clearly show that I am opposed to both tobacco and alcoholic beverages being the subject of gift or sale to underdeveloped countries.

Mr. WILLIAMS of Delaware. Mr. President, a decision has been made on this question. I see no reason to have a vote on the substitute proposal. I ask unanimous consent that that may be withdrawn.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER. The question is on agreeing on the Williams amendment, as amended. [Putting the question.]

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The committee amendment in the nature of a substitute, as amended, was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. MILLER. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the distinguished Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, I must express my deep concern for this legislation which authorizes more than \$7 billion over a 2-year period to supply U.S. farm products to foreign lands. It is my understanding that available for shipment under this program, among other commodities, will be corn, oats, sorghums, and all livestock feed grains. I am told that, technically, hay, also, could be sold and shipped as exports under this program.

Mr. President, West Virginia is now undergoing its fifth consecutive year of drought—a condition which has been described as the “worst drought in 46 years.” Yet, the U.S. Department of Agriculture has steadfastly refused to approve any livestock feed to assist these farmers in caring for their dairy and beef herds and other livestock. It would be a tragedy if we were to turn our backs on our own domestic needs to approve this food-for-peace legislation which, incidentally, I have supported in the past.

I feel that I should make this protest on the floor because my pleas for emergency livestock feed grain to assist West Virginia farmers have fallen upon deaf ears in the Department of Agriculture up to this moment.

How can our Government tell our farmers that we must ship these vital farm products to other countries when such farm feed grains are needed to assure food for our domestic requirements next year?

Because of the drought, which has exhausted livestock feed, the dairymen of West Virginia are selling their livestock at a rate 25 percent above the sales of last year. Does this not indicate that

there will be less beef and less dairy products next year? Will there not be a shortage of food next year?

At my request, the Department of Agriculture sent an investigator to West Virginia for an on-the-scenes inspection of the drought. He returned with the report that some areas are bad, but before authorizing a Federal livestock feed program, he insisted on more written reports which are apparently still being reviewed. In the meantime, the farmers are feeding winter hay they were able to store for the livestock.

I am informed that this legislation authorizes the Department of Agriculture to spend over \$2.5 billion a year for 2 years, with the carryover from past authorizations of \$2.4 billion to assist in the purchase of these foods to be shipped to other countries.

It is difficult for me to believe that we are serving the country by refusing to assist our own farmers.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD correspondence which I have sent to and received from the U.S. Department of Agriculture and other areas of the executive branch. This correspondence and other matter will point to the very desperate need of farmers in West Virginia for participation in the emergency livestock feed program.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

STATE OF WEST VIRGINIA,
DEPARTMENT OF AGRICULTURE,
Charleston, August 30, 1966.

The Honorable ROBERT C. BYRD,
U.S. Senator,
Washington, D.C.

DEAR SENATOR BYRD: Sometime has past since the meeting you arranged in your office with United States Department of Agriculture officials which I attended concerning the severe drought being experienced by West Virginia farmers. To the best of my knowledge, the United States Department of Agriculture has not released a report of their field investigation nor has there been forthcoming a word of encouragement to our people to help them in their planning for winter feeding as to grain supply or hay being made available to them. Some word or encouragement would be most timely because we are approaching another, what I term, critical situation. The rains of approximately ten days ago did put a green cast on our mountains and valleys and is providing some additional grazing for livestock. This is, as stated before, only temporary.

Any assistance that you can give in this matter would be greatly appreciated by myself and the farmers of West Virginia.

With kindest personal regards, I am,

Sincerely yours,

GUS R. DOUGLASS,
Commissioner of Agriculture.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, August 26, 1966.

Hon. ROBERT C. BYRD,
U.S. Senator,
Washington, D.C.

DEAR SENATOR BYRD: This is in reply to your letter dated August 18 and the wire dated August 12 from you and other members of the West Virginia delegation concerning emergency assistance for West Virginia farmers.

Last week a special representative of the Department surveyed the counties that were

alleged to be hardest hit by drought in the State. While conditions in general may be considered somewhat less than normal at this season of year, they have not as yet really reached emergency levels sufficient to justify the Livestock Feed Program.

To counteract the loss of the full use of native pastures several weeks earlier this year than normal, grazing and haying privileges have been approved for all counties recommended for that program which includes 37 counties requesting the Livestock Feed Program. Dairymen interviewed invariably stated that they always purchased their grain requirements in mixed feed and the cow-calf producers and beef producers claimed they never could afford to feed grains.

The situation is being watched closely. The county disaster committees were requested last week to supply more current price data. When all possibility of pasture improvement has ended and we are able to evaluate more accurately the size of the corn crop and the benefits of the grazing and haying program previously approved, we will take action indicated by the established facts.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

AUGUST 18, 1966.

Hon. ORVILLE L. FREEMAN,
Secretary, Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: I am writing today to seek your assistance in clarifying a situation which is becoming increasingly confused as a result of misinterpretations and brash statements concerning the applications filed by the West Virginia Agricultural Stabilization and Conservation Service. These applications for the emergency Federal livestock feed program in 30-drought-stricken West Virginia counties were filed on the order of the West Virginia State Disaster Committee.

It is my understanding that the applications were filed on July 23, and August 5. As West Virginia farmers appealed to me for assistance to feed their diminishing herds of livestock, I talked with you by telephone. I also telegraphed you for assistance on August 10 and, as a reply was not forthcoming, I telephoned your office several times on August 11. Late in the afternoon on August 11, I received a telephone call from Mr. Ben Steele, Congressional Liaison officer for the USDA. On August 12, Mr. Steele informed me that a representative of the ASCS office in Washington would go to West Virginia for an on-the-scene study of the drought conditions. In our discussion, I was surprised to hear Mr. Steele make such statements as “these farmers only want subsidized feed programs.” I was concerned to hear statements of this type coming from a man who did not have first-hand knowledge of the situation and who acknowledged that the requests for assistance had come from USDA employees—the West Virginia State ASCS officers. I wonder now if that is the first response that the USDA makes to requests of this type.

As you undoubtedly know, a conference was called by me on this disaster situation on Saturday, August 13, at which Mr. Steele and representatives of the ASCS in Washington, as well as West Virginia, attended. Also present were representatives of the White House, the Senate Appropriations Subcommittee staff for the Department of Agriculture, and West Virginia State officials. It was my judgment that this had been a fruitful meeting, that the ASCS men from Washington were willing to make their inspection in West Virginia with an open mind.

However, I am further concerned to hear that the investigator either was determined to hold the line against approving livestock feed programs at this early date or that he

thoroughly misinterpreted the information received from farmers and livestock dealers in West Virginia. In a telephone conversation with a member of my staff, the investigator, I am told, acknowledged that "bad" drought conditions exist in four West Virginia counties.

He said that his investigation included a conversation with one man who runs a livestock auction center at Moorefield, Hardy County, West Virginia. He said this man told him that farmers in the area rarely buy feed grains at this early date. From this statement, the investigator concluded, and said outright, "I believe we have a power play going on there" to get the government-owned grains. He added another unbelievable statement to the effect that "You have too many millionaires in West Virginia."

Because these remarks again tended to contradict the appeals made to me by farmers in the drought-stricken counties and the statements of the West Virginia ASCS officials, a request was made of the Morgantown ASCS office for an explanation. These points were made by your employees at Morgantown:

1. The man who runs the livestock auction center at Moorefield may well have said that farmers rarely buy feed grains at this date. The ASCS officials at Morgantown agree that the grains ordinarily are not purchased before October. "But," they added, "this is the worst year we have ever gone through." They still maintain that the situation is so bad that the Federal feed grain program is needed *right now*.

2. Their reply to the comment about "millionaires," was "if there are any millionaire farmers in this area, we don't know where they are." Furthermore, they added, that farmers must show the need for Federal assistance and if any question arises as to this need, a financial statement may be required of the farmer by the ASCS before the feed grain program is applied to him. Farmers who cannot show this need are not allowed to participate in the Federal assistance program.

May I appeal to you now to take a hand in clarifying these obvious misinterpretations of statements by West Virginia farmers. It is difficult for me, as a member of the Senate Appropriations Committee, to observe the constant conflict in statements by ASCS officials in Washington and in the State of West Virginia.

I urge you again to approve the emergency feed grain program for farmers before irreparable harm is inflicted to the diminishing livestock situation in West Virginia.

With best wishes.

Very truly yours,

ROBERT C. BYRD,
U.S. Senator.

[From the office of U.S. Senator ROBERT C. BYRD, Washington, D.C.]

AUGUST 13, 1966.

WASHINGTON, D.C.—The U.S. Department of Agriculture today said it will send emergency livestock feed to drought-stricken West Virginia farmers and will send a special representative to the State on Monday to decide "when and where the assistance will be given."

This announcement was made by officials of the U.S. Department of Agriculture during a special conference called on the plight of West Virginia farmers by U.S. Senator ROBERT C. BYRD (D-W. Va.).

Attending the conference were officials of the White House, the U.S. Office of Emergency Planning, the USDA, the Senate Appropriations Committee and Gus R. Douglass, West Virginia State Agricultural Commissioner, Con Hardman, Administrative Assistant to Gov. Smith and Allen Miller, USDA representative at Morgantown, W. Va.

"Farmers in West Virginia tell me they are experiencing their worst drought in history and are selling their dairy breeding herds at a rate 25 percent above last year because they cannot feed them," said BYRD.

"At this rate, not only West Virginia but the entire country may experience a shortage of milk and other dairy products and beef next year. If we don't help the farmers now, we will feel the results in years to come."

BYRD said a questionnaire sent to farmers in Gilmer County indicated that 1,300 cattle have already been sold this year and another 4,874 are to be sold this fall.

Calhoun county has sold 768 dairy cattle, he said.

BYRD and Douglas asked for immediate approval of the USDA program which would make government-owned grains available to farmers as livestock feed at a cost of about 75 percent of market prices.

Thirty West Virginia counties have officially requested this assistance with 5 dairy counties needing it immediately, it was stated. Those five are Berkeley, Jefferson, Hampshire, Greenbrier and Marshall.

Douglas noted reports from livestock centers in the state which reveal that sales of cows are up 25 to 30 percent at Moorefield, Elkins, Point Pleasant, and Marlinton.

Finally, Charles Cox, assistant administrator of the Agriculture Stabilization and Conservation Service, stated, "We recognize that we must provide some assistance because there is no question that we have a distressing situation in West Virginia. Our only question is when and where it will go."

Robert Phillips of the Office of Emergency Planning acknowledged that disaster aid has not previously been used in a situation where livestock is still alive. He, too, agreed to study the situation further especially in cases where farmers need direct grants of hay for feed.

AUGUST 10, 1966.

HON. ORVILLE L. FREEMAN,
Secretary of Agriculture,
Washington, D.C.

You will recall our telephonic conversation several days ago during which I urged extension of Federal assistance to West Virginia farmers for purchase of livestock feed. You indicated you would look into situation and call me back. I wish to renew my expression of concern regarding drought conditions in West Virginia. Assistance is needed as result of prolonged dry spell which has reduced crop production and will work hardships on cattle producers who do not have sufficient hay and grain to winter stock. Much livestock is being marketed because of lack of pasture and hay and grain crops and because of hay and grain shortage to be felt this fall and winter. It is unlikely that there will be any surplus hay for sale this year in much of West Virginia. Moreover, critical shortage of hay will result in increased prices. I again urge favorable action at earliest moment and I await your reply.

ROBERT C. BYRD,
U.S. Senator.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 1, 1966.

HON. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: This is in further reply to your telegram of July 19, 1966, requesting permission for farmers to graze and harvest hay on land retired by USDA programs in Barbour, Braxton, Doddridge, Grant, Greenbrier, Hardy, Kanawha, Lewis, Merion, Marshall, Monogalia, Nicholas, Pendleton, Pocahontas, Preston, Ritchie, Roane, Taylor, Tucker, Tyler, Wirt and Wood counties.

We are pleased to advise that authorization has been given to the county ASC committees to permit grazing and harvesting hay on

Conservation Reserve, Cropland Adjustment, Cropland Conversion, Feed Grain and Wheat Diversion acres in the above West Virginia counties.

We wish to point out that farmers must obtain permission from their county ASC committee before using this acreage. In addition, farmers must agree to relinquish or refund or pay program payments otherwise determined for them, equivalent to the fair value of the vegetation to be grazed or harvested as hay.

No action is being taken at this time on the request for the Livestock Feed Program. If the drought continues, a Livestock Feed Program will probably be needed later but does not appear justified now.

We appreciate your interest in this matter and please feel free to communicate with us again at any time.

Sincerely yours,

ROBERT S. REED,
Assistant to the Secretary.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,

Washington, D.C., July 28, 1966.

HON. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: This responds to your recent telegram requesting drought assistance for West Virginia.

The Department of Agriculture is in close touch with drought developments in West Virginia and has authorized certain emergency programs to aid drought-stricken farmers. These programs include haying and grazing on land diverted out of crops, and emergency conservation cost sharing assistance to restore pastures. We are unable to recommend further Federal assistance at this time.

Enclosed is a copy of our response to Governor Hulett C. Smith's request for emergency drought assistance.

Sincerely,

FARRIS BRYANT, Director.

HON. HULETT C. SMITH,
Governor of West Virginia,
Charleston, W. Va.:

The President has asked me to respond to your telegram concerning drought assistance for West Virginia.

As you may know, we have been in close touch with the Department of Agriculture on this matter. We have been advised that the Secretary of Agriculture has authorized farmers in 30 drought-stricken counties to graze livestock or make hay on lands taken out of production under supply adjustment programs. This program has been approved for the following counties: Barbour, Berkeley, Braxton, Clay, Doddridge, Grant, Greenbrier, Hampshire, Hardy, Jefferson, Kanawha, Lewis, Marion, Marshall, Mineral, Monogalia, Morgan, Nicholas, Pendleton, Pocahontas, Preston, Randolph, Ritchie, Roane, Taylor, Tucker, Tyler, Upshur, Wirt, and Wood.

Emergency conservation cost-sharing assistance also has been authorized in order to help restore pastures in six counties: Berkeley, Hampshire, Hardy, Jefferson, Mineral, and Morgan. USDA has allocated \$200,000 for agricultural conservation program (ACP) assistance in these areas.

The Department of Agriculture is maintaining close surveillance over drought developments in West Virginia in order to assure that the appropriate emergency agricultural programs are put into effect. Their USDA disaster committee in West Virginia is reporting to the Secretary on the situation and requirements for assistance.

At this point, there is no basis for us to recommend further Federal assistance. While serious drought conditions exist in

West Virginia, we are advised that conditions are no less severe in a number of other States. The emergency programs of the Department of Agriculture are being made available to alleviate conditions in the drought areas.

Be assured that we shall continue to keep in close touch with developments in West Virginia through USDA authorities. I am hopeful that the situation will soon improve and that the emergency programs of agriculture will afford substantial relief for the drought-stricken farmers.

FARRIS BRYANT,
Director,
Office of Emergency Planning.

U.S. DEPARTMENT OF AGRICULTURE,
AGRICULTURAL STABILIZATION AND
CONSERVATION SERVICE,
Washington, D.C., July 21, 1966.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: This is in reply to your telegram of July 19, 1966, requesting that Grazing and Haying be authorized in 21 West Virginia counties and the Livestock Feed Program in 10 counties.

We have not yet received the request and supporting data from the State USDA Disaster Committee. We appreciate your interest in this matter and assure you prompt consideration will be given to their report and recommendations.

We will advise you further as soon as the information is received and action taken.

Sincerely yours,
WILSON E. WESTBROOK,
Director,
Disaster and Defense Services Staff.

Secretary ORVILLE FREEMAN,
U.S. Department of Agriculture,
Washington, D.C.:

Earlier this week I recommended to President Johnson and the U.S. Office of Emergency Planning that the State of West Virginia be declared a Disaster Area due to extreme drought conditions. While I still believe this total Federal emergency assistance is needed, until the proper requests are made and acted upon, I respectfully urge that you grant quick approval for stop-gap measures deemed vital to farmers in most West Virginia counties. These measures were requested Tuesday, July 19, by the West Virginia Agricultural Stabilization and Conservation Committee. They include hay and grazing privileges on diverted acreage in 21 counties, in addition to the 8 counties where these privileges are already authorized; emergency conservation assistance in seven counties, in addition to the 6 where they have been granted; and authority to purchase Federal livestock feed in 10 counties. Pending full action for disaster relief, I urge that you approve these requests as rapidly as possible.

ROBERT C. BYRD,
U.S. Senator.

THE WHITE HOUSE,
Washington, July 22, 1966.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: This is in further response to your telegram of July 18 asking for emergency drought assistance for West Virginia farmers.

The Secretary of Agriculture is aware of the serious drought conditions in West Virginia. He has already authorized farmers in six counties to graze livestock or make hay on lands taken out of production under acreage diversion contracts. Emergency conservation cost-sharing has been authorized to help restore pastures in six counties. A study is under way to determine in which counties emergency operating loans should be authorized for farmers unable to get

credit from other regular sources. USDA Disaster Committees in West Virginia are continuing to watch the drought developments and will make further recommendations if the drought situation worsens.

While the present drought conditions in West Virginia are severe, they remain considerably less severe than that which caused the President to authorize assistance in Puerto Rico. The Commonwealth Government had financed direct grants of feed to farmers in the drought area for several months before federal assistance was provided. Drought conditions there were so severe that several thousand cattle had died from starvation before federal assistance was authorized. The Commonwealth Government shared in the costs of this program and continued the program after federal aid was discontinued.

The drought situation in West Virginia will be diligently watched and appropriate actions will be immediately taken.

Sincerely,
MIKE MANATOS,
Administrative Assistant to the President.

JULY 18, 1966.

THE PRESIDENT,
The White House,
Washington, D.C.
Hon. FARRIS BRYANT,
Director, Office of Emergency Planning,
Executive Office Building,
Washington, D.C.:

May I respectfully urge that you consider the use of emergency disaster power for the serious drought situation in West Virginia. Our farmers in West Virginia are undergoing their fifth year of drought and many are heavily in debt due to this continuing emergency. Moreover, it has been estimated that the hay crop in my state will amount to only one-third the normal harvest. If this hay is needed now for livestock, how will the farmers feed their livestock this winter? I have been informed that emergency Presidential powers were used in Puerto Rico to buy animal feed during a three-month drought emergency last year. West Virginia has never before shared in the benefits of this emergency program, and I am informed it now has one of the best cases in the country to ask for assistance. Also, I am informed at this writing that no other state has requested drought emergency aid. As a member of the Senate Appropriations Committee, I was pleased to be one of the principal sponsors of a motion to add \$10 million in supplemental funds last fall to assist in the flood disaster in Indiana. I have today urged Governor Smith to submit a formal request that West Virginia be declared a drought disaster area.

ROBERT C. BYRD,
U.S. Senator.

[From the Martinsburg (W. Va.) Journal,
Aug. 29, 1966]

DROUGHT IS WORST HERE IN 46 YEARS

The local drought in the months of May through July is the worst since 1920, nearly half a century ago, according to figures compiled by the Weather Bureau Agricultural Service Office in Kearneysville.

The figures for the past three months, the most important in the agricultural growing season, show only 3.64 inches of rainfall compared with 6.28 inches a year ago and 4.47 inches in 1930, a year that is always regarded the worst drought year in modern history. The normal for these three months is an even 11 inches.

The total rainfall for the first seven months of this year is 16.03 inches in contrast to 19.23 inches for the same period a year ago and to 22.37 inches for the first seven months of an average year locally.

What compounds the problem is the fact that this is the fifth consecutive dry year in

the area. Last year's total rainfall was 29.97 inches in contrast to the average annual rainfall of 38.35 inches.

This section was doing very well for the first four months of 1966 when precipitation of 12.39 inches was slightly above the normal average but substandard totals for May, June and July brought about the acute situation.

It can also be added that the figures for August, unless there is an unexpected deluge in the next two days, will find conditions even worse. Thus far this month the rainfall measured at Kearneysville totals only 1.23 inches in contrast to 2.48 for the month a year ago and to 4.11 inches for an average August.

The Kearneysville station reports a 30-day weather outlook calling for three to four inches of rain but officials estimate another 10 to 12 inches are needed to return the soil to a healthy state.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. MORSE. Mr. President, I join with the Senator from West Virginia in his protest against the policies and procedures of the Department of Agriculture in granting necessary relief to drought-stricken areas of the country.

Mr. BYRD of West Virginia. Mr. President, may we have order?

Mr. RUSSELL of Georgia. Mr. President, may we have order?

The PRESIDING OFFICER. There will be order in the Chamber.

Mr. MORSE. Mr. President, it does not take a bureaucrat in the Department of Agriculture to determine whether grass has dried up and there is not anything for cattle and other livestock to eat. It does not require any period of time to make that observation.

If the Department of Agriculture would place more faith in the people in the States to report that emergencies exist in their fields, there would be no need for the inexcusable delay that has been suffered across the country in the drought-stricken areas.

In the eastern part of my State, in the great cattle and sheep regions, we have the worst drought at the present time within the memory of the oldtime ranchers in that part of the State.

I join with the Senator from West Virginia in protesting the gross inefficiency and inexcusable delay on the part of the Secretary of Agriculture, for he is the one that is responsible. He ought to pay more attention to the problems that exist in our own country in regard to the need for a domestic aid program and come to the assistance of these farmers that are suffering from the great drought that encompasses a large part of our country this year.

I shall vote for the bill, but in voting for the bill it is no expression of confidence by the senior Senator from Oregon in the Secretary of Agriculture, for I have lost most of that confidence.

Mr. ELLENDER. Mr. President, I wish to read one sentence in the bill, on page 54:

No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

So that we are fully protected under the bill.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield 2 minutes?

Mr. ELLENDER. I yield 1 minute to the Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, do I understand correctly, from what the distinguished senior Senator from Louisiana has just said, that West Virginia farmers can be assured that no corn, hay, or other livestock feed grains will be sent overseas if there is a need for such grains in West Virginia and other parts of the country to relieve the drought conditions?

Mr. ELLENDER. The Senator is correct about that. That is my understanding. Whether it will be done or not, remains another question. It has to be decided, as the Senator knows. The Governor of the State must declare the disaster and take some steps toward obtaining this assistance. As to whether or not the State or any county therein will be eligible for any part remains to be seen.

Mr. BYRD of West Virginia. I should like to read one letter which came to me from the Commissioner of Agriculture of the State of West Virginia, dated yesterday:

Sometime has past since the meeting you arranged in your office with United States Department of Agriculture officials which I attended concerning the severe drought being experienced by West Virginia farmers. To the best of my knowledge, the United States Department of Agriculture has not released a report of their field investigation nor has there been forthcoming a word of encouragement to our people to help them in their planning for winter feeding as to grain supply or hay being made available to them. Some word or encouragement would be most timely because we are approaching another, what I term, critical situation. The rains of approximately ten days ago did put a green cast on our mountains and valleys and is providing some additional grazing for livestock. This is, as stated before, only temporary.

Mr. President, I simply want to reiterate that the U.S. Department of Agriculture has moved all too slowly in responding to repeated pleas from me and other members of the West Virginia delegation and from West Virginia State officials to allow participation by West Virginia farmers in the emergency livestock feed program. I shall vote for the food-for-peace legislation on which we are about to have a rollcall, but I shall do so under protest.

Mr. MORSE. Mr. President, I ask for 30 seconds.

Mr. ELLENDER. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. The language read by the chairman of the committee provides no protection whatsoever. The language is there, but the only protection will have to take this form of action by the Secretary of Agriculture. That is where the protection is. Unless there is some way of forcing him to give the protection to the various areas of the country, the language that has been read is of no aid to the American farmer.

LEGISLATIVE JURISDICTION OVER FOOD FOR PEACE

Mr. McGOVERN. Mr. President, to keep the record straight, I should like to review a minor piece of history relative to food for peace. In June of 1965 I introduced the international food and nutrition bill to supplant Public Law 480 as our surplus commodities declined. The bill was similar in scope to the food-for-peace measure now before us, although my proposal was somewhat more far-reaching and provided for greater effort to improve the handling and storage of food abroad.

For a number of years it has been clear that our food-for-peace program involves both a strong U.S. agricultural interest and a vital foreign policy interest. Recognizing this dual interest, the late President Kennedy created a special White House office on food for peace which I was privileged to head that was designed to coordinate the two broad interests in our overseas food programs.

Cognizant of this dual agricultural and foreign policy involvement, I provided in my proposal last year for a White House Director to head the war on hunger. My bill was referred to the Committee on Foreign Relations, chaired by our distinguished colleague, the Senator from Arkansas [Mr. FULBRIGHT]. When the Senate reconvened this year, Senator ELLENDER, the chairman of the Committee on Agriculture, on which I am privileged to serve, suggested that the bill should be referred to his committee since it would greatly affect our domestic agricultural programs. He also argued with compelling logic that my bill would be viewed as a successor to Public Law 480 which had originated with the Committee on Agriculture.

I spoke to the chairman of the Foreign Relations Committee and he urged me to request that my bill be transferred from his committee to the Committee on Agriculture. He explained that his committee was already heavily burdened with aid legislation and that in any event, my measure involved vital agricultural interests. He recommended that we follow the procedure advocated by Senator ELLENDER and consider such legislation in the Committee on Agriculture.

Pursuant to that discussion, on January 19, 1966, I requested unanimous consent, which was granted, to have the referral of the bill changed, stating that after discussion with Mr. FULBRIGHT and Mr. ELLENDER, we "reached the conclusion that it would be more feasible for the legislation to be considered primarily by the Committee on Agriculture."

There was no objection.

In accordance with that referral, four other similar bills have been referred to the Agriculture Committee, including the bill now before the Senate.

Students of the legislative process may be a bit confused when they read the remarks of the chairman of the Foreign Relations Committee this week contending that the food-for-peace bill is a foreign aid bill and should have been referred to his committee.

Since my bill was transferred out of

the Foreign Relations Committee after consultation and agreement with the chairman of that committee, his objection to the course of this bill does surprise me just a little.

I make this statement so that students and historians who someday research the course of our world food policy may know that as of January of this year, there was agreement that the legislative course which has been followed would be satisfactory.

CONTROL OF FOOD-FOR-PEACE PROGRAM

Mr. TALMADGE. Mr. President, the Agriculture Committee's report on H.R. 14929 makes it abundantly clear that the Secretary of Agriculture must be the key administration official in directing the food-for-peace program within general policy guidelines laid down by the President. Language is included in the proposed bill which makes it crystal clear that the Secretary of Agriculture is to make the decisions regarding the amounts and kinds of commodities that are to be made available in total and, in addition, that he is to determine the quantities of commodities to be included in negotiations with each country. It is this provision that gives the Secretary of Agriculture primary control of the program.

In the report and in previous discussions on this matter, our committee has placed emphasis on the fact that this responsibility properly must rest with the Secretary because of his responsibilities for domestic farm programs. I would like to discuss that point and to add another which has to do with the expertise, the demonstrated record and the objectives of the Secretary of Agriculture and his people in the Department which uniquely qualify them because of the broader considerations included in the law.

We propose removing the surplus concept from the law. This is as it should be. We have long passed the point where we should regard Public Law 480 as a surplus disposal program. But this does not mean that we want to short consumers in the United States or endanger our commercial markets in the world because we have failed to plan properly for the requirements of the food-for-peace program. Take, for example, the recent decisions to increase wheat acreage allotments for the 1967 crop. Responsibility for making that decision rests with the Secretary of Agriculture. In deciding that acreage should be increased, the Secretary had to take into account the need of consumers in the United States and the needs of our dollar customers abroad, as well as the requirements of the less developed countries of the world. Further, he had to come to a judgment as to the amount of carryover that we need to have in order to protect these vital requirements for the future. Should the Secretary arrive at the wrong decisions, should his decisions result in our producing too much or too little, he must face the consequences of the decisions. Therefore, it is this intimate tie-in with our domestic farm

interests that is reason enough for retaining control of this program in the Secretary of Agriculture.

But more than that, the Secretary of Agriculture has other responsibilities. The Secretary of Agriculture, the people in his Department, and the entire agricultural community in the United States have demonstrated over the years that they have other unique qualifications and the right kind of objectives which indicate where responsibility for the program should be vested. This is especially true because of the new self-help provisions in the program.

What this proposed bill now says is that the hungry nations of the world should no longer count on the United States filling the gap in their requirements which they should fill through their own efforts. It says that a judgment should be made as to the steps recipient countries should take on their own to improve their own agriculture in order to qualify for our commodities. This is a concept which above anyone else in the United States, the Secretary of Agriculture has been pushing and promoting ever since he took office. Let me give you some evidence in this respect. For many years the largest recipient of food assistance, India, gave its food grain producers disincentive prices and wondered why they were not getting the desired production. Within the last 2 years, the Indian Government recognized that cheap food to consumers meant low returns to producers and that the continuation of the policy would always be self-defeating. They substantially increased returns to producers for wheat and other food grains within the last 2 years, and this is one of the reason why there is more optimism about their ability to solve their own problem in the future. Who pushed the Indians to this action? It was the U.S. Department of Agriculture under the leadership of the Secretary. He sent a team of USDA officials to India who persuaded the Indians that this was the real solution to their problem.

Then there is the matter of the priority treatment that agriculture receives in the total economic development programs of the less developed countries. It has been quite clear for some time that many of these countries have refused to give agriculture the priority it deserves when the local funds and the aid funds were being distributed to the various sectors within the economy. Agriculture generally wound up as the low man on the totem pole.

Again speaking of India, this policy has been reversed. I am sure all of you have read in the paper recently about this reversal coming about in the new 5-year program which has been announced in India. Again, it was the Secretary of Agriculture who prodded and pushed and pleaded with the Indians to make this reversal. I think it is common knowledge that the President of the United States asked the Secretary of Agriculture to take the lead in this matter and he has gotten the job done.

And that brings up another point. Who was it who focused attention on

the problem of hunger in the world? Who was it who said to us time after time that unless we deal with the problem of hunger in the world, there can be no real solution to the ills of the world? Again, it was the Secretary of Agriculture with the help of his people in the Department. The first studies produced by the U.S. Government in recent years highlighting this problem were those issued by the Department of Agriculture under the leadership of Orville Freeman, the so-called food gap studies. These have received attention not only in the United States but in the entire world.

Let us talk about objectives for a minute, and let me add to that the demonstrated record as well. I know of no achievement of the United States that is regarded so highly around the world as the production miracle on the farms and ranches of the United States. While most of the world, including the Communist areas, struggle to get their agricultural house in order, this country has truly achieved a production miracle. Nowhere in the world is more attention focused on how to get our free enterprise farming system to produce more efficiently. In no other place is so much effort expended in trying to get two bushels out of an area where one grew before.

The leadership, the drive, and the heart of this effort is centered in the Secretary of Agriculture, the Department, and in our land-grant college system. These are the resources which we must use if we are to solve the problem of hunger in the world.

The achievements of American agriculture are also recognized around the world in the area of commercial exports. There was a time in our history when we imported more agricultural commodities than we exported. There also was a time when our trade balance in agriculture had improved to the point where it exceeded our agricultural imports but where we still earned less from our dollar exports of farm commodities than the cost of our agricultural imports. But this is no longer true. Under the leadership of the Secretary of Agriculture, our exports have steadily mounted. Today, our overseas shipments are not only at an alltime record of almost \$7 billion, but we are earning well over a billion dollars a year more through our commercial farm product exports than our total agricultural import bill. This means that American agriculture is helping to solve our balance-of-payments problem. And, again, the official responsible for this action, I repeat, was the Secretary of Agriculture. It is the changes in our domestic farm programs, our expanded market development program, our push on trade barriers in other countries which have made this record possible.

I might add, parenthetically, that some years ago we were concerned about the threat to our poultry trade in the EEC. Who was it who led the fight against the erection of these unfair barriers? It was Orville Freeman, not the State Department. It makes sense to put responsibility for this program in the hands of the Cabinet officer and the Department who

have led the way to this great expansion in our farm product exports. They are the people who should decide whether the making available of commodities under the food-for-peace program deters our market or promotes them.

In short, what I am saying is—control of this program has always been with the Secretary of Agriculture. It must stay where we know that the judgments, the expertise, and the objectives give the best promise for successful administration of this program.

The PRESIDING OFFICER (Mr. CLARK in the chair). Do Senators yield back their time?

Mr. ELLENDER. I yield back my time.

Mr. DIRKSEN. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, and the bill having been read the third time, the question is, Shall the bill pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. METCALF], the Senator from West Virginia [Mr. RANDOLPH], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS], are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. HARRIS], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from Maryland [Mr. BREWSTER], are necessarily absent.

I further announce that, if present and voting the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from Idaho [Mr. CHURCH], the Senator from Minnesota [Mr. MCCARTHY], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from Florida [Mr. SMATHERS], would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from New Jersey [Mr. CASE] are absent on official business.

The Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from New Jersey [Mr. CASE], the Senator from Hawaii [Mr. FONG], the Senator from Idaho [Mr. JORDAN], the Senator from Cali-

foria [Mr. MURPHY], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 74, nays 2, as follows:

[No. 242 Leg.]

YEAS—74

Aiken	Hartke	Moss
Allott	Hickenlooper	Mundt
Anderson	Hill	Muskie
Bayh	Holland	Nelson
Bible	Hruska	Neuberger
Boggs	Inouye	Pastore
Burdick	Jackson	Pell
Byrd, Va.	Javits	Prouty
Byrd, W. Va.	Jordan, N.C.	Proxmire
Cannon	Kennedy, Mass.	Ribicoff
Clark	Kennedy, N.Y.	Robertson
Cooper	Kuchel	Russell, Ga.
Cotton	Long, Mo.	Saltonstall
Curtis	Long, La.	Smith
Dirksen	Magnuson	Sparkman
Dodd	Mansfield	Stennis
Dominick	McClellan	Symington
Eastland	McGee	Talmadge
Ellender	McGovern	Thurmond
Ervin	Miller	Tydings
Fannin	Mondale	Williams, N.J.
Fulbright	Monroney	Yarborough
Griffin	Montoya	Young, N. Dak.
Gruening	Morse	Young, Ohio
Hart	Morton	

NAYS—2

Lausche Williams, Del.

NOT VOTING—24

Bartlett	Fong	Murphy
Bass	Gore	Pearson
Bennett	Harris	Randolph
Brewster	Hayden	Russell, S.C.
Carlson	Jordan, Idaho	Scott
Case	McCarthy	Simpson
Church	McIntyre	Smathers
Douglas	Metcalf	Tower

So the bill (H.R. 14929) was passed.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HOLLAND. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives there, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. HOLLAND, Mr. TALMADGE, Mr. JORDAN of North Carolina, Mr. MCGOVERN, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. COOPER conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, over the past 3 days the senior Senator from Louisiana [Mr. ELLENDER] has pressed vigorously for passage of the food-for-peace measure. Its overwhelming acceptance by the Senate today demonstrates once again the already proven talents of the chairman of the Committee on Agriculture and Forestry.

Senator ELLENDER has consistently devoted his tireless capacities and able advocacy to legislation vital to our national interest. The outstanding achievement today was no exception. So we are again grateful for his unrelenting efforts, his astute advocacy and particularly for his profound understanding of the food-for-peace program.

Commendation goes also to the senior Senator from Florida [Mr. HOLLAND] for

assisting to obtain the Senate's decisive support on this measure. Also, to the senior Senator from Vermont [Mr. AIKEN], the ranking minority member on the committee, we are grateful for typically able support.

To other Senators go our thanks for joining to assure this magnificent success. I note particularly the articulate assistance of the junior Senator from South Dakota [Mr. MCGOVERN] whose clear explanations of some of the bill's features aided its adoption immensely.

Others are to be commended for their cooperative efforts. Specifically, our thanks are extended to the junior Senator from Arkansas [Mr. FULBRIGHT], for urging his own strong and sincere views without impeding the progress of the measure unreasonably.

Again to the entire Senate I am personally most indebted for the cooperation received by the leadership in obtaining action today. It is my hope that in the days to come we will continue to see the kind of cooperation which will enable the swift and orderly disposition of the remaining legislative proposals.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 112) to amend the Consolidate Farmers Home Administration Act of 1961 to authorize loans by the Secretary of Agriculture on leasehold interests in Hawaii, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 17419) to amend the act incorporating the American Legion so as to redefine eligibility for membership therein, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3105) to authorize certain construction at military installations, and for other purposes, and it was signed by the Vice President.

PATRICK V. McNAMARA FEDERAL OFFICE BUILDING, DETROIT, MICH.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1508, S. 3748.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3748) to provide that the Federal office building to be constructed in Detroit, Mich., shall be named the "Patrick V. McNamara Federal Office Building."

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HART. Mr. President, briefly I want to express my appreciation to the leadership of the Senate on both sides of the aisle for permitting us to act so quickly on this proposal.

I shall not delay its passage by making a long statement. Those of us who knew and loved Pat McNamara—and that includes every Member of this body and their staffs—are delighted even in this small way to demonstrate for a long time to come our appreciation of the many contributions that Pat McNamara made to his State and Nation.

I would hope that Pat McNamara would regard this tribute as not being inappropriate memorial to him. I know that he would be most uninterested in eulogies but because he was a builder—indeed, because he was a building tradesman, and proud of it—I would think that all of us now are proposing a memorial which will serve not only the people whom he served and their descendants, but will also fittingly memorialize Pat McNamara.

Mr. GRIFFIN. Mr. President, I wish to express my heartfelt support for this legislation which designates that the new Federal building in Detroit shall be known as the Patrick V. McNamara Federal Office Building in memory of the late Senator McNamara.

Senator McNamara was an exceptionally fine individual, a man of great personal integrity and devotion to all that he believed was right. He was a man of no pretensions, a man who never engaged in shame. This is the kind of moral fiber of which great men are made.

It is with reverence for the spirit of Pat McNamara that I express my support for this legislation conceived to do him honor.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 3748

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal office building to be constructed in Detroit, Michigan, shall be named the "Patrick V. McNamara Federal Office Building" in memory of the late Patrick V. McNamara, a distinguished member of the United States Senate from the State of Michigan from 1955 to 1966. Any reference to such building in any law, regulation, document, record, map, or other paper of the United States shall be deemed a reference to such building as the "Patrick V. McNamara Federal Office Building."

AMENDMENT OF ACT INCORPORATING AMERICAN LEGION

Mr. EASTLAND. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 17419.

The PRESIDING OFFICER. The Chair lays before the Senate a bill (H.R. 17419) coming over from the House. The bill will be stated by title.

The bill (H.R. 17419), to amend the act incorporating the American Legion so as to redefine eligibility for member-

keep your hands off. This is the sacred right, the sacred duty of each individual as a creature of God who alone can decide whether his child shall pray and what form the prayer shall be, if they read the Bible what version of the Bible.

"Hence, there is nothing in these decisions, and I challenge any person to find one word in them which interferes with any person's 'religious liberty' to pray or worship as he sees fit, subject again to the qualification that in exercising his right he may not disturb his neighbor who at the time may be reading history or grammar and would be disturbed by a vocal prayer."

SCHOOL PRAYER HEARINGS, PART I, PP. 923, 924

Dr. Pfeffer's testimony was, of course, given before the House Judiciary Committee prior to the decision of the Circuit Court and the denial of Certiorari by the Supreme Court in the Stein Case.

How wrong Dr. Pfeffer was!

How I wish he had been right!

For, if he were right, the Stein case would have been affirmed by the Courts. Voluntary prayers would have been constitutional in that they would have been permitted under the constitutional guarantees of Free Exercise and Free Speech. These hearings would have been unnecessary.

Our founding fathers were men of faith who wanted religion woven into the fabric of American life. Into the Northwest Ordinance, the First Congress promulgated its intentions: "Religion being necessary, . . . schools shall be forever encouraged." Since that time religion has in fact been woven into the fabric of American life. Prayers were said by school children from the time the first school house was opened upon this continent. The drafters of the Constitution were particularly careful to insure that freedom of religion and freedom of speech were not to be infringed. The constitutional prohibition in the First Amendment that "Congress (and the states under the decisions of the Fourteenth Amendment) shall make no law respecting the establishment of religion" guarantees that the state cannot compel an individual or group of individuals to accept its views or any view on religion. Under the free exercise clause, it guarantees the individual at least his opportunity to express his views at any time, at any place, even in public school. We have seen the proper balance between these two rights properly weighed and evaluated in *West Virginia v. Barnette*, 319 U.S. 624, where the right of Jehovah's Witnesses not to salute the flag was not imposed upon those who would. Surely the rights of the atheist, the infidel, the irreligious man to refrain from prayer cannot be imposed upon those who would pray. How can we justify the removal of prayer from public schools or from public life on such grounds?

We have in our history of national growth come to an era when we are beginning to realize that segregation of groups is an unhealthy one. By such segregation, the segregating group and the segregated group both suffer. We have come to realize that both groups in true integration can benefit from one another, resulting in a more perfect whole. Yet, with the ban upon prayers, we are segregating ourselves into cubbyholes so small, so narrow that no light can shine upon any. The wall of separation of state and religion (not church) is to become complete. We deprive the Protestant child from the views of the Jewish child. We deprive the Catholic child from the views of the Episcopalian; the Lutheran child from the Armenian Apostolic; the Islamic from the Buddhist and this in our institutions of learning where ideas and knowledge and their dissemination are its only products. According to John Henry Newman's "The Idea of a University, Discourse VI, Liberal Knowledge Viewed in Relation to Learning": "Knowledge is the indispensable condition

of expansion of mind. . . . A narrow mind is thought to be that which contains little knowledge and an enlarged mind, that which holds a deal."

Are our minds to become so narrow, so filled with fear, that we dare not learn and acquire knowledge of one another and of God? Has freedom of religion come to mean freedom from religion? Has the basic breakdown of a moralistic way of life caused us to become so apathetic that we care not either for our freedoms or for the glory of God through prayer?

Have we as Americans become so dependent upon rules and regulations, so avid for laws and security that we permit government, including Boards of Education, to lay down rules and regulations banning prayer?

Under the circumstances, we see the effects of government attempting to arrive at a predetermined objective—to wit: the total banning of prayers and abolition of the name God from school without following the due process of law. We see the effects of such bans against the free exercises of religion and the right of free speech as dictatorial, intolerant and cruel. In effect, it is a policy of thought control, and this in our institutions of learning where minds must be free to soar to unlimited heights. It constitutes a policy of "book burning" reminiscent of the earliest days of Adolph Hitler.

Ban prayers in school today; ban prayers on street and in public places; follow that with a ban on prayers or evidence of prayers on radio and television—inevitably it will be followed by thought control in every phase of public life. Is it impossible to say that streets and airwaves are tax supported and operate under public franchise?

Certainly, the doctrine of neutrality heretofore discussed requires Boards of Education, not only to keep its hands off state composed prayers and rules and regulations requiring prayers but also includes the necessity that Boards of Education and all government keep its hands off all rules and all regulations denying the right to pray. Indeed, our attitude is one of incensed indignation of so bold an attitude on this "first experiment on our liberties."

A NEW WORLD FOOD POLICY

Mr. NELSON. Mr. President, I would like to take a moment to express my personal appreciation to some of those who have had a part in developing this program and particularly to one of our number who has espoused it day-in and day-out for the past 4 years, written a book on the need for such a policy, and introduced the first International Food and Nutrition bill in this body about 14 months ago.

It takes the combined efforts of a great many people to forge and enact legislation as significant as the Food for Peace Act of 1966, which is now going to conference and will soon be law. That has been true in this case.

Following Senator GEORGE McGOVERN's introduction of his International Food and Nutrition Act on June 17 last year, an administration task force made an intensive study of our world food programs and policies, and the necessity for moving from a program based on the disposal of our own burdensome agricultural surpluses to an affirmative world food policy. Based on that study, the President submitted an excellent, constructive bill to Congress.

As the Senator from South Dakota has already pointed out, Congressman

HAROLD COOLEY, the chairman, and the House Agriculture Committee conducted searching hearings and adopted a fine bill. The chairman and members of the Senate Agriculture Committee have given a great deal of their time and energy to the development of the measure we have just approved.

Throughout this process, there has been one man writing, speaking, proposing amendments to various measures to start us moving toward a real war against hunger, developing a legislative proposal, and educating us to the nature of the impending world food crisis—the former food for peace director, now our colleague, Senator GEORGE McGOVERN. He has kept the attention of both officials and the public constantly on the race between food and population.

He has been in my State on several occasions to address meetings on the subject, and I know that he has made a great many addresses elsewhere to arouse people to the importance of adopting an enlightened world food both to assist struggling peoples abroad and to strengthen both the economy and the security of our own land.

I cannot avoid comparing the Senator from South Dakota in my own mind with Wisconsin's most renowned legislator, Senator Bob La Follette, whose portrait is in the Senate waiting room as a result in his selection by a bipartisan commission as one of this Nation's most effective legislators.

Bob La Follette did much of his campaigning for the enactment of legislation out among the people. He was tireless, he accepted every invitation that time would permit to espouse his causes and educate everyone who would listen about the problems that gave him concern. He created opportunities to be heard when interest lagged. He would not let an issue die from inattention, but kept it constantly in the forefront until a decision was made.

We have witnessed the same sort of persistence, of marshaling of public support, and of directing attention back time after time to this issue of worldwide importance, on the part of our colleague. He has followed much the same course in relation to farm programs and other issues he regards of high priority.

It was my privilege to cosponsor with him the International Food and Nutrition Act on June 17 last year. Consequently, I take a great deal of pleasure in the Senate's approval of the Food for Peace Act of 1966 today, not only because it is an exceptionally creative program, but because of the satisfaction it must bring to the Senator from South Dakota, who has given so much of his energy and ability to the adoption of this program.

The bill we have passed, which moves our world food policy from sharing surpluses to one of deliberate production of foodstuffs to meet need abroad while food and population are brought into balance, is a history making measure. Perhaps it is because he is a historian by profession that GEORGE MCGOVERN has given it top priority in his allocation of his time and energy during his first 4 years in the Senate.

In all events, without diminishing the great credit that is due the President, the Secretary of Agriculture, the Agriculture Committee chairmen and many others in relation to this bill, I want to congratulate the junior Senator from South Dakota for his key role in the enactment of this new U.S. world food policy.

In the process, he has added a great book and several great and studious speeches to our literature. And he has set us all an example of effective legislative operation, reaching all the way from the grass roots to this Chamber.

I congratulate him, and say to him, on behalf of myself and others who have depended on him in this matter, that he has made a real contribution to strengthening our Nation and making this a better world.

CIVIL RIGHTS

Mr. LAUSCHE. Mr. President, on Sunday, August 21, the "Meet the Press" program broadcast on a national television program embraced a number of participants who discussed the civil rights bill. I have had considerable mail vigorously taking exception to remarks that were made by participants Floyd B. McKissick, the head of CORE; Stokely Carmichael of SNCC, and James H. Meredith who works for himself.

In the Wednesday, August 24, issue of the Cleveland Press, in the column of Forrest Allen there appeared a sound and constructive analysis of the program.

In my opinion it so excellently analyzes the wrongness of what was done in that program that it warrants that the Forrest Allen column be placed in the CONGRESSIONAL RECORD. I ask unanimous that it be done.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOME NEGROES OVERSTEP IN ADVOCATING ANARCHY

(By Forrest Allen)

Some Negro leaders are now speaking out with a fierce candor and blunt directness that so far seldom finds its match on the side of the whites.

However painful it is, it seems to me that the tolerant white person can no longer remain silent. If the term "equal rights" means anything, it must mean that a white man has as much right to express his views in public as a man of any other hue.

I watched and listened to an amazing hour and a half TV program Sunday. Several reporters discussed civil rights with Negro leaders, including Floyd B. McKissick, head of CORE, Stokely Carmichael, SNCC, and James H. Meredith, who works for himself.

In the orderly, sequestered chamber of a television studio, I saw and heard a direct challenge to a government of law.

Carmichael, a native of Trinidad, said that he considered himself a citizen of the U.S. "on paper" only. To him all whites are anti-black, and the N.Y. Times is "that anti-black newspaper."

"When you talk about black power you talk about bringing this country to its knees anytime it messes with the black man," Carmichael said in answer to a question about a speech he'd made in Cleveland.

Meredith, whose violent and tradition-breaking entrance into the University of Mississippi was made possible by a national administration led by whites, said that

Negroes must take the law into their own hands wherever whites fail to arrest, prosecute and convict the slayer of a Negro.

In Mississippi, Meredith said, his people "know the people that killed all of the Negroes. . . . I am here to say that these people have to be removed from our society. If they (the whites) don't find a way, the Negro has no choice but to remove them."

Do you mean formation of Negro vigilantes to punish people outside the law? he was asked.

"That is exactly what I am saying," Meredith replied. To which Carmichael added, "I agree 150%. The black people will have to move into positions to protect themselves."

The doctrine expressed by Carmichael and Meredith is anarchy. It is an advocacy of force above and beyond the law. It is a declaration that if what the Negro demands is not yielded up to him, he must arm and take it by his own force.

Or, as Carmichael put it, we'll all go down together.

I do not believe it does the cause of civil rights any good for the white man to leave these declarations unanswered. I am equally certain that we are fast moving toward the edge of an abyss where nothing can be solved by consultation and discussion.

Force, violence—the torch, the rock and the gun—these will find more and more acceptance, until we reach the day reason has abandoned us all.

It may be disastrous politics, poor business and sad public relations to speak out against the counsel of a Carmichael. But when these wild statements are thrown at us from nationwide forums, then responsible men and women should stand up and tell us what they think of the things these preachers of destruction are saying.

THE THREAT TO THAILAND

Mr. McGEE. Mr. President, last spring I had the opportunity to take a look for myself at the situation in southeast Asia—at Vietnam and also at Thailand. I was greatly impressed by what I observed in the northeast provinces of Thailand, an area being threatened with subversion by the Chinese dictators of Peking.

The Thais are guarding against becoming another Vietnam, although the enemy is using the same tactics in pursuing a so-called war of liberation in that area and has secret cadres at work terrorizing the countryside. Thailand, indeed, may be the next on mainland China's list, but Thailand, as former U.S. Ambassador Kenneth Young has written, is no Vietnam. In an article published on Sunday, August 28, by the Washington Post, Ambassador Young sets forth well the situation in Thailand. Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THAILAND MAY BE NEXT BUT IT IS NO VIETNAM

(By Kenneth T. Young)

(Former Ambassador to Thailand, Young is head of the Asia Society in New York.)

Will Thailand be another Vietnam is the question many Thais and Americans are asking. The contest for Thailand has indeed begun in earnest, for it is now Peking's proclaimed target for subversion. But we will not find ourselves with another Vietnam. Thailand is different.

The Thais can still ward off another Maoist "war of liberation," or "war by seepage," as I prefer to call it, if they engineer a political rather than a military solution. Their success is essential for us because an independent, stabilized Southeast Asia needs the dynamic, solid core of Thailand, and Thailand can make the difference if it makes the most of its assets.

Thailand is slowly welding its regional segments—the dissimilar Moslem south abutting Malaysia, the distinctive northern crown so close to China and the refractory northeast bordering Laos nearby North Vietnam—into the rice-rich central plain, which is growing prosperous and industrialized around booming Bangkok. However, we should not overstress the ethnic and geographic separatism of the northeast, where its nearly 10 million people now look to Bangkok rather than Vientiane.

An enlightened and popular King personifies national unity and Thai-Buddhist ideals for most of the population and significantly for the professionally oriented younger Thais who will soon be moving up into power. There is a quite competent civil service and the unifying influences of Buddhism and prosperity are helping to coagulate the various ethnic minorities except the Vietnamese in the northeast.

APATHETIC HINTERLAND

The main trouble Thailand faces in coping with actual Communist revolutionary warfare comes from the physical and psychological gap between the government and the people in remote, vulnerable borderlands. Long neglected and apathetic politically, the villagers live in a small unchanging world of their own making where until recently even the King and the Prime Minister were sometimes unknown.

In Southeast Asia, villagers have traditionally feared, resented and even hated the "government." Officials have tended to be harsh and overbearing with rural folk. After centuries of mutual antagonism, there is a deep psychological gap that the Communists can seep, peel off Thailand layer by layer and paralyze Bangkok if a political alternative is not pressed.

In this political vacuum, the villagers are "up for grabs" by whichever side fields the winning combination: the effective agents, attractive incentives and organizing talents. Here, at the outset, Thailand is no different, for the Asian Communists are experts in their style of rural revolution.

Progress and protection must go together to win. The key to Thailand's lasting safety lies in a better revolution to fill the rural vacuum. This means creating a whole new national identity in two directions.

Only a self-restrained civilian and military officialdom knowing how to gain the respect and trust of the rural people can win them over. And only a self-propelled rural people feeling their own stake and welcoming outside aid in developing and protecting their homes, temples, rice fields, schools and villages can repel Communist agents and insurgents.

Another difference for Thailand is that Peking rather than Hanoi poses as the chief adversary. Every day we read another report of Communist activity in northeastern or southern Thailand. The emerging pattern of discredited local authority and little security in isolated villages is familiar, for South Vietnam was like this at the outset.

In northeastern Thailand, secret meetings, quick ambushes and sudden death for officials and teachers, all by furtive Thai—not alien—insurgents, are the telltale signs of this "aggression by seepage."

There are reports that Americans can no longer safely stay in some villages in two northeastern areas that I was able to survey securely with Thai officials in 1962-63.

These were sparsely inhabited regions which now are the forward sanctuaries of a

H. R. 14929

IN THE SENATE OF THE UNITED STATES

AUGUST 31, 1966

Ordered to be printed with the amendment of the Senate

AN ACT

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Food for Freedom Act
4 of 1966”.

5 SEC. 2. The Agricultural Trade Development and As-
6 sistance Act of 1954, as amended, is amended—

7 (A) By amending section 2 to read as follows:

8 “SEC. 2. The Congress hereby declares it to be the
9 policy of the United States to expand international trade;
10 to develop and expand export markets for United States

1 agricultural commodities; to use the abundant agricultural
2 productivity of the United States to combat hunger and mal-
3 nutrition and to encourage economic development in the
4 developing countries, with particular emphasis on assistance
5 to those countries that are determined to improve their own
6 agricultural production; and to promote in other ways the
7 foreign policy of the United States."

8 ~~(B)~~ By amending title I to read as follows:

9 ~~"TITLE I~~

10 “SEC. 101. In order to carry out the policies and accom-
11 plish the objectives set forth in section 2 of this Act, the
12 President is authorized to negotiate and carry out agree-
13 ments with friendly countries to provide for the sale of
14 agricultural commodities for dollars on credit terms or for
15 foreign currencies.

16 “SEC. 102. For the purpose of carrying out agreements
17 concluded under this Act the Commodity Credit Corporation
18 is authorized to finance the sale and exportation of agricul-
19 tural commodities whether from private stocks or from stocks
20 of the Commodity Credit Corporation.

21 “SEC. 103. In exercising the authorities conferred upon
22 him by this title, the President shall—

23 “(a) take into account efforts of friendly countries
24 to help themselves toward a greater degree of self-
25 reliance, especially in providing enough food to meet

1 the needs of their people, their activities related to
2 the problems of population growth, and the resources
3 required to attain such objectives;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars at
6 a rate whereby the transition can be completed by
7 December 31, 1971: *Provided*, That provision may be
8 included in any agreement for payment in foreign cur-
9 rencies to the extent that the President determines that
10 such currencies are needed for the purpose of subsections
11 (a), (b), (c), (d), and (h) of section 104;

12 “(e) take reasonable precautions to safeguard usual
13 marketings of the United States and to assure that sales
14 under this title will not unduly disrupt world prices of
15 agricultural commodities or normal patterns of commer-
16 cial trade with friendly countries;

17 “(d) makes sales agreements only with those coun-
18 tries which he determines to be friendly to the United
19 States: *Provided*, That the President shall periodically
20 review the status of those countries which are eligible
21 under this subsection and report the results of such re-
22 view to the Congress. As used in this Act, ‘friendly
23 country’ shall not include (1) any country or area
24 dominated or controlled by a foreign government or
25 organization controlling a world Communist movement;

1 or (2) for the purpose only of sales of agricultural
2 commodities for foreign currencies under title I of this
3 Act, any country or area dominated by a Communist
4 government, or (3) for the purpose only of sales of
5 agricultural commodities under title I of this Act any
6 nation which sells or furnishes or permits ships or aircraft
7 under its registry to transport to or from Cuba or
8 North Vietnam (excluding United States installations in
9 Cuba) any equipment, materials, or commodities, so long
10 as they are governed by a Communist regime, or (4)
11 for the purposes only of sales under title I of this Act
12 the United Arab Republic, unless the President deter-
13 mines that such sale is in the national interest of the
14 United States. No sales to the United Arab Republic
15 shall be based upon the requirements of that nation for
16 more than one fiscal year. The President shall keep the
17 President of the Senate and the Speaker of the House of
18 Representatives fully and currently informed with re-
19 spect to sales made to the United Arab Republic under
20 title I of this Act. Notwithstanding any other
21 Act, the President may enter into agreements for
22 the sale of agricultural commodities for dollars on
23 credit terms under title I of this Act with coun-
24 tries which fall within the definition of 'friendly country'
25 for the purpose of such sales and no sales under this Act

1 shall be made with any country if the President finds
2 such country is (a) an aggressor, in a military sense,
3 against any country having diplomatic relations with the
4 United States, or (b) using funds, of any sort, from the
5 United States for purposes inimical to the foreign policies
6 of the United States;

7 “(c) take appropriate steps to assure that private
8 trade channels are used to the maximum extent practi-
9 cable both with respect to sales from privately owned
10 stocks and with respect to sales from stocks owned by
11 the Commodity Credit Corporation and that small busi-
12 ness has adequate and fair opportunity to participate in
13 sales made under the authority of this Act;

14 “(f) give special consideration to the development
15 and expansion of foreign markets for United States agri-
16 cultural commodities with appropriate emphasis on
17 more adequate storage, handling, and food distribution
18 facilities as well as long-term development of new and
19 expanding markets by encouraging economic growth;

20 “(g) obtain commitments from purchasing coun-
21 tries that will prevent resale or transshipment to other
22 countries, or use for other than domestic purposes, of
23 agricultural commodities purchased under this title, with-
24 out specific approval of the President;

25 “(h) obtain rates of exchange applicable to the sale

1 of commodities under such agreements which are not less
2 favorable than the highest of exchange rates legally ob-
3 tainable in the respective countries by any nation which
4 would not discriminate against commodities sold under
5 this Act;

6 “(i) promote progress toward assurance of an ade-
7 quate food supply by encouraging countries with which
8 agreements are made to give higher emphasis to the pro-
9 duction of food crops than to the production of such
10 nonfood crops as are in world surplus;

11 “(j) exercise the authority contained in title I of
12 this Act to assist friendly countries to be independent of
13 domination or control by any world Communist move-
14 ment. Nothing in this Act shall be construed as author-
15 izing sales agreements under title I with any gov-
16 ernment or organization controlling a world Com-
17 munist movement or with any country with which the
18 United States does not have diplomatic relations;

19 “(k) whenever practicable require upon delivery
20 that not less than 5 per centum of the purchase price
21 of any agricultural commodities sold under title I of this
22 Act be payable in dollars or in the types or kinds of
23 currencies which can be converted into dollars;

24 “(l) obtain commitments from friendly purchasing
25 countries that will insure, insofar as practicable, that

1 food commodities sold for foreign currencies under title
2 I of this Act shall be marked or identified at point of
3 distribution or sale as being provided on a concessional
4 basis to the recipient government through the generosity
5 of the people of the United States of America.

6 “SEC. 104. Notwithstanding any other provision of law,
7 the President may use or enter into agreements with foreign
8 countries or international organizations to use the foreign
9 currencies, including principal and interest from loan repay-
10 ments, which accrue in connection with sales for foreign
11 currencies under this title for one or more of the following
12 purposes:

13 “(a) For payment of United States obligations (in-
14 cluding obligations entered into pursuant to other legis-
15 lation);

16 “(b) For carrying out programs of United States
17 Government agencies to—

18 (1) help develop new markets for United States
19 agricultural commodities on a mutually benefiting
20 basis. From sale proceeds and loan repayments un-
21 der this title not less than the equivalent of 5 per
22 centum of the total sales made each year under this
23 title shall be set aside in the amounts and kinds of
24 foreign currencies specified by the Secretary of
25 Agriculture and made available in advance for use

1 as provided by this paragraph over such period of
2 years as the Secretary of Agriculture determines
3 will most effectively carry out the purpose of this
4 subsection: *Provided*, That the Secretary of Agri-
5 culture may release such amounts of the foreign
6 currencies as set aside as he determines not to be
7 needed, within a reasonable period of time, for such
8 purposes. Provision shall be made in sale and loan
9 agreements for the convertibility of such amount
10 of the proceeds thereof (not less than 2 per centum)-
11 as the Secretary of Agriculture determines to be
12 needed to carry out the purpose of this paragraph
13 in those countries which are or offer reasonable
14 potential of becoming dollar markets for United
15 States agricultural commodities. Such sums shall
16 be converted into the types and kinds of foreign
17 currencies as the Secretary deems necessary to carry
18 out the provisions of this paragraph and such sums
19 shall be deposited to a special Treasury account and
20 shall not be made available or expended except for
21 carrying out the provisions of this paragraph. Not-
22 withstanding any other provision of law, if sufficient
23 foreign currencies for carrying out the purposes of
24 this paragraph in such countries are not otherwise
25 available, the Secretary of Agriculture is authorized

1 and directed to enter into agreements with such
2 countries for the sale of agricultural commodities in
3 such amounts as the Secretary of Agriculture deter-
4 mines to be adequate and for the use of the proceeds
5 to carry out the purpose of this paragraph. In
6 carrying out agricultural market development activi-
7 ties, nonprofit agricultural trade organizations shall
8 be utilized to the maximum extent practicable. The
9 purpose of this paragraph shall include such repre-
10 sentation of agricultural industries as may be re-
11 quired during the course of discussions on trade
12 programs relating either to individual commodities
13 or groups of commodities;

14 ~~“(2) finance international educational and cul-~~
15 ~~tural exchange activities under the programs au-~~
16 ~~thorized by the Mutual Educational and Cultural~~
17 ~~Exchange Act of 1961 (22 U.S.C. 2451 et seq.);~~

18 ~~“(3) collect, collate, translate, abstract, and~~
19 ~~disseminate scientific and technological information~~
20 ~~and conduct research and support scientific activities~~
21 ~~overseas including programs and projects of scien-~~
22 ~~tific cooperation between the United States and~~
23 ~~other countries such as coordinated research against~~
24 ~~diseases common to all of mankind or unique to indi-~~

1 vidual regions of the globe, and promote and sup-
2 port programs of medical and scientific research,
3 cultural and educational development, family plan-
4 ning, health, nutrition, and sanitation;

5 “(4) acquire by purchase, lease, rental, or
6 otherwise, sites and buildings and grounds abroad,
7 for United States Government use including offices,
8 residence quarters, community and other facilities,
9 and construct, repair, alter, and furnish such build-
10 ings and facilities;

11 “(5) finance under the direction of the Librar-
12 ian of Congress, in consultation with the National
13 Science Foundation and other interested agencies,
14 (A) programs outside the United States for the
15 analysis and evaluation of foreign books, periodicals,
16 and other materials to determine whether they
17 would provide information of technical or scientific
18 significance in the United States and whether such
19 books, periodicals, and other materials are of cul-
20 tural or educational significance; (B) the registry,
21 indexing, binding, reproduction, cataloging, ab-
22 stracting, translating, and dissemination of books,
23 periodicals, and related materials determined to
24 have such significance; and (C) the acquisition of
25 such books, periodicals, and other materials and the

1 deposit thereof in libraries and research centers in
2 the United States specializing in the areas to which
3 they relate;

4 “(c) To procure equipment, materials, facilities,
5 and services for the common defense including internal
6 security;

7 “(d) For assistance to meet emergency or extraor-
8 dinary relief requirements;

9 “(e) For use to the maximum extent under the
10 procedures established by such agency as the President
11 shall designate for loans to United States business firms
12 (including cooperatives) and branches, subsidiaries, or
13 affiliates of such firms for business development and trade
14 expansion in such countries, including loans for private
15 home construction, and for loans to domestic or foreign
16 firms (including cooperatives) for the establishment of
17 facilities for aiding in the utilization, distribution, or
18 otherwise increasing the consumption of, and markets
19 for, United States agricultural products: *Provided, how-*
20 *ever,* That no such loans shall be made for the manufac-
21 ture of any products intended to be exported to the
22 United States in competition with products produced in
23 the United States and due consideration shall be given
24 to the continued expansion of markets for United States
25 agricultural commodities or the products thereof. For-

1 eign currencies may be accepted in repayment of such
2 loans;

3 “(f) To promote multilateral trade and agricul-
4 tural and other economic development, under proce-
5 dures established by the President, by loans or by use
6 in any other manner which the President may determine
7 to be in the national interest of the United States,
8 particularly to assist programs of recipient countries
9 designed to promote, increase, or improve food produc-
10 tion, processing, distribution, or marketing in food-
11 deficit countries friendly to the United States, for which
12 purpose the President may utilize to the extent prac-
13 ticable the services of nonprofit voluntary agencies
14 registered with and approved by the Advisory Com-
15 mittee on Voluntary Foreign Aid: *Provided*, That no
16 such funds may be utilized to promote religious
17 activities;

18 “(g) For the purchase of goods or services for other
19 friendly countries;

20 “(h) For financing, at the request of such country,
21 programs emphasizing maternal welfare, child health
22 and nutrition, and activities, where participation is vol-
23 untary, related to the problems of population growth,
24 under procedures established by the President through
25 any agency of the United States, or through any local

1 agency which he determines is qualified to administer
2 such activities;

3 “(i) for paying, to the maximum extent practicable,
4 the costs outside the United States of carrying out the
5 program authorized in section 406 of this Act; and

6 “(j) For sale for dollars to United States citizens
7 and nonprofit organizations for travel or other purposes
8 of currencies determined to be in excess of the needs of
9 departments and agencies of the United States for such
10 currencies. The United States dollars received from the
11 sale of such foreign currencies shall be deposited to the
12 account of Commodity Credit Corporation: *Provided,*
13 That section 1415 of the Supplemental Appropriation
14 Act, 1953, shall apply to currencies used for the pur-
15 poses specified in subsections (a) and (b).

16 “SEC. 105. Foreign currencies received pursuant to this
17 Act shall be deposited in a special account to the credit of
18 the United States and shall be used only pursuant to section
19 104, and any department or agency of the Government using
20 any of such currencies for a purpose for which funds have
21 been appropriated shall reimburse the Commodity Credit
22 Corporation in an amount equivalent to the dollar value of
23 the currencies used. The President shall utilize foreign
24 currencies received pursuant to this Act in such manner as

1 will, to the maximum extent possible, reduce any deficit in
2 the balance of payments of the United States.

3 “SEC. 106. Payment by any friendly country for com-
4 modities purchased for dollars on credit shall be upon terms
5 as favorable to the United States as the economy of such
6 country will permit. In any event such agreement shall be
7 no less favorable to the United States than for development
8 loans made under section 201 of the Foreign Assistance Act
9 of 1961, as amended.

10 “SEC. 107. (a) It is also the policy of the Congress to
11 stimulate and maximize the sale of United States agricul-
12 tural commodities for dollars through the private trade and
13 to further the use of private enterprise to the maximum,
14 thereby strengthening the development and expansion of
15 foreign commercial markets for United States agricultural
16 commodities. In furtherance of this policy, the Secretary of
17 Agriculture is authorized, notwithstanding any other pro-
18 vision of law, to enter into agreements with foreign and
19 United States private trade for financing the sale of agricul-
20 tural commodities for export over such periods of time and
21 on such credit terms as the Secretary determines will accom-
22 plish the objectives of this section. Any agreement entered
23 into under this section shall provide for the development and
24 execution of projects which will result in the establishment
25 of facilities designed to improve the storage or marketing

1 of agricultural commodities, or which will otherwise stimu-
2 late and expand private economic enterprise in any friendly
3 country. Any agreement entered into under this section
4 shall also provide for the furnishing of such security as the
5 Secretary determines necessary to provide reasonable and
6 adequate assurance of payment of the purchase price in
7 dollars with interest at a rate which will as nearly as prac-
8 ticable be equivalent to the average cost of funds to the
9 United States Treasury, as determined by the Secretary of
10 the Treasury, on outstanding marketable obligations of the
11 United States having maturities comparable to maturities
12 of credits extended under this section. In no event shall
13 the rate of interest be less than the minimum rate, or the
14 term of credit longer than the maximum term, authorized in
15 section 106. In carrying out this Act, the authority pro-
16 vided in this section for making dollar sales shall be used
17 to the maximum extent practicable.

18 “(b) In carrying out the provisions of this section,
19 the Secretary shall take reasonable precautions to avoid
20 displacing any sales of United States agricultural commod-
21 ities which the Secretary finds and determines would other-
22 wise be made for cash dollars.

23 “(c) The Secretary shall obtain commitments from
24 purchasers that will prevent resale or transshipment to other

1 countries, or use for other than domestic purposes, of agri-
2 cultural commodities purchased under this section.

3 “(d) In carrying out this Act, the provisions of sections
4 102, 103(d), 103(e), 103(f), 103(j), 103(k), 108,
5 402, 403, 407, 408, and 409 shall be applicable to sales
6 under this section. Sections 102 and 403 shall also be ap-
7 plicable to sales made under the Commodity Credit Corpora-
8 tion export credit sales program.

9 “SEC. 108. The Commodity Credit Corporation may
10 bear the cost of ocean transportation incurred pursuant to
11 agreements entered into hereunder only to the extent that
12 such charges are higher (than would otherwise be the case)
13 by reason of a requirement that the commodities be trans-
14 ported in United States-flag vessels. The balance of such
15 charges for transportation in United States vessels shall be
16 required to be paid in dollars by the nations or organizations
17 with whom the international agreement is entered into, and
18 dollar credit terms may be extended therefor on the same
19 terms as those provided in section 106 for dollar credit sales.

20 “SEC. 109. Before entering into agreements with de-
21 veloping countries for the sale of United States agricultural
22 commodities on whatever terms, the President shall consider
23 the extent to which the recipient country is undertaking
24 wherever practicable self-help measures to increase per capita

1 production and improve the means for storage and distribu-
 2 tion of agricultural commodities, including:

3 “(1) devoting land resources to the production of
 4 needed food rather than to the production of nonfood
 5 crops—especially nonfood crops in world surplus;

6 “(2) development of the agricultural chemical,
 7 farm machinery and equipment, transportation and other
 8 necessary industries through private enterprise;

9 “(3) training and instructing farmers in agricul-
 10 tural methods and techniques;

11 “(4) constructing adequate storage facilities;

12 “(5) improving marketing and distribution systems;

13 “(6) creating a favorable environment for private
 14 enterprise and investment, both domestic and foreign,
 15 and utilizing available technical know-how;

16 “(7) establishing and maintaining Government
 17 policies to insure adequate incentives to producers; and

18 “(8) allocating for these purposes sufficient national
 19 budgetary and foreign exchange resources (including
 20 those supplied by bilateral, multilateral and consortium
 21 aid programs) and local currency resources (resulting
 22 from loans or grants to recipient governments of the pro-
 23 ceeds of local currency sales): *Provided*, That notwith-

standing any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations; not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (c), and (j) shall be allocated for the self-help measures set forth in this section.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in any amount in excess of \$2,500,000,000, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and to provide assistance for needy persons and

1 for nonprofit school lunch and preschool feeding programs
2 outside the United States. The Commodity Credit Corpora-
3 tion shall make available to the President such agricultural
4 commodities determined to be available under section 401
5 as he may request.

6 “~~SEC. 202.~~ The President may furnish commodities for
7 the purposes set forth in section 201 through such friendly
8 governments and such agencies, private or public, includ-
9 ing intergovernmental organizations such as the world food
10 program and other multilateral organizations in such manner
11 and upon such terms and conditions as he deems appropriate.
12 The President shall, to the extent practicable, utilize non-
13 profit voluntary agencies registered with, and approved by
14 the Advisory Committee on Voluntary Foreign Aid. Inso-
15 far as practicable, all commodities furnished hereunder shall
16 be clearly identified by appropriate marking on each package
17 or container in the language of the locality where they are
18 distributed as being furnished by the people of the United
19 States of America. The assistance to needy persons shall
20 insofar as practicable be directed toward community and
21 other self-help activities designed to alleviate the causes
22 of the need for such assistance. Except in the case of emer-
23 gency, the President shall take reasonable precaution to
24 assure that commodities furnished hereunder will not dis-
25 place or interfere with sales which might otherwise be made.

1 “SEC. 203. The Commodity Credit Corporation may,
2 in addition to the cost of acquisition, pay with respect to
3 commodities made available under this title costs for pack-
4 aging, enrichment, preservation, and fortification; processing,
5 transportation, handling, and other incidental costs up to the
6 time of their delivery free on board vessels in United States
7 ports; ocean freight charges from United States ports to desig-
8 nated ports of entry abroad, or, in the case of landlocked coun-
9 tries, transportation from United States ports to designated
10 points of entry abroad; and charges for general average con-
11 tributions arising out of the ocean transport of commodities
12 transferred pursuant thereto.

13 “SEC. 204. Programs of assistance shall not be under-
14 taken under this title during any calendar year which call
15 for an appropriation of more than \$800,000,000 to reim-
16 burse the Commodity Credit Corporation for all costs in-
17 curred in connection with such programs (including the
18 Corporation's investment in commodities made available)-
19 plus any amount by which programs of assistance undertaken
20 in the preceding calendar year have called or will call for
21 appropriations to reimburse the Commodity Credit Corpora-
22 tion less than were authorized for such purpose during such
23 preceding year. In addition to other funds available for
24 such purposes under any other Act, funds made available
25 under this title may be used in an amount not exceeding

1 \$7,500,000 annually to purchase foreign currencies accruing
 2 under title I of this Act in order to meet costs (except the
 3 personnel and administrative costs of cooperating sponsors,
 4 distributing agencies, and recipient agencies, and the costs
 5 of construction or maintenance of any church owned or
 6 operated edifice or any other edifices to be used for sectarian
 7 purposes) designed to assure that commodities made avail-
 8 able under this title are used to carry out effectively the
 9 purposes for which such commodities are made available or
 10 to promote community and other self-help activities designed
 11 to alleviate the causes of the need for such assistance: *Pro-*
 12 *vided, however,* That such funds shall be used only to supple-
 13 ment and not substitute for funds normally available for such
 14 purposes from other non-United States Government sources."

15 (D) By changing the designation "TITLE III—GEN-
 16 ERAL PROVISIONS" to "TITLE III" and by striking
 17 out sections 304, 305, 306, 307, and 308.

18 (E) By amending title IV to read as follows:

19 "TITLE IV

20 "SEC. 401. After consulting with other agencies of the
 21 Government affected and within policies laid down by the
 22 President for implementing this Act, and after taking into
 23 account productive capacity, domestic requirements, farm
 24 and consumer price levels, commercial exports, and adequate

1 carryover, the Secretary of Agriculture shall determine the
2 agricultural commodities and quantities thereof available for
3 disposition under this Act, and the commodities and quan-
4 tities thereof which may be included in the negotiations with
5 each country.

6 "SEC. 402. The term 'agricultural commodity' as used
7 in this Act shall include any product of an agricultural com-
8 modity. Subject to the availability of appropriations there-
9 for, any domestically produced fishery product may be made
10 available under this Act.

11 "SEC. 403. There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out this Act
13 including such amounts as may be required to make pay-
14 ments to the Commodity Credit Corporation, to the extent
15 the Commodity Credit Corporation is not reimbursed under
16 sections 104(j) and 105, for its actual costs incurred or to
17 be incurred.

18 "SEC. 404. The programs of assistance undertaken pur-
19 suant to this Act shall be directed toward the attainment of
20 the humanitarian objectives and national interest of the
21 United States.

22 "SEC. 405. The authority and funds provided by this
23 Act shall be utilized in a manner that will assist friendly
24 countries that are determined to help themselves toward a
25 greater degree of self-reliance in providing enough food to

1 meet the needs of their people and in resolving their prob-
2 lems relative to population growth.

3 "SEC. 406. (a) In order to further assist friendly de-
4 veloping countries to become self-sufficient in food produc-
5 tion, the Secretary of Agriculture is authorized, notwith-
6 standing any other provision of law—

7 "(1) To establish and administer through existing agen-
8 cies of the Department of Agriculture a program of farmer-
9 to-farmer assistance between the United States and such
10 countries to help farmers in such countries in the practical
11 aspects of increasing food production and distribution and
12 improving the effectiveness of their farming operations:

13 "(2) To enter into contracts or other cooperative agree-
14 ments with, or make grants to, land-grant colleges and uni-
15 versities and other institutions of higher learning in the
16 United States to recruit persons who by reason of training,
17 education, or practical experience are knowledgeable in the
18 practical arts and sciences of agriculture and home economics;
19 and to train such persons in the practical techniques of trans-
20 mitting to farmers in such countries improved practices in
21 agriculture, and to participate in carrying out the program in
22 such countries including, where desirable, additional courses
23 for training or retraining in such countries;

24 "(3) To consult and cooperate with private non-profit
25 farm organizations in the exchange of farm youth and farm

1 leaders with developing countries and in the training of
2 farmers of such developing countries within the United States
3 or abroad;

4 “(4) To conduct research in tropical and subtropical
5 agriculture for the improvement and development of tropical
6 and subtropical food products for dissemination and cultiva-
7 tion in friendly countries;

8 “(5) To coordinate the program authorized in this sec-
9 tion with the activities of the Peace Corps, the Agency for
10 International Development, and other agencies of the United
11 States and to assign, upon agreement with such agencies,
12 such persons to work with and under the administration of
13 such agencies: *Provided*, That nothing in this section shall
14 be construed to infringe upon the powers or functions of the
15 Secretary of State;

16 “(6) To establish by such rules and regulations as he
17 deems necessary the conditions for eligibility and retention
18 in and dismissal from the program established in this section,
19 together with the terms, length and nature of service, com-
20 pensation, employee status, oaths of office, and security clear-
21 ances, and such persons shall be entitled to the benefits and
22 subject to the responsibilities applicable to persons serving
23 in the Peace Corps pursuant to the provisions of section 612,
24 volume 75 of the Statutes at Large, as amended; and

25 “(7) To the maximum extent practicable, to pay the

1 costs of such program through the use of foreign currencies
2 accruing from the sale of agricultural commodities under this
3 Act, as provided in section 104(i).

4 “(b) There are hereby authorized to be appropriated
5 not to exceed \$33,000,000 during any fiscal year for the
6 purpose of carrying out the provisions of this section.

7 “SEC. 407. There is hereby established an advisory
8 committee composed of the Secretary of Agriculture, the
9 Director of the Bureau of the Budget, the Administrator of
10 the Agency for International Development, the chairman,
11 the vice chairman and the two ranking minority members
12 of the House Committee on Agriculture, and the chairman,
13 the next ranking majority member and the two ranking
14 minority members of the Senate Committee on Agriculture
15 and Forestry. The advisory committee shall survey the
16 general policies relating to the administration of the Act,
17 including the manner of implementing the self-help provi-
18 sions, the uses to be made of foreign currencies which accrue
19 in connection with sales for foreign currencies under title I,
20 the amount of currencies to be reserved in sales agreements
21 for loans to private industry under section 104(e), rates of
22 exchange, interest rates, and the terms under which dollar
23 credit sales are made, and shall advise the President with
24 respect thereto.

1 “SEC. 408. The President shall make a report to Con-
2 gress with respect to the activities carried out under this
3 Act at least once each year.

4 “SEC. 409. No agreements to finance sales under title
5 I and no programs of assistance under title II shall be
6 entered into after December 31, 1968.

7 “SEC. 410. The provisions of section 620(e) of the
8 Foreign Assistance Act of 1961, as amended (referring to
9 nationalization, expropriation, and related governmental Acts
10 affecting property owned by United States citizens), shall be
11 applicable to assistance provided under title I of this Act.”

12 SEC. 3. (a) Section 9 of the Act of September 6, 1958
13 (7 U.S.C. 1431b), is amended, effective January 1, 1967,
14 by deleting the symbol “(1)”, by changing the semicolon
15 to a period and by striking out all of the language in the
16 section after the semicolon.

17 (b) Section 709 of the Food and Agriculture Act of
18 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
19 1967, by striking out “foreign distribution”.

20 (c) Section 416 of the Agricultural Act of 1949, as
21 amended (7 U.S.C. 1431), is amended, effective January 1,
22 1967, by striking out the following: “and (4) to donate any
23 such food commodities in excess of anticipated disposition
24 under (1), (2), and (3) above to nonprofit voluntary
25 agencies registered with the Committee on Voluntary For-

1 eign Aid of the Foreign Operations Administration or other
 2 appropriate department or agency of the Federal Govern-
 3 ment and intergovernmental organizations for use in the
 4 assistance of needy persons and in nonprofit school lunch
 5 programs outside the United States"; and "and (4) above";
 6 "in the case of commodities made available for use within
 7 the United States, or their delivery free alongside ship or
 8 free on board export carrier at point of export, in the case of
 9 commodities made available for outside the United States";
 10 and "The assistance to needy persons provided in (4) above
 11 shall, insofar as practicable be directed toward community
 12 and other self-help activities designed to alleviate the causes
 13 of the need for such assistance."

14 (d) Section 8 of Public Law 85-931 (72 Stat. 1792)
 15 is amended by amending the proviso to read as follows:
 16 "Provided, That only those products may be financed in
 17 which the raw cotton content accounts for a substantial por-
 18 tion of the sales price."

19 (e) (1) Notwithstanding any other provision of law, in
 20 order to assure a continuous and adequate and stable supply
 21 of food and fiber to meet all domestic and export require-
 22 ments at fair and reasonable prices, the Secretary shall in the
 23 formulation of any voluntary adjustment program for any
 24 such commodity provide for the production of an adequate
 25 supply of such commodity. Such production shall be not less

1 than that needed to assure that at the end of the marketing
 2 year the carryover of such commodity will not be less than
 3 25 per centum of the total estimated requirements for such
 4 marketing year.

5 (2) Section 407 of the Agriculture Act of 1949, as
 6 amended, is amended by striking the period at the end of the
 7 third sentence thereof and adding the following: “: *Provided,*
 8 *That whenever the Secretary of Agriculture determines that*
 9 *the carryover at the end of any marketing year of a price*
 10 *supported agricultural commodity for which a voluntary ad-*
 11 *justment program is in effect will be less than 25 per centum*
 12 *of the estimated export and domestic consumption of such*
 13 *commodity during such marketing year, the Commodity*
 14 *Credit Corporation shall not sell any of its stocks of such*
 15 *commodity during such year for unrestricted use at less than*
 16 *115 per centum of the current price support loan plus reason-*
 17 *able carrying charges.*”

18 SEC. 4. The amendments made by this Act shall take
 19 effect as of January 1, 1967.

20 *That this Act may be cited as the “Food for Peace Act of*
 21 *1966”.*

22 SEC. 2. *The Agricultural Trade Development and As-*
 23 *sistance Act of 1954, as amended, is amended—*

24 (A) *By amending section 2 to read as follows:*

25 “SEC. 2. *The Congress hereby declares it to be the*

1 *policy of the United States to expand international trade;*
2 *to develop and expand export markets for United States*
3 *agricultural commodities; to use the abundant agricultural*
4 *productivity of the United States to combat hunger and mal-*
5 *nutrition and to encourage economic development in the*
6 *developing countries, with particular emphasis on assistance*
7 *to those countries that are determined to improve their own*
8 *agricultural production; and to promote in other ways the*
9 *foreign policy of the United States."*

10 (B) *By amending title I to read as follows:*

11 "TITLE I

12 "SEC. 101. *In order to carry out the policies and accom-*
13 *plish the objectives set forth in section 2 of this Act, the*
14 *President is authorized to negotiate and carry out agree-*
15 *ments with friendly countries to provide for the sale of*
16 *agricultural commodities for dollars on credit terms or for*
17 *foreign currencies.*

18 "SEC. 102. *For the purpose of carrying out agreements*
19 *concluded under this Act the Commodity Credit Corporation*
20 *is authorized to finance the sale and exportation of agricul-*
21 *tural commodities whether from private stocks or from stocks*
22 *of the Commodity Credit Corporation.*

23 "SEC. 103. *In exercising the authorities conferred upon*
24 *him by this title, the President shall—*

25 "(a) *take into account efforts of friendly countries*

1 to help themselves toward a greater degree of self-
2 reliance, including efforts to meet their problems of food
3 production and population growth;

4 “(b) take steps to assure a progressive transition
5 from sales for foreign currencies to sales for dollars (or
6 to the extent that transition to sales for dollars under the
7 terms applicable to such sales is not possible, transition to
8 sales on terms no less favorable to the United States
9 than those for development loans made under section 201
10 of the Foreign Assistance Act of 1961, as amended, and
11 on terms which permit conversion to dollars at the ex-
12 change rate applicable to the sales agreement) at a rate
13 whereby the transition can be completed by December
14 31, 1971: Provided, That provision may be included
15 in any agreement for payment in foreign currencies to
16 the extent that the President determines that such cur-
17 rencies are needed for the purpose of subsections (a),
18 (b), (c), (e), and (h) of section 104;

19 “(c) take reasonable precautions to safeguard usual
20 marketings of the United States and to assure that sales
21 under this title will not unduly disrupt world prices of
22 agricultural commodities or normal patterns of commer-
23 cial trade with friendly countries;

24 “(d) makes sales agreements only with those coun-
25 tries which he determines to be friendly to the United

1 *States: Provided, That the President shall periodically*
2 *review the status of those countries which are eligible*
3 *under this subsection and report the results of such re-*
4 *view to the Congress. As used in this Act, 'friendly*
5 *country' shall not include (1) any country or area*
6 *dominated or controlled by a foreign government or*
7 *organization controlling a world Communist movement,*
8 *or (2) for the purpose only of sales of agricultural*
9 *commodities for foreign currencies under title I of this*
10 *Act, any country or area dominated by a Communist*
11 *government, or (3) for the purpose only of sales of*
12 *agricultural commodities under title I of this Act any*
13 *nation which sells or furnishes or permits ships or air-*
14 *craft under its registry to transport to or from Cuba or*
15 *North Vietnam (excluding United States installations in*
16 *Cuba) any equipment, materials, or commodities, so long*
17 *as they are governed by a Communist regime: Provided,*
18 *That the President may enter into sales agreements with*
19 *any such nation if he determines that such sale is in the*
20 *national interest of the United States, and may use funds*
21 *appropriated to carry out this Act for the formulation*
22 *and administration of such agreements notwithstanding*
23 *the requirements of any Act appropriating funds to*
24 *carry out this Act, or (4) for the purposes only of sales*
25 *under title I of this Act the United Arab Republic, unless*

1 *the President determines that such sale is in the national*
2 *interest of the United States. No sales to the United*
3 *Arab Republic shall be based upon the requirements of*
4 *that nation for more than one fiscal year. The President*
5 *shall keep the President of the Senate and the Speaker*
6 *of the House of Representatives fully and currently in-*
7 *formed with respect to sales made to the United Arab*
8 *Republic under title I of this Act. Notwithstanding any*
9 *other Act, the President may enter into agreements for*
10 *the sale of agricultural commodities for dollars on credit*
11 *terms under title I of this Act with countries which fall*
12 *within the definition of 'friendly country' for the pur-*
13 *pose of such sales and no sales under this Act shall be*
14 *made with any country if the President finds such coun-*
15 *try is (a) an aggressor, in a military sense, against any*
16 *country having diplomatic relations with the United*
17 *States, or (b) using funds, of any sort, from the United*
18 *States for purposes inimical to the foreign policies of the*
19 *United States;*

20 *“(e) take appropriate steps to assure that private*
21 *trade channels are used to the maximum extent practi-*
22 *cable both with respect to sales from privately owned*
23 *stocks and with respect to sales from stocks owned by*
24 *the Commodity Credit Corporation and that small busi-*

1 *ness has adequate and fair opportunity to participate in*
2 *sales made under the authority of this Act;*

3 *“(f) give special consideration to the development*
4 *and expansion of foreign markets for United States agri-*
5 *cultural commodities, with appropriate emphasis on*
6 *more adequate storage, handling, and food distribution*
7 *facilities as well as long-term development of new and*
8 *expanding markets by encouraging economic growth;*

9 *“(g) obtain commitments from purchasing coun-*
10 *tries that will prevent resale or transshipment to other*
11 *countries, or use for other than domestic purposes, of*
12 *agricultural commodities purchased under this title, with-*
13 *out specific approval of the President;*

14 *“(h) obtain rates of exchange applicable to the sale*
15 *of commodities under such agreements which are not less*
16 *favorable than the highest of exchange rates legally ob-*
17 *tainable in the respective countries, and which are not*
18 *less favorable than the highest of exchange rates obtain-*
19 *able by any other nation;*

20 *“(i) promote progress toward assurance of an ade-*
21 *quate food supply by encouraging countries with which*
22 *agreements are made to give higher emphasis to the pro-*
23 *duction of food crops than to the production of such*
24 *nonfood crops as are in world surplus;*

25 *“(j) exercise the authority contained in title I of*

1 *this Act to assist friendly countries to be independent of*
2 *domination or control by any world Communist move-*
3 *ment. Nothing in this Act shall be construed as author-*
4 *izing sales agreements under title I with any gov-*
5 *ernment or organization controlling a world Com-*
6 *munist movement or with any country with which the*
7 *United States does not have diplomatic relations;*

8 *“(k) whenever practicable require upon delivery*
9 *that not less than 5 per centum of the purchase price*
10 *of any agricultural commodities sold under title I of this*
11 *Act be payable in dollars or in the types or kinds of*
12 *currencies which can be converted into dollars;*

13 *“(l) obtain commitments from purchasing countries*
14 *to publicize widely to their people, by public media and*
15 *other means, that the commodities are being provided on*
16 *a concessional basis through the friendship of the Ameri-*
17 *can people as food for peace;*

18 *“(m) require foreign currencies to be convertible to*
19 *dollars to the extent consistent with the effectuation of the*
20 *purposes of this Act, but in any event to the extent neces-*
21 *sary to (1) permit that portion of such currencies made*
22 *available for payment of United States obligations to be*
23 *used to meet obligations or charges payable by the United*
24 *States or any of its agencies to the government of the im-*
25 *porting country or any of its agencies, and (2) to assure*

1 *convertibility by sale to American tourists, or otherwise,*
2 *of such additional amount (up to twenty-five per centum*
3 *of the foreign currencies received pursuant to each agree-*
4 *ment entered into after enactment of the Food for Peace*
5 *Act of 1966) as may be necessary to cover all normal*
6 *expenditures of American tourists in the importing*
7 *country;*

8 *“(n) take maximum precautions to assure that sales*
9 *for dollars on credit terms under this Act shall not dis-*
10 *place any sales of United States agricultural commod-*
11 *ities which would otherwise be made for cash dollars.”*

12 *“SEC. 104. Notwithstanding any other provision of law*
13 *the President may use or enter into agreements with foreign*
14 *countries or international organizations to use the foreign*
15 *currencies, including principal and interest from loan repay-*
16 *ments, which accrue in connection with sales for foreign*
17 *currencies under this title for one or more of the following*
18 *purposes:*

19 *“(a) For payment of United States obligations (in-*
20 *cluding obligations entered into pursuant to other legis-*
21 *lation);*

22 *“(b) For carrying out programs of United States*
23 *Government agencies to—*

24 *“(1) help develop new markets for United*
25 *States agricultural commodities on a mutually bene-*

fitting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: Provided, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two committees a resolution stating in substance that that committee

1 *does not favor such proposed release. Provision*
2 *shall be made in sale and loan agreements for the*
3 *convertibility of such amount of the proceeds thereof*
4 *(not less than 2 per centum) as the Secretary of*
5 *Agriculture determines to be needed to carry out*
6 *the purpose of this paragraph in those countries*
7 *which are or offer reasonable potential of becoming*
8 *dollar markets for United States agricultural com-*
9 *modities. Such sums shall be converted into the*
10 *types and kinds of foreign currencies as the Secre-*
11 *tary deems necessary to carry out the provisions*
12 *of this paragraph and such sums shall be deposited*
13 *to a special Treasury account and shall not be made*
14 *available or expended except for carrying out the*
15 *provisions of this paragraph. Notwithstanding any*
16 *other provision of law, if sufficient foreign curren-*
17 *cies for carrying out the purpose of this paragraph*
18 *in such countries are not otherwise available, the*
19 *Secretary of Agriculture is authorized and directed*
20 *to enter into agreements with such countries for the*
21 *sale of agricultural commodities in such amounts*
22 *as the Secretary of Agriculture determines to be*
23 *adequate and for the use of the proceeds to carry*
24 *out the purpose of this paragraph. In carrying out*
25 *agricultural market development activities, nonprofit*

1 *agricultural trade organizations shall be utilized to*
2 *the maximum extent practicable. The purpose of*
3 *this paragraph shall include such representation of*
4 *agricultural industries as may be required during*
5 *the course of discussions on trade programs relating*
6 *either to individual commodities or groups of*
7 *commodities;*

8 *“(2) finance international educational and cul-*
9 *tural exchange activities under the programs au-*
10 *thorized by the Mutual Educational and Cultural*
11 *Exchange Act of 1961 (22 U.S.C. 2451 et seq.);*

12 *“(3) collect, collate, translate, abstract, and*
13 *disseminate scientific and technological information*
14 *and conduct research and support scientific activities*
15 *overseas including programs and projects of scien-*
16 *tific cooperation between the United States and*
17 *other countries such as coordinated research against*
18 *diseases common to all of mankind or unique to indi-*
19 *vidual regions of the globe, and support, on request,*
20 *programs of medical and scientific research, cultural*
21 *and educational development, family planning,*
22 *health, nutrition, and sanitation;*

23 *“(4) acquire by purchase, lease, rental, or*
24 *otherwise, sites and buildings and grounds abroad,*
25 *for United States Government use including offices,*

1 *residence quarters, community and other facilities,*
2 *and construct, repair, alter, and furnish such build-*
3 *ings and facilities;*

4 *“(5) finance under the direction of the Librar-*
5 *ian of Congress, in consultation with the National*
6 *Science Foundation and other interested agencies,*
7 *(A) programs outside the United States for the*
8 *analysis and evaluation of foreign books, periodicals,*
9 *and other materials to determine whether they*
10 *would provide information of technical or scientific*
11 *significance in the United States and whether such*
12 *books, periodicals, and other materials are of cul-*
13 *tural or educational significance; (B) the registry,*
14 *indexing, binding, reproduction, cataloging, ab-*
15 *stracting, translating, and dissemination of books,*
16 *periodicals, and related materials determined to*
17 *have such significance; and (C) the acquisition of*
18 *such books, periodicals, and other materials and the*
19 *deposit thereof in libraries and research centers in*
20 *the United States specializing in the areas to which*
21 *they relate;*

22 *“(c) To procure equipment, materials, facilities,*
23 *and services for the common defense including internal*
24 *security;*

1 “(d) For assistance to meet emergency or extraor-
2 dinary relief requirements other than requirements for
3 food commodities: Provided, That not more than a total
4 amount equivalent to \$5,000,000 may be made available
5 for this purpose during any fiscal year;

6 “(e) For use to the maximum extent under the
7 procedures established by such agency as the President
8 shall designate for loans to United States business firms
9 (including cooperatives) and branches, subsidiaries, or
10 affiliates of such firms for business development and trade
11 expansion in such countries, including loans for private
12 home construction, and for loans to domestic or foreign
13 firms (including cooperatives) for the establishment of
14 facilities for aiding in the utilization, distribution, or
15 otherwise increasing the consumption of, and markets
16 for, United States agricultural products: Provided, how-
17 ever, That no such loans shall be made for the manufac-
18 ture of any products intended to be exported to the
19 United States in competition with products produced in
20 the United States and due consideration shall be given
21 to the continued expansion of markets for United States
22 agricultural commodities or the products thereof. For-
23 eign currencies may be accepted in repayment of such
24 loans;

25 “(f) To promote multilateral trade and agricul-

1 *tural and other economic development, under proce-*
2 *dures established by the President, by loans or by use*
3 *in any other manner which the President may determine*
4 *to be in the national interest of the United States,*
5 *particularly to assist programs of recipient countries*
6 *designed to promote, increase, or improve food produc-*
7 *tion, processing, distribution, or marketing in food-*
8 *deficit countries friendly to the United States, for which*
9 *purpose the President may utilize to the extent prac-*
10 *ticable the services of nonprofit voluntary agencies*
11 *registered with and approved by the Advisory Com-*
12 *mittee on Voluntary Foreign Aid: Provided, That no*
13 *such funds may be utilized to promote religious*
14 *activities;*

15 *“(g) For the purchase of goods or services for*
16 *other friendly countries;*

17 *“(h) For financing, at the request of such country,*
18 *programs emphasizing maternal welfare, child health*
19 *and nutrition, and activities, where participation is vol-*
20 *untary, related to the problems of population growth,*
21 *under procedures established by the President through*
22 *any agency of the United States, or through any local*
23 *agency which he determines is qualified to administer*
24 *such activities;*

25 *“(i) for paying, to the maximum extent practicable,*

1 *the costs outside the United States of carrying out the*
2 *program authorized in section 406 of this Act;*

3 *“(j) For sale for dollars to United States citizens*
4 *and nonprofit organizations for travel or other purposes.*
5 *The United States dollars received from the sale of such*
6 *foreign currencies shall be deposited to the account of*
7 *Commodity Credit Corporation; and*

8 *(k) For financing the planning of national food*
9 *and nutrition programs by friendly countries reflecting*
10 *the food and nutritional requirements of their citizens*
11 *and providing a sound basis for agricultural and food*
12 *programs:*

13 *Provided, That*

14 *(1) Section 1415 of the Supplemental Appropriation*
15 *Act, 1953, shall apply to currencies used for the purposes*
16 *specified in subsections (a) and (b),*

17 *(2) Section 1415 of the Supplemental Appropriation*
18 *Act, 1953, shall apply to all foreign currencies used for grants*
19 *under subsections (f) and (g), to not less than 10 per*
20 *centum of the foreign currencies which accrue pursuant to*
21 *agreements entered into on or before December 31, 1964,*
22 *and to not less than 20 per centum in the aggregate of the*
23 *foreign currencies which accrue pursuant to agreements*
24 *entered into thereafter: Provided, however, That the Presi-*
25 *dent is authorized to waive such applicability of section 1415*

1 in any case where he determines that it would be inappro-
2 priate or inconsistent with the purposes of this title,

3 (3) No agreement or proposal to grant any foreign
4 currencies (except as provided in subsection (c) of this
5 section), or to use (except pursuant to appropriation Act)
6 any principal or interest from loan repayments under this
7 section shall be entered into or carried out until the expiration
8 of thirty days following the date on which such agreement or
9 proposal is transmitted by the President to the Senate Com-
10 mittee on Agriculture and Forestry and to the House Com-
11 mittee on Agriculture, if transmitted while Congress is in
12 session, or sixty days following the date of transmittal if
13 transmitted while Congress is not in session, and then only
14 if, between the date of transmittal and the expiration of such
15 period there has not been passed by either of the two com-
16 mittees a resolution stating in substance that that committee
17 does not favor such agreement or proposal,

18 (4) Any loan made under the authority of this section
19 shall bear interest at such rate as the President may determine
20 but not less than the cost of funds to the United States Treas-
21 ury, taking into consideration the current average market
22 yields on outstanding marketable obligations of the United
23 States having maturity comparable to the maturity of such
24 loans, unless the President shall in specific instances upon the

1 *recommendation of the advisory committee established under*
2 *section 407 designate a different rate:*

3 *Provided further, That paragraphs (2), (3), and (4) of*
4 *the foregoing proviso shall not apply in the case of any nation*
5 *where the foreign currencies or credits owned by the United*
6 *States and available for use by it in such nation are deter-*
7 *mined by the Secretary of the Treasury to be in excess of the*
8 *normal requirements of the departments and agencies of the*
9 *United States for expenditures in such nations for the two*
10 *fiscal years following the fiscal year in which such determina-*
11 *tion is made. The amount of any such excess shall be devoted*
12 *to the extent practicable and without regard to paragraph (1)*
13 *of the foregoing proviso, to the acquisition of sites, buildings,*
14 *and grounds under paragraph (4) of subsection (b) of this*
15 *section and to assist such nation in undertaking self-help*
16 *measures to increase its production of agricultural com-*
17 *modities and its facilities for storage and distribution of*
18 *such commodities. Assistance under the foregoing provision*
19 *shall be limited to self-help measures additional to those which*
20 *would be undertaken without such assistance. Upon the de-*
21 *termination by the Secretary of the Treasury that such an*
22 *excess exists with respect to any nation, the President shall*
23 *advise the Senate Committee on Agriculture and Forestry*
24 *and the House Committee on Agriculture of such determina-*
25 *tion; and shall thereafter report to each such Committee as*

1 often as may be necessary to keep such Committee advised
2 as to the extent of such excess, the purposes for which it is
3 used or proposed to be used, and the effects of such use.

4 “SEC. 105. (a) Foreign currencies received pursuant to
5 this Act shall be deposited in a special account to the credit of
6 the United States and shall be used only pursuant to section
7 104, and any department or agency of the Government using
8 any of such currencies for a purpose for which funds have
9 been appropriated shall reimburse the Commodity Credit
10 Corporation in an amount equivalent to the dollar value of
11 the currencies used. The President shall utilize foreign
12 currencies received pursuant to this Act in such manner as
13 will, to the maximum extent possible, reduce any deficit in
14 the balance of payments of the United States.

15 “(b) In addition to any other terms and conditions
16 which may be applicable with respect to any loan or sale
17 made from funds made available under authority of this
18 Act, each such loan shall include a provision or provisions
19 whereby the recipient of such loan or sale shall (1) express
20 the par value of its currency in terms of the United States
21 dollar at a rate of exchange between those currencies which
22 the Secretary of the Treasury finds to be reasonable and
23 (2) agree to maintain, notwithstanding any changes in the
24 foreign exchange value of its currency, such initial par value
25 of its currency for purposes of all computations relating to

1 *those currencies in connection with such loan. No provision*
2 *of the terms of any loan hereafter made from funds made*
3 *available under authority of this Act, which requires the*
4 *maintenance of the value of the currency of the recipient of*
5 *such loan in relation to the United States dollar during the*
6 *period such loan is outstanding, may hereafter be altered.*

7 *“SEC. 106. (a) Payment by any friendly country for*
8 *commodities purchased for dollars on credit shall be upon*
9 *terms as favorable to the United States as the economy of*
10 *such country will permit. Payment for such commodities*
11 *shall be in dollars with interest at such rates as the Secretary*
12 *may determine but not less than the minimum rate required*
13 *by section 201 of the Foreign Assistance Act of 1961 for*
14 *loans made under that section. Payment may be made in*
15 *reasonable annual amounts over periods of not to exceed*
16 *twenty years from the date of the last delivery of commodities*
17 *in each calendar year under the agreement, except that the*
18 *date for beginning such annual payment may be deferred*
19 *for a period not later than two years after such date of last*
20 *delivery, and interest shall be computed from the date of such*
21 *last delivery. Delivery of such commodities shall be made in*
22 *annual installments for not more than ten years following*
23 *the date of the sales agreement and subject to the availability*
24 *of the commodities at the time delivery is to be made.*

25 *(b) Agreements hereunder for the sale of agricultural*

1 commodities for dollars on credit terms shall include pro-
2 visions to assure that the proceeds from the sale of the com-
3 modities in the recipient country are used for such economic
4 development purposes as are agreed upon in the sales agree-
5 ment, but this shall not preclude subsequent amendment of
6 the sales agreement by mutual agreement.

7 “SEC. 107. It is also the policy of the Congress to
8 stimulate and maximize the sale of United States agricul-
9 tural commodities for dollars through the private trade and
10 to further the use of private enterprise to the maximum,
11 thereby strengthening the development and expansion of
12 foreign commercial markets for United States agricultural
13 commodities. In furtherance of this policy, the Secretary of
14 Agriculture is authorized, notwithstanding any other pro-
15 vision of law, to enter into agreements with foreign and
16 United States private trade for financing the sale of agricul-
17 tural commodities for export over such periods of time and
18 on such credit terms as the Secretary determines will accom-
19 plish the objectives of this section. Any agreement entered
20 into under this section shall provide for the development and
21 execution of projects which will result in the establishment
22 of facilities designed to improve the storage or marketing
23 of agricultural commodities, or which will otherwise stimu-
24 late and expand private economic enterprise in any friendly
25 country. Any agreement entered into under this section

1 shall also provide for the furnishing of such security as the
2 Secretary determines necessary to provide reasonable and
3 adequate assurance of payment. The provisions of this Act
4 shall be applicable to the extent practicable to sales under this
5 section in the same manner as they are applicable to other
6 sales under this Act, except that actions required to be taken
7 by the President with respect to other sales may be taken by
8 the Secretary with respect to sales under this section. In
9 carrying out this Act, the authority provided in this section
10 for making dollar sales shall be used to the maximum extent
11 practicable.

12 “SEC. 108. The Commodity Credit Corporation may
13 finance ocean freight charges incurred pursuant to agreements
14 entered into hereunder only to the extent that such charges
15 are higher (than would otherwise be the case) by reason of a
16 requirement that the commodities be transported in United
17 States-flag vessels. Such agreements shall require the balance
18 of such charges for transportation in United States vessels
19 to be paid in dollars by the nations or organizations with
20 whom such agreements are entered into.

21 “SEC. 109. (a) Before entering into agreements with de-
22 veloping countries for the sale of United States agricultural
23 commodities on whatever terms, the President shall consider
24 the extent to which the recipient country is undertaking
25 wherever practicable self-help measures to increase per capita

1 *production and improve the means for storage and distribu-*
2 *tion of agricultural commodities, including:*

3 “(1) *devoting land resources to the production of*
4 *needed food rather than to the production of nonfood*
5 *crops—especially nonfood crops in world surplus;*

6 “(2) *development of the agricultural chemical,*
7 *farm machinery and equipment, transportation and other*
8 *necessary industries through private enterprise;*

9 “(3) *training and instructing farmers in agricul-*
10 *tural methods and techniques;*

11 “(4) *constructing adequate storage facilities;*

12 “(5) *improving marketing and distribution systems;*

13 “(6) *creating a favorable environment for private*
14 *enterprise and investment, both domestic and foreign,*
15 *and utilizing available technical know-how;*

16 “(7) *establishing and maintaining Government*
17 *policies to insure adequate incentives to producers;*

18 “(8) *establishing and expanding institutions for*
19 *adaptive agriculture research; and*

20 “(9) *allocating for these purposes sufficient national*
21 *budgetary and foreign exchange resources (including*
22 *those supplied by bilateral, multilateral and consortium*
23 *aid programs) and local currency resources (resulting*
24 *from loans or grants to recipient governments of the*
25 *proceeds of local currency sales).*

1 “(b) Notwithstanding any other provisions of this Act,
2 in agreements with nations not engaged in armed conflict
3 against Communist forces or against nations with which the
4 United States has no diplomatic relations, not less than 20
5 per centum of the foreign currencies set aside for purposes
6 other than those in sections 104 (a), (b), (e), and (j) shall
7 be allocated for the self-help measures set forth in this section.

8 “(c) Each agreement entered into under this title shall
9 describe the program which the recipient country is under-
10 taking to improve its production, storage, and distribution of
11 agricultural commodities; and shall provide for termination
12 of such agreement whenever the President finds that such
13 program is not being adequately developed.

14 “SEC. 110. Agreements shall not be entered into under
15 this title during any calendar year which will call for an ap-
16 propriation to reimburse the Commodity Credit Corporation
17 in any amount in excess of \$1,900,000,000, plus any amount
18 by which agreements entered into under this title in prior
19 years have called or will call for appropriations to reimburse
20 the Commodity Credit Corporation in amounts less than
21 authorized for such prior years.”

22 (C) By amending title II to read as follows:

23 “TITLE II

24 “SEC. 201. The President is authorized to determine
25 requirements and furnish agricultural commodities, on behalf

1 of the people of the United States of America, to meet famine
2 or other urgent or extraordinary relief requirements; to com-
3 bat malnutrition, especially in children; to promote economic
4 and community development in friendly developing areas;
5 and for needy persons and nonprofit school lunch and pre-
6 school feeding programs outside the United States. The Com-
7 modity Credit Corporation shall make available to the Presi-
8 dent such agricultural commodities determined to be available
9 under section 401 as he may request.

10 “SEC. 202. The President may furnish commodities for
11 the purposes set forth in section 201 through such friendly
12 governments and such agencies, private or public, includ-
13 ing intergovernmental organizations such as the world food
14 program and other multilateral organizations in such manner
15 and upon such terms and conditions as he deems appropriate.
16 The President shall, to the extent practicable, utilize non-
17 profit voluntary agencies registered with, and approved by,
18 the Advisory Committee on Voluntary Foreign Aid. Inso-
19 far as practicable, all commodities furnished hereunder shall
20 be clearly identified by appropriate marking on each package
21 or container in the language of the locality where they are
22 distributed as being furnished by the people of the United
23 States of America. The assistance to needy persons shall
24 insofar as practicable be directed toward community and
25 other self-help activities designed to alleviate the causes

1 of the need for such assistance. Except in the case of emer-
2 gency, the President shall take reasonable precaution to
3 assure that commodities furnished hereunder will not dis-
4 place or interfere with sales which might otherwise be made.

5 "SEC. 203. The Commodity Credit Corporation may,
6 in addition to the cost of acquisition, pay with respect to
7 commodities made available under this title costs for pack-
8 aging, enrichment, preservation, and fortification; processing,
9 transportation, handling, and other incidental costs up to the
10 time of their delivery free on board vessels in United States
11 ports; ocean freight charges from United States ports to desig-
12 nated ports of entry abroad, or in the case of landlocked coun-
13 tries, transportation from United States ports to designated
14 points of entry abroad; and charges for general average con-
15 tributions arising out of the ocean transport of commodities
16 transferred pursuant thereto.

17 "SEC. 204. Programs of assistance shall not be under-
18 taken under this title during any calendar year which call for
19 an appropriation of more than \$600,000,000 to reimburse
20 the Commodity Credit Corporation for all costs incurred
21 in connection with such programs (including the Corpora-
22 tion's investment in commodities made available) plus any
23 amount by which programs of assistance undertaken under
24 this title in the preceding calendar year have called or will
25 call for appropriations to reimburse the Commodity Credit

1 Corporation less than were authorized for such purpose dur-
2 ing such preceding year. In addition to other funds avail-
3 able for such purposes under any other Act, funds made
4 available under this title may be used in an amount not
5 exceeding \$7,500,000 annually to purchase foreign cur-
6 rencies accruing under title I of this Act in order to meet
7 costs (except the personnel and administrative costs of coop-
8 erating sponsors, distributing agencies, and recipient agen-
9 cies, and the costs of construction or maintenance of any
10 church owned or operated edifice or any other edifices to be
11 used for sectarian purposes) designed to assure that com-
12 modities made available under this title are used to carry
13 out effectively the purposes for which such commodities are
14 made available or to promote community and other self-
15 help activities designed to alleviate the causes of the need
16 for such assistance: Provided, however, That such funds
17 shall be used only to supplement and not substitute for
18 funds normally available for such purposes from other non-
19 United States Government sources.

20 "SEC. 205. It is the sense of the Congress that the Presi-
21 dent should encourage other advanced nations to make
22 increased contributions for the purpose of combating world
23 hunger and malnutrition, particularly through the expansion
24 of international food and agricultural assistance programs.

1 *Is further the sense of the Congress that as a means of achiev-*
2 *ing this objective, the United States should work for the*
3 *expansion of the United Nations World food program be-*
4 *yond its present established goals."*

5 *(D) By changing the designation "TITLE III—GEN-*
6 *ERAL PROVISIONS" to "TITLE III" and by striking*
7 *out sections 304, 305, 306, 307, and 308.*

8 *(E) By amending title IV to read as follows:*

9 *"TITLE IV*

10 *"SEC. 401. After consulting with other agencies of the*
11 *Government affected and within policies laid down by the*
12 *President for implementing this Act, and after taking into*
13 *account productive capacity, domestic requirements, farm*
14 *and consumer price levels, commercial exports, and adequate*
15 *carryover, the Secretary of Agriculture shall determine the*
16 *agricultural commodities and quantities thereof available for*
17 *disposition under this Act. The Secretary of Agriculture*
18 *is also authorized to determine the nations with whom*
19 *agreements shall be negotiated, and to determine the com-*
20 *modities and quantities thereof which may be included in*
21 *the negotiations with each country. No commodity shall*
22 *be available for disposition under this Act if such disposition*
23 *would reduce the domestic supply of such commodity below*
24 *that needed to meet domestic requirements, adequate carry-*
25 *over, and anticipated exports for dollars as determined by*

1 *the Secretary of Agriculture at the time of exportation of such*
2 *commodity.*

3 “SEC. 402. *The term ‘agricultural commodity’ as used*
4 *in this Act shall include any agricultural commodity*
5 *produced in the United States or product thereof produced*
6 *in the United States: Provided, however, That the term*
7 *‘agricultural commodity’ shall not include alcoholic bev-*
8 *erages, and for the purposes of title II of this Act, tobacco*
9 *or products thereof. Subject to the availability of appro-*
10 *priations therefor, any domestically produced fishery product*
11 *may be made available under this Act.*

12 “SEC. 403. *There are hereby authorized to be appro-*
13 *priated such sums as may be necessary to carry out this Act*
14 *including such amounts as may be required to make pay-*
15 *ments to the Commodity Credit Corporation, to the extent*
16 *the Commodity Credit Corporation is not reimbursed under*
17 *sections 104(j) and 105, for its actual costs incurred or to*
18 *be incurred. In presenting his budget, the President shall*
19 *classify expenditures under this Act as expenditures for in-*
20 *ternational affairs and finance rather than for agriculture*
21 *and agricultural resources.*

22 “SEC. 404. *The programs of assistance undertaken pur-*
23 *suant to this Act shall be directed toward the attainment of*
24 *the humanitarian objectives and national interest of the*
25 *United States.*

1 “SEC. 405. The authority and funds provided by this
2 Act shall be utilized in a manner that will assist friendly
3 countries that are determined to help themselves toward a
4 greater degree of self-reliance in providing enough food to
5 meet the needs of their people and in resolving their prob-
6 lems relative to population growth.

7 “SEC. 406. (a) In order to further assist friendly de-
8 veloping countries to become self-sufficient in food produc-
9 tion, the Secretary of Agriculture is authorized, notwith-
10 standing any other provision of law—

11 “(1) To establish and administer through existing agen-
12 cies of the Department of Agriculture a program of farmer-
13 to-farmer assistance between the United States and such
14 countries to help farmers in such countries in the practical
15 aspects of increasing food production and distribution and
16 improving the effectiveness of their farming operations;

17 “(2) To enter into contracts or other cooperative agree-
18 ments with, or make grants to, land-grant colleges and uni-
19 versities and other institutions of higher learning in the
20 United States to recruit persons who by reason of training,
21 education, or practical experience are knowledgeable in the
22 practical arts and sciences of agriculture and home economics,
23 and to train such persons in the practical techniques of trans-
24 mitting to farmers in such countries improved practices in
25 agriculture, and to participate in carrying out the program in

1 *such countries including, where desirable, additional courses*
2 *for training or retraining in such countries;*

3 “(3) *To consult and cooperate with private non-profit*
4 *farm organizations in the exchange of farm youth and farm*
5 *leaders with developing countries and in the training of*
6 *farmers of such developing countries within the United States*
7 *or abroad;*

8 “(4) *To conduct research in tropical and subtropical*
9 *agriculture for the improvement and development of tropical*
10 *and subtropical food products for dissemination and cultiva-*
11 *tion in friendly countries;*

12 “(5) *To coordinate the program authorized in this sec-*
13 *tion with the activities of the Peace Corps, the Agency for*
14 *International Development, and other agencies of the United*
15 *States and to assign, upon agreement with such agencies,*
16 *such persons to work with and under the administration of*
17 *such agencies: Provided, That nothing in this section shall*
18 *be construed to infringe upon the powers or functions of the*
19 *Secretary of State;*

20 “(6) *To establish by such rules and regulations as he*
21 *deems necessary the conditions for eligibility and retention*
22 *in and dismissal from the program established in this section,*
23 *together with the terms, length and nature of service, com-*
24 *pensation, employee status, oaths of office, and security clear-*
25 *ances, and such persons shall be entitled to the benefits and*

1 *subject to the responsibilities applicable to persons serving*
2 *in the Peace Corps pursuant to the provisions of section 612,*
3 *volume 75 of the Statutes at Large, as amended; and*

4 “(7) *To the maximum extent practicable, to pay the*
5 *costs of such program through the use of foreign currencies*
6 *accruing from the sale of agricultural commodities under this*
7 *Act, as provided in section 104(i).*

8 “(b) *There are hereby authorized to be appropriated*
9 *not to exceed \$33,000,000 during any fiscal year for the*
10 *purpose of carrying out the provisions of this section.*

11 “SEC. 407. *There is hereby established an advisory*
12 *committee composed of the Secretary of State, the Secretary*
13 *of the Treasury, the Secretary of Agriculture, the Director*
14 *of the Bureau of the Budget, the Administrator of the Agency*
15 *for International Development, the chairman, the vice chair-*
16 *man, and the two ranking minority members of the House*
17 *Committee on Agriculture and the House Committee on*
18 *Foreign Affairs, and the chairman, the next ranking majority*
19 *member and the two ranking minority members of the Senate*
20 *Committee on Agriculture and Forestry and the Senate Com-*
21 *mittee on Foreign Relations. The advisory committee shall*
22 *survey the general policies relating to the administration of the*
23 *Act, including the manner of implementing the self-help provi-*
24 *sions, the uses to be made of foreign currencies which accrue*
25 *in connection with sales for foreign currencies under title I,*

1 the amount of currencies to be reserved in sales agreements
2 for loans to private industry under section 104(e), rates of
3 exchange, interest rates, and the terms under which dollar
4 credit sales are made, and shall advise the President with
5 respect thereto.

6 “SEC. 408. The President shall make a report to Con-
7 gress not later than April 1 each year with respect to the
8 activities carried out under this Act during the preceding
9 calendar year. Such report shall describe the progress of
10 each country with which agreements are in effect under title
11 I in carrying out its program to improve its production,
12 storage, and distribution of agricultural commodities.

13 “SEC. 409. No agreements to finance sales under title I
14 and no programs of assistance under title II shall be entered
15 into after December 31, 1968.

16 “SEC. 410. The provisions of section 620(e) of the For-
17 eign Assistance Act of 1961, as amended (referring to na-
18 tionalization, expropriation, and related governmental Acts
19 affecting property owned by United States citizens), shall
20 be applicable to assistance provided under title I of this
21 Act.”

22 SEC. 3. (a) Section 9 of the Act of September 6, 1958
23 (7 U.S.C. 1413b), is amended, effective January 1, 1967,
24 by deleting the symbol “(1)”, by changing the semicolon
25 to a period and by striking out all of the language in the
26 section after the semicolon.

1 (b) Section 709 of the Food and Agriculture Act of
2 1965 (7 U.S.C. 1446a-1) is amended, effective January 1,
3 1967, by striking out "foreign distribution".

4 (c) Section 416 of the Agricultural Act of 1949, as
5 amended (7 U.S.C. 1431), is amended, effective January 1,
6 1967, by striking out the following: "and (4) to donate any
7 such food commodities in excess of anticipated disposition
8 under (1), (2), and (3) above to nonprofit voluntary
9 agencies registered with the Committee on Voluntary For-
10 eign Aid of the Foreign Operations Administration or other
11 appropriate department or agency of the Federal Govern-
12 ment and intergovernmental organizations for use in the
13 assistance of needy persons and in nonprofit school lunch
14 programs outside the United States"; "and (4) above";
15 ", in the case of commodities made available for use within
16 the United States, or their delivery free alongside ship or
17 free on board export carrier at point of export, in the case of
18 commodities made available for outside the United States";
19 and "The assistance to needy persons provided in (4) above
20 shall, insofar as practicable be directed toward community
21 and other self-help activities designed to alleviate the causes
22 of the need for such assistance."

23 (d) Section 8 of Public Law 85-931 (72 Stat. 1792) is
24 amended by inserting a period in lieu of the colon after the

1 word "Act" and striking out the proviso and by inserting
 2 before the comma following the words "surplus supply" the
 3 words "in the same manner as any other agricultural com-
 4 modity or product is made available".

5 (e) Section 407 of the Agriculture Act of 1949, as
 6 amended, is amended by striking the period at the end of the
 7 third sentence thereof and adding the following: ": Provided,
 8 That whenever the Secretary of Agriculture determines that
 9 the carryover at the end of any marketing year of a price
 10 supported agricultural commodity for which a voluntary ad-
 11 justment program is in effect will be less than 25 per centum
 12 (35 per centum in the case of wheat) of the estimated export
 13 and domestic consumption of such commodity during such
 14 marketing year, the Commodity Credit Corporation shall
 15 not sell any of its stocks of such commodity during such year
 16 for unrestricted use at less than 120 per centum of the cur-
 17 rent price support loan plus reasonable carrying charges."

18 SEC. 4. The amendments made by this Act shall take
 19 effect as of January 1, 1967.

Passed the House of Representatives June 9, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

Passed the Senate with amendment August 31, 1966.

Attest:

EMERY L. FRAZIER,

Secretary.

89TH CONGRESS
2^D Session

H. R. 14929

AN ACT

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 31, 1966

Ordered to be printed with the amendment of the Senate

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued Sept. 9, 1966
For actions of Sept. 8, 1966
89th-2nd; No. 151

CONTENTS

Adjournment.....	20	Fiscal policies.....	17	Participation sales.....	17
Agricultural		Flood control.....	19	Personnel.....	9,35
appropriations.....	36	Food for freedom.....	10	REA financing.....	4
Appropriations.....	38	Food prices.....	14,21	Reclamation.....	37
Civil rights.....	6	Food stamp.....	30	Redwood Park.....	18
Committee.....	26	Foreign aid.....	23	Research.....	11
Continuing		Forestry.....	18	River basin.....	2,32
appropriations.....	34	Imports.....	16	School milk.....	3
Cotton imports.....	16	Inflation.....	1,14	Soil surveys.....	39
Credit.....	31	Interest rates.....	7	Strip mining.....	27
Crop financing.....	12	Labeling.....	33	Sugar.....	25
Diet foods.....	33	Lands.....	27	Transportation.....	29,41
Education.....	15	Manpower.....	8	Urban affairs.....	26
Farm policy.....	13	Meat imports.....	16	Water pollution.....	22
Farm products.....	29	Opinion poll.....	24	Water resources.....	5,40
Farm program.....	28	Organization.....	35	Wool imports.....	16

HIGHLIGHTS: Both Houses received President's anti-inflation message. House passed interest-rates control bill. Rep. Sullivan introduced and discussed food stamp bill.

SENATE

1. **INFLATION.** Both Houses received the President's anti-inflation message in which he (1) announced that he will hold down spending and asked Congress to restrict appropriations; (2) recommended that the 7% investment tax credit be made in-operative, effective Sept. 1, 1966, to become operative again Jan. 1, 1968; (3) recommended suspension until Jan. 1, 1968, of the use of accelerated depreciation on all buildings and structures started or transferred on or after Sept. 1, 1966; and (4) urged the Federal Reserve Board, in executing its policy of monetary restraint, and large commercial banks to lower interest rates and to

ease tight money (pp. 21135-8, 21224-6). Sens. Mansfield and Smathers commended the message (p. 21226). The message was referred to the Senate Finance Committee and the House Ways and Means Committee (pp. 21138, 21224).

2. RIVER BASIN. The Interior and Insular Affairs Committee reported without amendment H. R. 13508, to direct the Interior Department to cooperate with N. Y. and N. J. on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain steps to protect those resources from adverse Federal actions until the States and Congress have had an opportunity to act on that program (S. Rept. 1592). p. 21198
3. SCHOOL MILK. Sen. Proxmire said he supports the school milk program partly because Wis. is the "No. 1 dairy State." p. 21204
4. REA FINANCING. Sen. Mansfield inserted Norman Clapp's speech, "Future Needs for REA Financing." pp. 21210-11
5. WATER RESOURCES. Sen. Moss inserted an article suggesting that the U. S. lease water from Canada. p. 21212
6. CIVIL RIGHTS. Continued debate on H. R. 14765, the civil rights bill. pp. 21217-22

HOUSE

7. INTEREST RATES. Passed with amendments H. R. 14026, to impose ceilings on rates of interest payable on time deposits in insured banks. pp. 21106-134, 21141-42
8. MANPOWER. The Education and Labor Committee reported with amendment H. R. 16715, to amend the Manpower Development and Training Act of 1962 (H. Rept. 2017). p. 21195
9. PERSONNEL. The House Administration Committee reported S. 1474, to create a bipartisan commission to study Federal laws limiting political activity by officers and employees of Government (H. Rept. 2018). p. 21195
10. FOOD FOR FREEDOM. Conferees were appointed on H. R. 14929, the food for freedom bill. Senate conferees have not yet been appointed. pp. 21134-5
11. RESEARCH. A subcommittee of the Agriculture Committee approved for full Committee action H. R. 15304, to sell and replace the Pleasanton Plant Materials Center in Alameda, Calif. p. D858
12. CROP FINANCING. The "Daily Digest" states that a subcommittee of the Agriculture Committee approved for full committee action "a clean bill in lieu of H.R. 13863, to simplify crop financing." p. D858
13. FARM POLICY. Rep. Gross criticized the "Freeman-Schnittker farm policy" and how it will affect Iowa. pp. 21142
14. FARMERS; INFLATION. Rep. Andrews, N. Dak., inserted his newsletter in which he stated that the farmer is the "victim" rather than the "villain" in the rise in food prices. pp. 21143-4

NAYS—214

Abbitt	Green, Pa.	Poage
Abernethy	Greigg	Poff
Addabbo	Gross	Powell
Anderson, Ill.	Grover	Pucinski
Anderson, Tenn.	Gurney	Purcell
Andrews, George W.	Haley	Quile
Andrews, N. Dak.	Halleck	Race
Ashley	Halpern	Randall
Ashmore	Hamilton	Redlin
Ayres	Hansen, Wash.	Reid, N.Y.
Bandstra	Hardy	Reifel
Beckworth	Harsha	Resnick
Bennett	Harvey, Ind.	Reuss
Betts	Hathaway	Rhodes, Ariz.
Bingham	Hays	Rhodes, Pa.
Boggs	Hechler	Rivers, Alaska
Boland	Henderson	Robison
Bolton	Hull	Rogers, Colo.
Brademas	Ichord	Rogers, Fla.
Bray	Irwin	Roncalio
Brook	Jacobs	Rooney, N.Y.
Brooks	Jarman	Rosenthal
Broomfield	Jennings	Roudebush
Broyhill, Va.	Jonas	Roush
Buchanan	Jones, Ala.	Satterfield
Burke	Jones, N.C.	Saylor
Burleson	Karth	Scheuer
Byrne, Pa.	Kastenmeier	Schmidhauser
Byrnes, Wis.	Kee	Schneebeli
Cahill	Keith	Schweiker
Callan	Kelly	Secrest
Callaway	Kirwan	Selden
Casey	Kornegay	Shipley
Celler	Latta	Sickles
Clark	Lennon	Sikes
Cleveland	Love	Slack
Colmer	McCulloch	Smith, N.Y.
Cooley	McDade	Smith, Va.
Cramer	McDowell	Springer
Culver	McMillan	Stalbaum
Cunningham	McVicker	Stanton
Daddario	MacGregor	Steed
Dague	Mackay	Stephens
Davis, Wis.	Madden	Stratton
de la Garza	Mahon	Stubblefield
Delaney	Marsh	Sweeney
Dent	Mathias	Taylor
Denton	Matthews	Teague, Tex.
Dorn	May	Tenzer
Dow	Meeds	Thomas
Dowdy	Michel	Thomson, Wis.
Downing	Mills	Todd
Duncan, Oreg.	Mink	Tuck
Duncan, Tenn.	Minshall	Udall
Dwyer	Monagan	Vivian
Edmondson	Moore	Waggonner
Ellsworth	Moorhead	Watson
Everett	Morgan	Watts
Farbstein	Morris	Weltner
Farnsley	Morse	Whalley
Fascell	Morton	White, Tex.
Flood	Murphy, N.Y.	Whitener
Flynt	Nix	Whitten
Foley	O'Brien	Widnall
Fraser	O'Hara, Mich.	Williams
Frelinghuysen	O'Neal, Ga.	Wolff
Fulton, Pa.	Ottinger	Wyatt
Fulton, Tenn.	Passman	Wylder
Gathings	Pepper	Young
Gilbert	Perkins	Younger
	Philbin	Zablocki
	Pirnie	

ANSWERED "PRESENT"—3

Gibbons	Machen	Pelly
---------	--------	-------

NOT VOTING—85

Albert	Fisher	Long, Md.
Andrews, Glenn	Fogarty	McCarthy
Aspinall	Fountain	Martin, Ala.
Baring	Fuqua	Martin, Mass.
Battin	Garmatz	Miller
Belcher	Gettys	Moeller
Cabell	Gilligan	Morrison
Cameron	Green, Oreg.	Mosher
Carey	Grider	Multer
Carter	Hagan, Ga.	Murray
Collier	Harley	O'Konski
Conable	Hansen, Iowa	O'Neill, Mass.
Corbett	Hébert	Pickle
Curtin	Herlong	Rivers, S.C.
Davis, Ga.	Horton	Roberts
Dawson	Hosmer	Rogers, Tex.
Divine	Huot	Ryan
Dickinson	Johnson, Okla.	St Germain
Diggs	Jones, Mo.	Schlisler
Edwards, Ala.	Keogh	Scott
Edwards, La.	King, N.Y.	Senner
Evans, Colo.	Laird	Shriver
Evins, Tenn.	Landrum	Smith, Iowa
Fino	Leggett	Stafford
	Long, La.	Thompson, Tex.

Toll	Van Deerlin	Wilson, Bob
Tupper	Walker, Miss.	Wilson,
Tuten	Watkins	Charles H.
Ullman	Willis	Yates

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Glenn Andrews for, with Mr. Hébert against.

Mr. Fuqua for, with Mrs. Green of Oregon against.

Mr. Roberts for, with Mr. Watkins against.

Mr. Moeller for, with Mr. Keogh against.

Mr. Miller for, with Mr. Multer against.

Mr. Van Deerlin for, with Mr. Laird against.

Mr. Bob Wilson for, with Mr. Carey against.

Mr. Garmatz for, with Mr. O'Neill of Massachusetts against.

Mr. Leggett for, with Mr. Davis of Georgia against.

Until further notice:

Mr. Evins of Tennessee with Mr. Walker of Mississippi.

Mr. Grider with Mr. Fino.

Mr. St Germain with Mr. Stafford.

Mr. Pickle with Mr. O'Konski.

Mr. Fogarty with Mr. Martin of Massachusetts.

Mr. Rivers of South Carolina with Mr. King of New York.

Mr. Smith of Iowa with Mr. Hosmer.

Mr. McCarthy with Mr. Horton.

Mr. Hagan of Georgia with Mr. Edwards of Alabama.

Mr. Long of Louisiana with Mr. Devine.

Mr. Rogers of Texas with Mr. Curtis.

Mr. Evans of Colorado with Mr. Corbett.

Mr. Morrison with Mr. Belcher.

Mr. Edwards of Louisiana with Mr. Collier.

Mr. Fisher with Mr. Shriver.

Mr. Gilligan with Mr. Conable.

Mr. Hanley with Mr. Mosher.

Mr. Gettys with Mr. Martin of Alabama.

Mr. Thompson of Texas with Mr. Battin.

Mr. Sanner with Mr. Tupper.

Mr. Schisler with Mr. Carter.

Mr. Aspinall with Mr. Dickinson.

Mr. Albert with Mr. Cabell.

Mr. Hansen of Iowa with Mr. Diggs.

Mr. Ryan with Mr. Dawson.

Mr. Herlong with Mr. Huot.

Mr. Baring with Mr. Johnson of Oklahoma.

Mr. Landrum with Mr. Willis.

Mr. Fountain with Mr. Yates.

Mr. Long of Missouri with Mr. Scott.

Mr. Charles H. Wilson with Mr. Tuten.

Mr. Ullman with Mr. Murray.

Mr. Cameron with Mr. Toll.

Mr. MACKIE, Mr. DINGELL, Mr. DONOHUE, and Mr. SKUBITZ changed

their votes from "nay" to "yea."

Mrs. BOLTON, Mr. CELLER, Mr. STRATTON, Mr. SAYLOR, and Mr. McCULLOCH changed their votes from

"yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER pro tempore. (Mr. Boggs). The question is on the passage

of the bill.

Mr. PATMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 271, nays 68, answered

"present" 5, not voting 88, as follows:

[Roll No. 272]

YEAS—271

Abbitt	Anderson, Ill.	Andrews, N. Dak.
Abernethy	Anderson, Tenn.	Annuizio
Adair	Andrews, George W.	Ashley
Adams		Ashmore
Addabbo		

Bandstra	Grover	Pike
Barrett	Gurney	Pirnie
Bates	Haley	Poage
Beckworth	Halleck	Poff
Bennett	Halpern	Pool
Berry	Hamilton	Powell
Betts	Hansen, Wash.	Price
Bingham	Hardy	Pucinski
Blatnik	Harsha	Purcell
Boggs	Harvey, Ind.	Quillen
Boland	Hathaway	Race
Bolton	Hays	Randall
Bow	Hechler	Redlin
Brademas	Helstoski	Reid, Ill.
Bray	Henderson	Reid, N.Y.
Brook	Hicks	Reifel
Brooks	Howard	Resnick
Broomfield	Hull	Reuss
Broyhill, N.C.	Hingate	Rhodes, Ariz.
Broyhill, Va.	Ichord	Rhodes, Pa.
Buchanan	Irwin	Rivers, Alaska
Burke	Jacobs	Robison
Burleson	Jarman	Rodino
Byrne, Pa.	Jennings	Rogers, Colo.
Byrnes, Wis.	Joelson	Rogers, Fla.
Cahill	Johnson, Calif.	Ronan
Callan	Johnson, Pa.	Roncalio
Callaway	Jonas	Rooney, N.Y.
Casey	Jones, Ala.	Rooney, Pa.
Celler	Jones, N.C.	Rosenthal
Clancy	Karsten	Rostenkowski
Clark	Karth	Roudebush
Cleveland	Kastenmeier	Roush
Clevenger	Kee	Rumsfeld
Colmer	Keith	Satterfield
Conyers	Kelly	St. Onge
Cooley	Kirwan	Saylor
Craley	Kluczynski	Scheuer
Cramer	Kornegay	Schmidhauser
Culver	Kupferman	Schneebeli
Cunningham	Langen	Schweiker
Daddario	Latta	Secrest
Dague	Lennon	Selden
Davis, Wis.	Love	Shipley
de la Garza	McCulloch	Sickles
Delaney	McDade	Sikes
Dent	McDowell	Skubitz
Denton	McGrath	Slack
Donohue	McMillan	Smith, N.Y.
Dorn	McVicker	Smith, Va.
Dow	MacGregor	Springer
Dowdy	Mackay	Staggers
Downing	Mackie	Stalbaum
Duncan, Oreg.	Madden	Stanton
Duncan, Tenn.	Mahon	Steed
Dwyer	Marsh	Stephens
Edmondson	Martin, Nebr.	Stratton
Ellsworth	Mathias	Stubblefield
Erlenborn	Matthews	Sweeney
Everett	May	Taylor
Fallon	Meeds	Teague, Tex.
Farbstein	Michel	Tenzer
Farnsley	Mills	Thomas
Farnum	Minish	Thomson, Wis.
Fascell	Mink	Todd
Feighan	Minshall	Trimble
Flood	Mize	Udall
Flynt	Monagan	Vigorito
Foley	Moorhead	Vivian
Ford, Gerald R.	Morgan	Waggonner
Ford, William D.	Morris	Watson
Fountain	Morse	Weltner
Fraser	Morton	Whalley
Frelinghuysen	Murphy, Ill.	White, Idaho
Friedel	Murphy, N.Y.	White, Tex.
Fulton, Pa.	Nelsen	Whitener
Fulton, Tenn.	Nix	Whitten
Gallagher	O'Brien	Widnall
Gathings	O'Hara, Ill.	Williams
Glaime	O'Hara, Mich.	Wolff
Gilbert	O'Neal, Ga.	Wright
Grabowski	Ottinger	Wyatt
Gray	Passman	Young
Green, Pa.	Pepper	Younger
Greigg	Perkins	Zablocki
Gross	Philbin	

NAYS—68

Arends	Cobelan	Gubser
Ashbrook	Conte	Hagen, Calif.
Bell	Corman	Hanna
Bolling	Curtis	Hansen, Idaho
Brown, Calif.	Daniels	Harvey, Mich.
Brown, Clar-	Derwinski	Hawkins
ence J., Jr.	Dingell	Hollfield
Burton, Calif.	Dole	Holland
Burton, Utah	Dulski	Hutchinson
Cederberg	Dyal	King, Calif.
Chamberlain	Edwards, Calif.	King, Utah
Chelf	Findley	Krabs
Clausen,	Gonzalez	Kunkel
Don H.	Goodell	Lipscomb
Clawson, Del	Griffiths	McClory

McEwan	Olson, Minn.	Talcott
McFall	Patman	Teague, Calif.
Macdonald	Patten	Tunney
Mailiard	Rees	Utt
Matsunaga	Reinecke	Vanik
Moss	Roybal	Waldie
Natcher	Sisk	Walker, N. Mex.
Nedzi	Smith, Calif.	
Olsen, Mont.	Sullivan	

ANSWERED "PRESENT"—5

Gibbons	Moore	Wylder
Machen	Pelly	

NOT VOTING—88

Albert	Gettys	O'Konski
Andrews,	Gilligan	O'Neill, Mass.
Glenn	Green, Oreg.	Pickle
Aspinall	Grider	Rivers, S.C.
Ayres	Hagan, Ga.	Roberts
Baring	Hanley	Rogers, Tex.
Battin	Hansen, Iowa	Ryan
Belcher	Hébert	St Germain
Cabell	Herlong	Schiller
Cameron	Horton	Scott
Carey	Hosmer	Senner
Carter	Huot	Shriver
Collier	Johnson, Okla.	Smith, Iowa
Conable	Jones, Mo.	Stafford
Corbett	Keogh	Thompson, N.J.
Curtin	King, N.Y.	Thompson, Tex.
Davis, Ga.	Laird	Toll
Dawson	Landrum	Tuck
Devine	Leggett	Tupper
Dickinson	Long, La.	Tuten
Diggs	Long, Md.	Ullman
Edwards, Ala.	McCarthy	Van Deerlin
Edwards, La.	Martin, Ala.	Walker, Miss.
Evans, Colo.	Martin, Mass.	Watkins
Evins, Tenn.	Miller	Watts
Fino	Moeller	Willis
Fisher	Morrison	Wilson, Bob
Fogarty	Mosher	Wilson,
Fuqua	Multer	Charles H.
Garmatz	Murray	Yates

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Glenn Andrews against.
 Mrs. Green of Oregon for, with Mr. Fuqua against.
 Mr. Watkins for, with Mr. Roberts against.
 Mr. Laird for, with Mr. Moeller against.
 Mr. Keogh for, with Mr. Bob Wilson against.
 Mr. Garmatz for, with Mr. Miller against.
 Mr. Multer for, with Mr. Leggett against.
 Mr. O'Neill of Massachusetts for, with Mr. Charles H. Wilson against.
 Mr. Hanley for, with Mr. Van Deerlin against.

Until further notice:

Mr. St Germain with Mr. Walker of Mississippi.
 Mr. Fogarty with Mr. Shriver.
 Mr. Thompson of New Jersey with Mr. Fino.
 Mr. Aspinall with Mr. Edwards of Alabama.
 Mr. Albert with Mr. Devine.
 Mr. Ryan with Mr. Corbett.
 Mr. Gilligan with Mr. Conable.
 Mr. Pickle with Mr. Ayres.
 Mr. Davis of Georgia with Mr. Battin.
 Mr. Edwards of Louisiana with Mr. Collier.
 Mr. Tuck with Mr. Martin of Massachusetts.
 Mr. Watts with Mr. Hosmer.
 Mr. Gettys with Mr. Belcher.
 Mr. Senner with Mr. Horton.
 Mr. Rogers of Texas with Mr. Carter.
 Mr. Carey with Mr. Stafford.
 Mr. Johnson of Oklahoma with Mr. O'Konski.
 Mr. Rivers of South Carolina with Mr. King of New York.
 Mr. Cabell with Mr. Dickinson.
 Mr. Morrison with Mr. Curtin.
 Mr. Hagan of Georgia with Mr. Martin of Alabama.
 Mr. Willis with Mr. Mosher.
 Mr. Evins of Tennessee with Mr. Tupper.
 Mr. Fisher with Mr. Evans of Colorado.
 Mr. McCarthy with Mr. Diggs.
 Mr. Thompson of Texas with Mr. Smith of Iowa.
 Mr. Baring with Mr. Herlong.

Mr. Dawson with Mr. Huot.
 Mr. Grider with Mr. Hansen of Iowa.
 Mr. Schisler with Mr. Scott.
 Mr. Ullman with Mr. Tuten.
 Mr. Yates with Mr. Landrum.
 Mr. Long of Louisiana with Mr. Murray.
 Mr. Cameron with Mr. Long of Maryland.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. STEPHENS

Mr. STEPHENS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: Amend the title so as to read: "An act to provide for the more flexible regulation of maximum rates of interest or dividends payable by banks and certain other financial institutions on deposits or share accounts, to authorize higher reserve requirements on time deposits at member banks, to authorize open market operations in agency issues by the Federal Reserve banks, and for other purposes."

The amendment was agreed to.

A motion to reconsider was laid on the table.

Mr. STEPHENS. Mr. Speaker, I move that the Clerk may be permitted to make the necessary corrections of section numbers and cross references in the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On August 19, 1966:

H.R. 13772. An act to authorize the disposal of metallurgical grade manganese ore from the national stockpile and the supplemental stockpile.

H.R. 15485. An act to authorize the exchange of certain fluor spar and ferromanganese held in the national and supplemental stockpiles.

On August 22, 1966:

H.R. 10284. An act to provide that the Federal office building under construction in Fort Worth, Tex., shall be named the "Fritz Garland Lanham Federal Office Building" in memory of the late Fritz Garland Lanham, a Representative from the State of Texas from 1919 to 1947.

On August 23, 1966:

H.R. 11671. An act to approve a contract negotiated with the El Paso County Water Improvement District Numbered 1, Texas, to authorize the execution, and for other purposes.

On August 24, 1966:

H.R. 13881. An act to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs, cats,

and certain other animals intended to be used for purposes of research or experimentation, and for other purposes.

On August 27, 1966:

H.R. 15456. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1967, and for other purposes.

H.J. Res. 810. Joint resolution to authorize the President to proclaim the 8th day of September 1966 as "International Literacy Day".

H.J. Res. 1207. Joint resolution to authorize the Administrator of General Services to accept title to the John Fitzgerald Kennedy Library, and for other purposes.

On August 30, 1966:

H.R. 13277. An act to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands.

On August 31, 1966:

H.J. Res. 1284. Joint resolution making continuing appropriations for the fiscal year 1967, and for other purposes.

On September 1, 1966:

H.R. 8760. An act to amend the provisions of the Oil Pollution Act, 1961 (33 U.S.C. 1001-1015), to implement the provisions of the International Convention for the Prevention of the Pollution of the Sea by Oil, 1954, as amended, and for other purposes.

H.R. 17419. An act to amend the act incorporating the American Legion so as to redefine eligibility for membership therein.

On September 2, 1966:

H.R. 13298. An act to amend the Organic Act of Guam in order to authorize the legislature thereof to provide by law for the election of its members from election districts.

On September 6, 1966:

H.R. 10104. An act codifying the general and permanent laws relating to the organization of the Government of the United States and to its civilian officers and employees.

H.R. 14921. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1967, and for other purposes.

On September 7, 1966:

H.R. 2653. An act to provide that the U.S. District Court for the District of Connecticut shall also be held at New London, Connecticut.

H.R. 3233. An act for the relief of Emanuel G. Topakas.

H.R. 5552. An act for the relief of David B. Gidden.

H.R. 7354. An act for the relief of Norman Morris Rains.

H.R. 9824. An act to amend the Life Insurance Act of the District of Columbia, approved June 19, 1934, as amended.

H.R. 11940. An act for the relief of Fred M. Osteen.

H.R. 12315. An act for the relief of Anthony A. Calloway.

H.R. 12864. An act for the relief of John R. Sylvia.

H.R. 14596. An act making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1967, and for other purposes.

AN ACT TO PROMOTE INTERNATIONAL TRADE IN AGRICULTURAL COMMODITIES, TO COMBAT HUNGER AND MALNUTRITION, AND TO FURTHER ECONOMIC DEVELOPMENT

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, disagree

to the Senate amendments, and agree to conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. HALL. Mr. Speaker, reserving the right to object, what again is this bill? Is the gentleman asking us to concur?

Mr. COOLEY. No. I am asking the House to disagree to the Senate amendments and agree to the conference asked by the Senate.

Mr. HALL. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

The Chair hears none, and appoints the following conferees: Messrs. COOLEY, POAGE, GATHINGS, HAGEN of California, PURCELL, BELCHER, QUIE, and Mrs. MAY.

PRINTING OF HEARINGS ON SUPPLEMENTAL FOREIGN ASSISTANCE, FISCAL YEAR 1966—VIETNAM

Mr. HAYS. Mr. Speaker, I call up the conference report on the Senate Concurrent Resolution 77 and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 25, 1966).

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. I asked the gentleman to yield only to compliment the conferees on maintaining a reduction in the number of copies of this report to be printed.

Mr. HAYS. I thank the gentleman. Upon inquiry the Senate staff said they could get along with 10,000 so we did save a little money.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I take this time for the purpose of asking the gentleman from California [Mr. Moss], the program for the remainder of this week and the schedule for next week.

Mr. MOSS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from California.

Mr. MOSS. We will seek permission to go over, on adjournment this afternoon, until Monday.

Monday is District day. There are no bills. We will have H.R. 688, the Beirut agreement implementation legislation, under a closed rule, 2 hours of general debate, waiving points of order; H.R. 11256, the Federal Tax Lien Act of 1966, under a closed rule, with 4 hours of general debate, waiving points of order; H.R. 8664, the Florence agreement implementation legislation, under a closed rule, with 2 hours of general debate, waiving points of order; and H.R. 11555, the Chamizal Memorial Highway, under an open rule, with 1 hour of general debate.

On Tuesday and the balance of the week we will have the District of Columbia appropriation bill for fiscal year 1967; the military construction appropriation bill for 1967; H.R. 14604, authorizing study for a Capitol Visitors' Center, under an open rule, with 1 hour of general debate; and H.R. 16559, authorizing establishment of sea-grant colleges, under an open rule, with 1 hour of general debate.

On Thursday there will be a joint meeting for the purpose of hearing the President of the Republic of the Philippines.

Of course, conference reports may be brought up at any time, and any changes in the schedule will be announced later.

Mr. GERALD R. FORD. It is my understanding that the first three measures listed for Monday are from the Committee on Ways and Means and are noncontroversial. Is that an accurate appraisal?

Mr. MILLS. Mr. Speaker, will the gentleman from Michigan yield?

Mr. GERALD R. FORD. I yield to the gentleman from Arkansas.

Mr. MILLS. I believe the gentleman's analysis is correct.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Iowa.

Mr. GROSS. I might ask the acting majority leader a question. Do I correctly understand that on Thursday next all we will have is a joint meeting? Will there be other business?

Mr. MOSS. That is dependent upon the ability of the House to dispose of the other items mentioned; the two appropriation bills, the authorization for study of a Capitol Visitors' Center, and the authorization for the establishment of the Sea Grant Colleges.

Mr. GROSS. But if the schedule is completed, that would be the only business on Thursday?

Mr. MOSS. Unless there were conference reports, that is correct.

Mr. GROSS. I do not suppose the gentleman can help us, but I wonder, in the light of that, if that schedule is followed and that is all the business we have on Thursday next, when in the world can we expect to get out of here and go look for a few votes?

Mr. MOSS. I believe the gentleman from Iowa is well aware of the fondness of the gentleman from California for his own home.

ECONOMIC AND FISCAL POLICY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 492)

The SPEAKER pro tempore (Mr. Boggs) laid before the House the following message from the President of the United States, which was read, as follows:

To the Congress of the United States:

It is now time to set forth to the Congress and the American people the additional steps we consider necessary to assure the continuing health and strength of our economy.

I have been watching carefully the performance of our economy. I have consulted frequently and at great length with the wisest and most experienced advisers available to the President—with the responsible officials in my administration, with Members of the Congress, with leaders of business and labor and with economists from our universities.

Prudent economic policy requires timely well-considered action in the national interest. The true interest of the American people lies in uninterrupted growth at stable prices. We must always be prepared to act to protect that growth. But we must act with caution and avoid drastic changes that are not clearly required for the economic welfare. We must focus our restraint on those sectors of the economy that need urgent attention.

Certain actions have become clearly necessary to protect the interest of our people in stable prosperity and I intend to take those actions now.

I am going to cut all Federal expenditures to the fullest extent consistent with the well-being of our people.

I recommend that the Congress promptly make inoperative, for a temporary period, those special incentives for plant and equipment investment and commercial construction that currently contribute to overheating the economy.

Every effort will be made to ease the inequitable burden of high interest rates and tight money.

Further longer range actions may prove necessary to maintain balanced growth and finance the defense of Vietnam. But we will not have the necessary facts about fiscal 1967 expenditures until the Congress completes action on the remaining eight appropriation bills, and until the Department of Defense knows the size of the supplemental appropriations needed to support our men in Vietnam.

As soon as I receive these bills and defense estimates, I will again review Federal expenditures for this fiscal year. We intend to reduce or eliminate every possible Federal expenditure provided in those bills consistent with the well-being of our citizens.

When the Congress votes for add-ons to the remaining eight appropriation bills, it must bear in mind that each vote to increase the budget will likely require a vote to increase the revenue later.

This administration is prepared to recommend whatever action is necessary to maintain the stable growth and prosper-

ity of the past 5½ years and to pay for current expenditures out of current revenues, as we are now doing.

THE PERFORMANCE OF OUR ECONOMY

Today the strength of the American economy exceeds all records and all expectations. For 67 months—for 5½ years—the trend of our economy has been steadily up.

True production of goods and services has grown 5½ percent a year, putting the American economy in the front rank among the major nations of the world.

The spendable income of our consumers has increased 41 percent.

Nine million more workers are employed on non-farm payrolls.

Unemployment has dropped from 7 percent to 3.9 percent.

No nation has ever enjoyed such prosperity.

High production, high wages, high profits, and low unemployment are benefits to be sought and preserved. The new problems of prosperity are much to be preferred to the old problems of recession or depression. But the great satisfaction that accompanies the solution of old problems must be tempered by full recognition of the new problems these solutions bring.

We must meet these new problems without jeopardizing past gains or present performance. And we must not revert to the pendulum economy of the 1950's.

Caution signs became visible early this year. Responsible fiscal policy required prudent action.

This administration and the Congress acted to protect our prosperity by taking \$10 billion of excess purchasing power out of the economy this calendar year: \$6 billion through increased payroll taxes for social security and medicare, \$1 billion through restored excise taxes, \$1 billion through graduated withholding of individual taxes, \$1 billion through a speed-up in corporate tax payments, and, \$1 billion through an administrative acceleration of tax payments.

Responsible fiscal policy also demanded tight control of Federal expenditures. This control has been exerted.

The fiscal 1966 budget on a national income basis—the best measure of the economic impact of Federal activity—showed an overall surplus of about \$1 billion. In the first half of calendar 1966, the annual rate of this surplus rose to \$3 billion. Since January 1 of this year, we have taken in more money than we have spent.

The fiscal 1967 budget submitted to the Congress reflects the same tight control. As a result, apart from special Vietnam costs, the 1967 budget increased expenditures by only \$600 million—an increase of less than 1 percent over fiscal 1966. For the Great Society program enacted by the Congress, I requested an additional \$3.2 billion—but only after offsetting reductions had been made: by pruning lower priority programs, by improved management and cost reduction, and, by closing obsolete bases and eliminating unnecessary defense expenditures.

Therefore, except for the \$600 million, every dollar spent on Great Society pro-

grams was secured by reducing or eliminating outmoded programs.

In recent weeks, there have been signs of developing imbalance in the economy.

As we all know, prices have been rising. To be sure, average income is rising faster than prices, and average price increases in the past 5½ years are considerably less than in the previous 5½ years.

Nevertheless, sustained price increases in food, services, and industrial products threaten our delicately balanced structure of wage and price stability. We ask workers to restrict their wage demands to the gains in labor's productivity. But this also requires a reasonable prospect of stable living costs.

Ours is increasingly a fixed income population. More than 20 million Americans depend on social security benefits. Millions of others live on modest private pensions, past savings, and the proceeds of life insurance policies.

Inflation imposes a cruel and unjust tax on all the people.

Inflation also saps the competitive strength of American industry in world trade. Recently, we have witnessed a decline in the trade surplus so vital to our balance-of-payments position. A healthy export expansion has not been enough to offset the bulging increase in imports.

In recent months, there has been an exaggerated boom in business investment. Moreover, the rapid growth of business credit has not moderated significantly, despite tight money restraints that, if intensified, threaten to halt balanced growth.

In the early 1960's, when there was unnecessary slack in the economy, and when growth was too slow, we took the steps needed to stimulate expansion and move toward full employment. But good economic policy works both ways. When total spending rises more rapidly than the economy can accommodate—when business investment creates undue pressures—when armed conflict overseas imposes new burdens on Government—then we must be willing to shift into lower gear and reduce inflationary pressures.

Our program early this year to remove \$10 billion from the U.S. economy was a first step in this direction. But the continued and mounting pressures since that time require the second-step program I am recommending today. And I shall not hesitate to take further fiscal steps when the size of the budget and the developments in our economy indicate that they are necessary.

PROGRAM OF ACTION

I propose the following program of immediate action for the Congress and the American people:

First, I am taking strong measures to reduce lower priority Federal expenditures.

Determination of the exact amount of reduction in that limited portion of the fiscal 1967 budget under direct Presidential control must await congressional action on the remaining appropriation bills. Our best present estimate is that a reduction of 10 percent—approximately \$3 billion—will be required from that portion of the budget.

Bills already passed by both Houses of Congress, some unanimously and others by large bipartisan majorities, have added approximately \$2¼ billion to the spending authority I requested from this session of the Congress. If bills passed by one or the other of the Houses of Congress, or now before congressional committees, are finally approved in their present form, they will add almost \$4 billion to Federal spending authority and \$2 billion to spending in the current fiscal year. Members of the Congress will, by holding remaining appropriations within the amount of my requests, limit the amount of additional revenue that may be required next year.

Although the costs of the Vietnam conflict are uncertain, if this conflict extends beyond the current fiscal year, we will be forced to order additional material and equipment. To be on the safe side and to support our men in Vietnam, we must act on this contingency.

I have already directed that lower priority Federal programs be reduced by \$1.5 billion in fiscal 1967.

Federal civilian agencies have been directed to defer, stretch out, and otherwise reduce contracts, new orders, and commitments. Each major agency has been given a savings target, with orders to meet that target.

I am prepared to defer and reduce Federal expenditures:

By requesting appropriations for Federal programs at levels below those now being authorized by the Congress,

By withholding appropriations provided above my budget recommendations whenever possible, and

By cutting spending in other areas which have significant fiscal impact in 1967.

My 1967 budget called for total expenditures of \$112.8 billion. Of this amount, \$58.3 billion is for Defense. Of the remaining \$54.5 billion, payments fixed by law or otherwise uncontrollable—such as civilian pay, interest on the public debt, veterans' compensation and pensions, public assistance payments, agricultural price supports, and payments on prior contracts—account for \$31.5 billion. This leaves only some \$23 billion of expenditures subject to immediate Presidential control.

The corresponding appropriation total—new obligational authority—is \$31 billion. The savings I have directed must come from that total. They will not be easy to achieve.

But at a time when individual incomes and corporate profits are at unparalleled levels, a compassionate and mature people will not make the poor carry the burden of fighting inflation. For such a policy would be neither good economics nor social justice.

During the calendar year 1967, the product of the American economy will increase by some \$50 billion. Before the end of this year, we will be producing at a rate of \$750 billion, three-quarters of a trillion dollars—a year. And the Federal budget has been claiming a declining share of that product. The Federal administrative budget—the best measure of the size of Federal programs that are not self-financed—has declined from 17 per-

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 20, 1966
For actions of Sept. 19, 1966
89th-2nd; No. 158

CONTENTS

Appropriations.....	Grain storage.....16,39	Recreation.....5
.....4,13,17,22,44	Highways.....38	Research.....2,16,21
Buildings.....15,18	Historic sites.....10	Rural renewal.....5
Child nutrition.....1	Inflation.....23,33	Ryukyu Islands.....43
Civil rights.....20	Interest rates.....11,23	Salt water.....21
Conservation.....28	Invasion of privacy.....40	School milk.....22
Contractors.....16	Lands.....16,30,35	Sea-grant colleges.....26
Credit.....34	Legislative program.....17	Seeds.....3
Eden project lands.....16	Loans.....5	Taxation.....36
Experiment station.....2	Medicare.....42	Training.....7
Farm program.....13	Minerals.....19	TVA.....14
Federal aid.....27	National seashore.....37	Urban affairs.....29
Fish and wildlife.....8	Nomination.....41	Water.....6
Fish protein.....24	Participation sales.....34	Water pollution.....31
Food for freedom.....1	Political activity.....9	Wetlands.....30
Foreign aid.....4,17,25	Poverty.....32	
Foreign trade.....12	Prices.....33	

HIGHLIGHTS: See page 4

HOUSE

1. **FOOD FOR FREEDOM; ~~CHILD NUTRITION~~.** The conferees on H. R. 14929, the food-for-freedom bill, and ~~S. 3467, the child nutrition bill~~, agreed to file conference report. p. D891
2. **RESEARCH.** Passed without amendment S. 3421, to authorize the Secretary of Agriculture to convey the Alaska Experiment Station to Alaska. This bill will now be sent to the President. p. 21955
3. **SEEDS.** Passed under suspension of the rules H. R. 15662, to revise and update the Federal Seed Act. pp. 22032-4
4. **FOREIGN AID APPROPRIATION BILL.** The Appropriations Committee reported this bill, H. R. 17788 (H. Rept. 2045). p. 22078

5. LOANS. The Agriculture Committee reported H. R. 13669, to authorize rural-renewal loans for recreation and to non-profit corporations (H. Rept. 2046). p. 22078
6. WATER. Passed as reported S. 2287, to authorize a 5-year hydrologic study and investigation of the Delmarva Peninsula. pp. 21952-3
Rejected (161-154, a 2/3 majority being needed) a motion to suspend the rules and pass S. J. Res. 167, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. in 1967. pp. 22013-17
7. TRAINING. Passed on suspension of the rules H. R. 16715, to broaden and increase the flexibility under the Manpower Development and Training Act. pp. 22000-13
8. FISH AND WILDLIFE. Conferees were appointed on H. R. 9424, to provide for conservation, protection, and propagation of native species of fish and wildlife, including migratory birds, that are threatened with extinction, and to consolidate Interior's authorities for administration of the National Wildlife Refuge System. Senate conferees have not been appointed. p. 22022
9. POLITICAL ACTIVITY. Passed under suspension of the rules S. 1474, to create a bipartisan commission to study Federal laws limiting political activity by Government personnel. pp. 22025-7
10. HISTORIC SITES. Rejected (41-31, a 2/3 majority being needed) a motion to suspend the rules and pass S. 3035, to establish a program for preservation of additional historic properties throughout the Nation. pp. 22027-31
11. INTEREST RATES. Rep. Patman deplored the effect of increases on housing and education. pp. 22034-8
12. FOREIGN TRADE. Rep. Curtis objected to the position of the European Economic Community in trade negotiations regarding farm products and inserted the views of the American Farm Bureau Federation and a Belgian industrialist. pp. 22046-7
13. FARM PROGRAM; APPROPRIATIONS. Rep. Ashbrook accused this Department of wasting money and inserted an article on the subject. p. 22047
14. TENNESSEE VALLEY AUTHORITY. Rep. Ottinger said the proposed Tellico Dam project is not needed. pp. 22057-8
15. BUILDINGS. Received from the General Services Administration a proposed bill "to amend the Public Buildings Act of 1950, as amended." To Public Works Committee. p. 22078
16. PASSED OVER H. R. 4497, to require certain contractors with the U. S. to give an affidavit on payment of subcontractors; H. R. 12360, to permit the sale of grain storage facilities to nonprofit agencies; H. R. 4429, to reimburse Wyo. for certain improvements on Eden project lands; and H. R. 9147, to reduce the frequency of meetings of the national research advisory committee. p. 21955
17. LEGISLATIVE PROGRAM. Today the House is expected to consider the Private Calendar and the foreign aid appropriation bill. p. D890

17248, to establish procedures to relieve domestic industries and workers injured by increased imports from low-wage areas. Testimony was heard from public witnesses.

ACCOUNTING DELAYS

Committee on Government Operations: Subcommittee on Executive and Legislative Reorganization held a hearing on delays in the submissions of Federal agency accounting systems for approval by the GAO as required by the Budget and Accounting Procedures Act. Testimony was heard from Elmer B. Staats, Comptroller General; John W. Macy, Chairman, Civil Service Commission; and James F. Kelly, Comptroller, Department of Health, Education, and Welfare.

CHILD SAFETY ACT

Committee on Interstate and Foreign Commerce: Subcommittee on Public Health and Welfare held a hearing on S. 3298, to amend the Federal Hazardous Substance Labeling Act to include toys and certain household goods; and concluded hearings on H.R. 13886, and related bills, the Child Safety Act of 1966. Testimony was heard from James L. Goddard, Commissioner, Food and Drug Administration, HEW.

RAILROAD RETIREMENT ACT

Committee on Interstate and Foreign Commerce: Subcommittee on Commerce and Finance met in executive session and approved for full committee action the following bills:

H.R. 12543, to amend the Trading With the Enemy Act to provide for the transfer of three paintings to the Federal Republic of Germany in trust for the Weimar Museum;

H.R. 14355, to amend the Railroad Retirement Act of 1937, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act to make certain technical changes, to provide for survivor benefits to children ages 18 to 21, inclusive; and

H.R. 17285, to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act.

Prior to the executive session, the subcommittee held a hearing on H.R. 12543, title above. Testimony was heard from Ely Maurer, Assistant Legal Adviser, Department of State; and Anthony Mondello, Office of Alien Property, Civil Division, Department of Justice.

INVESTMENT CREDIT

Committee on Ways and Means: Met in executive session on H.R. 17607, to temporarily suspend the investment credit and the application of accelerated depreciation. No final action was taken.

Joint Committee Meetings

FOOD FOR PEACE

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 14929, to promote international trade in agricultural commodities so as to combat hunger and to further economic development.

SCHOOL LUNCH

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of S. 3467, to strengthen and expand food service programs for schoolchildren.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws see DIGEST, p. D884, September 16, 1966)

H.R. 13558, to provide for regulation of the practice of certified public accountants in the D.C. Signed September 16, 1966 (P.L. 89-578).

H.R. 399, authorizing reconveyance of mineral interests in lands acquired for the Vega Dam and Reservoir, Colo., to the former owners. Signed September 16, 1966 (P.L. 89-579).

H.R. 7446, for the relief of certain civilian Norfolk Naval Shipyard employees. Signed September 16, 1966 (P.L. 89-580).

H.R. 799, to rename the lock of the Cross-Florida Barge Canal as the "Bert Dosh Lock." Signed September 16, 1966 (P.L. 89-581).

H.R. 8000, setting the fee for certifying more than 10 copies of a ship mortgage at \$1 per copy. Signed September 16, 1966 (P.L. 89-582).

COMMITTEE MEETINGS FOR TUESDAY, SEPTEMBER 20

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, subcommittee, on fiscal 1967 budget estimates for public works, on civil functions items, 10 a.m., room S-128, Capitol.

Subcommittee, on H.R. 17637, military construction appropriations, 10 a.m. and 2 p.m., 1114 New Senate Office Building.

Committee on Finance, executive, to consider H.R. 8436 and H.J. Res. 688, tariff bills; H.R. 5852, veterans bill; and H.R. 6958 and 13103, revenue bills, 10 a.m., 2221 New Senate Office Building.

Next meeting of the SENATE

12:00 noon, Tuesday, September 20

Committee on Foreign Relations, executive, to receive a briefing on the situation in Thailand from Assistant Secretary of State for Far Eastern Affairs William Bundy, 10 a.m., room S-116, Capitol.

Committee on the Judiciary, Subcommittee on Antitrust and Monopoly, to continue its hearings on economic concentration, 10 a.m., 1318 New Senate Office Building.

Committee on Labor and Public Welfare, executive, on S. 3164, proposed Economic Opportunity Act amendments of 1966, 10 a.m., 4232 New Senate Office Building.

Committee on Public Works, executive, on pending public building prospectuses; S.J. Res. 76, long-range study of future development needs of U.S. Capitol Grounds; and S. 212, designating the W. P. Franklin lock and control structure, Florida, 10 a.m., 4110 New Senate Office Building.

Subcommittee on Flood Control—Rivers and Harbors, on S. 3698, to convert the revenue bonds issued by the St. Lawrence Seaway Development Corporation to capital stock, 10 a.m., 4200 New Senate Office Building.

Special Committee on Aging, Subcommittee on Health of the Elderly, to hold hearings on modern health screening methods, 10 a.m., room G-308 (auditorium), New Senate Office Building.

House

Committee on Banking and Currency, to continue consideration of S. 3158, the Financial Institutions Supervisory Act of 1966, 10 a.m., 2128 Rayburn House Office Building.

Committee on Education and Labor, General Subcommittee on Labor, to continue consideration of H.R. 16831, to require the Secretary of Labor to investigate the effect of foreign competition on domestic employment when a complaint is filed by an employer or labor organization; and H.R. 17248, to establish procedures to relieve domestic industries and workers injured by increased imports from low-wage areas, 9:45 a.m., 2257 Rayburn House Office Building.

General Subcommittee on Education, to consider H.J. Res. 965, and related resolutions, to reaffirm as congressional policy the Nation's goal of equal educational opportunity at all levels of learning without financial barriers, 9:30 a.m., 2261 Rayburn House Office Building.

Next meeting of the HOUSE OF REPRESENTATIVES

12:00 noon, Tuesday, September 20

Committee on Foreign Affairs, to continue consideration of H. Con. Res. 523 and H.J. Res. 769, to establish an Atlantic Union Delegation, 10 a.m., 2172 Rayburn House Office Building.

Subcommittee on Europe, executive, to consider S. 1935 and S. 2064, to amend the International Claims Settlement Act of 1949, immediately after House vote on the foreign aid appropriation bill, H-227 U.S. Capitol Building.

Committee on Interstate and Foreign Commerce, executive, on pending legislation, 10 a.m., 2123 Rayburn House Office Building.

Committee on Merchant Marine and Fisheries, Special Subcommittee on Maritime Education and Training, to consider educational programs in the State maritime academies, 10 a.m., 1334 Longworth House Office Building.

Committee on Rules, to consider H. Res. 826, and similar measures, to create a select committee to investigate policies and guidelines on school desegregation; and H.R. 13161, the Elementary and Secondary School Assistance Act, 10:30 a.m., H-313 U.S. Capitol Building.

Committee on Science and Astronautics, Ad Hoc Subcommittee on H.R. 17424, to consider H.R. 17424, to promote and support representation of U.S. interests in voluntary international commercial standards activities, to establish a clearinghouse for commercial and procurement standards, 10 a.m., 2325 Rayburn House Office Building.

Committee on Ways and Means, executive, to continue consideration of H.R. 17607, to temporarily suspend the investment credit and the application of accelerated depreciation, 10 a.m., committee room, Longworth House Office Building.

Joint Committees

Joint Committee on Atomic Energy, to resume its hearings on S. 3722 and H.R. 16920, relating to recordkeeping for radiation workers, 10 a.m. and 2 p.m., room AE-1, Capitol.

Conferees, executive, on H.R. 14088, authorizing improved health benefits programs for members of the Armed Forces, 10:30 a.m., room EF-100, Capitol.

Conferees, executive, on S. 2393, authorizing additional GS-16, 17, and 18 positions for new agencies and expanded functions, 2:30 p.m., room S-321, Capitol.



Congressional Record

appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for \$1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington, D.C., 20402. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued Sept. 27, 1966
For actions of Sept. 26, 1966
89th-2nd; No. 162

CONTENTS

Alaska.....	24	Federal aid.....	28	Nation's situation.....	16
Appropriations.....	9,13	Fish-wildlife.....	21	Packaging.....	7
Banking.....	8	Foreign affairs.....	27	Political activity.....	5
CCC corn.....	10	Forestry.....	20	Poverty.....	2
Claims.....	15	Grants-in-aid.....	28	Recreation.....	20,22
Congressional powers....	14	Inflation.....	23	Reorganization.....	30
Conservation.....	31	Labeling.....	7	Seeds.....	11
Dairy imports.....	18	Lands.....	28	Senator Holland.....	19
Demonstration cities.....	6	Legislative report.....	26	Tariff.....	4
Education.....	6,29	Loans.....	12	Taxation.....	3,17,31
Food for freedom.....	1	Milk.....	25	Water pollution.....	6

HIGHLIGHTS: Conferees reported food-for-freedom bill. House debated poverty bill. House committee reported investment-tax bill, and Rep. Langen asked exemption of farmers. House committees reported packaging-labeling bill, continuing-appropriations measure, and analysis of CCC corn marketing. Senate passed bill to revise Federal Seed Act. Senate passed bill to permit prepayments of FHA loans.

HOUSE

1. FOOD FOR FREEDOM. Received the conference report on H. R. 14929, the food-for-freedom bill (H. Rept. 2075). The conferees changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House version. However, this does not change the title of the basic legislation, which remains "Agricultural Trade Development and Assistance Act of 1954." pp. 22833-40

2. POVERTY. Began debate on H. R. 15111, to provide for continuation of the war on poverty. pp. 22803-33
3. TAXATION. The Ways and Means Committee reported with amendment H. R. 17607, to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property (H. Rept. 2087) (p. 22854). Rep. Langen recommended exemption of farmers from this bill (p. 22843).
4. TARIFF. Rep. Curtis inserted a "progress report" on Kennedy round tariff negotiations. pp. 22843-5
5. POLITICAL ACTIVITIES. Rep. Ashbrook gave answers to questions as to actions which Federal employees are permitted to take under the Hatch Political Activities Act. p. 22845
6. DEMONSTRATION CITIES; EDUCATION; WATER POLLUTION. The Rules Committee reported a resolution for consideration of S. 3708, the demonstration cities bill; H. R. 13161, to strengthen and improve education in elementary and secondary schools; and H. R. 16076, to improve and make more effective the Federal Water Pollution Control Act. p. 22854
7. PACKAGING; LABELING. The Interstate and Foreign Commerce Committee reported with amendment H. R. 15440, the fair packaging and labeling bill (H. Rept. 2076). p. 22854
8. BANKING. The Banking and Currency Committee reported with amendment H. R. 17899, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loans associations, to increase the maximum amount of insured accounts or deposits, etc. (H. Rept. 2077). p. 22854
The Banking and Currency Committee reported S. 1556, to authorize the Federal Reserve Board to delegate certain of its functions (H. Rept. 2079). p. 22854
9. APPROPRIATIONS. The Appropriations Committee reported H. J. Res. 1308, making continuing appropriations for the fiscal year 1967 (H. Rept. 2078). p. 22854
10. CCC CORN. The Small Business Committee submitted a report, "The Effect of Corn Marketing by the Commodity Credit Corporation Upon Small Business" (H. Rept. 2082). p. 22854

SENATE

11. SEEDS. Passed as reported H. R. 15662, to revise the Federal Seed Act. p. 22858
12. LOANS. Passed without amendment H. R. 15510, to authorize the Secretary of Agriculture to hold prepayments made to the Department by insured loan borrowers on Farmers Home Administration loans and transmit them to the holders of the notes in installments. This bill will now be sent to the President. pp. 22858-9
13. LABOR-HEW APPROPRIATION BILL. Began debate on this bill, H. R. 14745. pp. 22857, 22889-902

FOOD FOR PEACE

SEPTEMBER 23, 1966.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 14929]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Food for Peace Act of 1966"*.

SEC. 2. *The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—*

(A) *By amending section 2 to read as follows:*

"SEC. 2. *The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.*"

(B) *By amending title I to read as follows:*

"TITLE I

"SEC. 101. *In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the*

sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: Provided, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) make sales agreements only with those countries which he determines to be friendly to the United States: Provided, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, Eighty-second Congress, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition and implements of war, so long as they are governed by a Communist regime, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of

the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public

media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefitting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: Provided, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted

into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, non-profit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

“(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

“(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

“(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

“(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

“(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: Provided, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: Provided, however, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

"(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: Provided, That no such funds may be utilized to promote religious activities;

"(g) For the purchase of goods or services for other friendly countries;

"(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

"(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

"(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation:

Provided, That—

"(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

"(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and

(g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

“(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session,

“(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

“SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

"(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

"SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

"(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

"(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other

than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 404, 405, 407, 408, and 409 shall be applicable to sales under this section.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(b) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) establishing and expanding institutions for adaptive agricultural research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations

to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals."

(D) By changing the designation "TITLE III—GENERAL PROVISIONS" to "TITLE III" and by striking out sections 304, 305, 306, 307, and 308.

(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"SEC. 402. The term 'agricultural commodity' as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: Provided, however, That the term 'agricultural commodity' shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred.

In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: Provided, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its agreements under such title.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol "(1)", by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out "foreign distribution,".

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States"; "and (4) above"; ", in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States"; and "The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help designed to alleviate the causes of the need for such assistance."

(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended (1) by inserting a period in lieu of the colon after the word "Act" and striking out the proviso; (2) by inserting after the word "manufactured" the word

"entirely"; and (3) by inserting before the comma following the words "surplus supply" the words "in the same manner as any other agricultural commodity or product is made available".

(e) Section 407 of the Agricultural Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: "Provided, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum (120 per centum in the case of wheat whenever its carryover will be less than 25 per centum of such estimated export and domestic consumption) of the current price support loan plus reasonable carrying charges."

SEC. 4. Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by CCC under its Export Credit Sales program. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the CCC annually for its actual costs incurred or to be incurred under its Export Credit Sales Program.

SEC. 5. This Act shall take effect as of January 1, 1967, except that section 4 shall take effect upon enactment.

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
B. EVERETT JORDAN,
GEORGE MCGOVERN,
GEORGE D. AIKEN,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in accompanying conference report.

The amendment of the Senate struck out all after the enacting clause of H.R. 14929 and substituted a new bill which differed from the House bill in some 38 different provisions. Following are the substantive differences between the House bill and the substitute agreed to by the conferees.

Short title.—The Senate amendment changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House bill. The conferees have agreed to the amendment made by the Senate but point out that this short title applies to this act only. It does not change the title of the basic legislation which remains "The Agricultural Trade Development and Assistance Act of 1954."

(All the changes in the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480, are contained in sec. 2 of H.R. 14929. For easy reference, therefore, changes in the House bill discussed here will be identified by sections and subsections in the revised text of the basic law and the basic law will be referred to as Public Law 480.)

Transition from soft currency sales.—Both the House bill and the Senate amendment contained a provision (sec. 103(b)) directing the President to take steps to insure a progressive transition from sales for foreign currency to sales for dollars at a rate whereby the transition could be completed by December 31, 1971. To this language the Senate added a sentence providing that, to the extent transition to dollars under the terms applicable to dollar sales (secs. 106 and 107) is not possible, transition may be made to sales for foreign currency on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and which would permit conversion to dollars at the exchange rate applicable to the sales agreement. This provides for convertible currency credit sales on terms similar to those in the House bill for dollar credit sales.

Sales to countries dealing with Cuba or North Vietnam.—The House bill (sec. 103(d)) prohibited the making of sales agreements for foreign currencies or dollar credit under Public Law 480, with any nation which "sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime."

To this provision the Senate added a proviso that the President might enter into a sales agreement with any such nation if he determined such sale to be in the national interest of the United States. It also provided that he might use funds appropriated to carry out Public Law 480 for the formulation and administration of such agreements, notwithstanding the requirements of any appropriation act.

The conferees agreed to drop the Senate amendment giving the President discretionary authority in this area and adopted the House language with an amendment striking out the words "equipment, materials, or commodities," and inserting in lieu thereof the materials covered by the Battle Act, which prohibits U.S. assistance to certain countries. This language reads as follows:

Items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, Eighty-second Congress, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition and implements of war.

The conference substitute does not contain the Senate language which would have superseded a similar prohibition in the Department of Agriculture Appropriation Act for 1967.

Publicizing foreign currency commodities.—The House bill (sec. 103(l)) required the President to obtain commitments from purchasing countries that, insofar as practicable, food commodities sold for foreign currencies would be marked or identified at the point of distribution or sale as being provided on a concessional basis through the generosity of the people of the United States. The Senate amendment struck out this provision and required that the President obtain commitments from purchasing countries to publicize widely to their people by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace. The conferees have agreed to retain the language of both the House and Senate bills.

Currency conversion.—The Senate amendment (sec. 103(m)) added two provisions with respect to convertibility of foreign currencies received under Public Law 480. The first is that such currencies should be made available for payment of U.S. obligations or charges payable to the government of the importing country or any of its agencies. This is intended to cover payments such as canal tolls for vessels owned by the U.S. Government and similar charges. It is consistent with existing law and was accepted by the House conferees.

The second convertibility requirement was that such additional amount of the foreign currency paid for Public Law 480 commodities as might be necessary to cover all normal expenditures of American tourists in the importing country (up to 25 percent of the foreign currencies received pursuant to each agreement) should be convertible. The House conferees accepted this amendment, also, with an amendment limiting its application to excess currency countries. Since all of the currencies involved in the convertible currency sales authorized in section 103(b) are fully convertible, this provision will not apply to such transactions.

Displacement of cash sales.—The House conferees accepted a Senate amendment (sec. 103(n)) requiring the President to take maximum

precautions to assure that sales for dollars on credit terms under this act shall not displace any sales of U.S. agricultural commodities which would otherwise be made for cash dollars. The House bill already contained a similar provision with respect to foreign currency sales and private dollar credit sales, which was retained by the conference.

Release of market development funds.—The House bill (sec. 104(b)(1)) contained a provision (which is a restatement of present law) that the Secretary of Agriculture may release such amounts of foreign currencies set aside for market development purposes as he determines will not be needed within a reasonable period of time for such purpose. The Senate amendment would have permitted such a release only after notification by the President to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of the proposed release and then only if neither committee adopted a resolution stating in substance that the committee did not favor such release. The committee of conference has accepted the Senate amendment as to that part requiring a report to be made to the two committees but eliminated that portion giving the committees the authority to veto the proposed release.

Emergency relief uses.—The House bill authorized (sec. 104(d)) the use of foreign currencies to meet emergency or extraordinary relief requirements overseas. The Senate added an amendment limiting this authority to requirements for other than food commodities and limited the amount which might be used to \$5 million in any fiscal year. This amendment was accepted by the conferees.

Planning food and nutritional programs.—The conferees did not accept a Senate amendment authorizing the use of foreign currencies for financing planning of national food and nutrition programs because they believe that this proposal is adequately covered by section 104(h) of the House bill.

Approval of grants.—The Senate added an amendment to section 104 subjecting certain foreign currency grants and uses of foreign currency loan repayments to appropriation act or committee approval. The amendment required that (a) subject to Presidential waiver, appropriation act authorization is required for grants under sections 104 (f), and (g) and for use of 10 percent of the foreign currencies under agreements prior to December 31, 1964, and 20 percent under agreements thereafter; and (b) it also required that grants (other than military assistance) of any foreign currencies, or any use of loan repayments could be made only after notice to, and the absence of disapproval action by, each of the congressional Agriculture Committees. The conferees have accepted this Senate amendment with an amendment striking out the authority of the congressional Agriculture Committees to veto a proposed grant but requiring Presidential notification to such committees in advance with respect to each such proposed action.

Interest on foreign currency loans.—The conferees accepted a modified Senate amendment requiring that interest rates on any loan made under the authority of section 104 of Public Law 480 should be not less than the cost of funds to the U.S. Treasury unless the President should designate a different rate after consultation with the advisory committee established under section 407 of the act.

Excess currency countries.—The conferees also accepted a Senate amendment which would exempt excess currency countries from the requirements described in the two preceding paragraphs. An excess currency country for the purposes of this section is one in which the

Secretary of the Treasury determines that the foreign currency or credits owned by the United States and available for use in such nation are in excess of the normal requirements of the Departments and agencies of the United States for expenditures in such nation for the 2 fiscal years following the fiscal year in which such determination is made. The amendment provides that the amount of any such excess currency shall be devoted, to the extent practicable and without regard to the requirements of section 1415 of the supplemental appropriation act, to the acquisition of sites, buildings, and grounds and to assist the purchasing nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. The President is required to advise the House and Senate Agriculture Committees of a determination by the Secretary of the Treasury that a country has become an excess currency country and to keep such committees advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

Terms of dollar credit sales.—The House bill (sec. 106) permitted sales on long-term dollar credit on the same terms authorized for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. This is presently a 40-year repayment period with a 10-year grace period during which no payments on the principal would have to be made, with interest at 1 percent during the grace period and 2½ percent thereafter. The Senate amendment reduced the payment period to 20 years and the grace period to 2 years and limited the delivery period of commodities under such an agreement to not more than 10 years. This is substantially the provision of the present law. In view of the provision in section 103(b) for foreign currency credit sales with the requirement that the currency be fully convertible to dollars, and with a maximum term similar to that in section 106 of the bill as passed by the House, the House conferees accepted the Senate amendment to section 106.

This amendment also requires that local currency proceeds of sales of commodities on long-term dollar credit be used in the recipient country for economic development purposes agreed upon between the two governments at the time the sale is made and written into the sales agreement.

Long-term dollar credit sales by the private trade.—Although the Senate amendment had substantially altered section 107, dealing with long-term dollar credit sales by the private trade, the conferees adopted substantially the House language on this section. The language adopted by the conference requires that the provisions of section 106 should apply to private trade dollar credit with respect also to the 10-year maximum delivery period and the 2-year deferral of the first payment. It also added to section 107(b) the requirement that the Secretary should take reasonable precautions to safeguard the usual marketings of the United States.

Section 107(d) stipulates the other sections of the act which are applicable to private trade agreements and to those listed in the House bill were added: Section 103(a) requiring the President to take self-help efforts into account; section 110 bringing private trade agreements within the total authorization of \$1.9 billion in any year, plus carry-over; section 401 providing for determination by the Secretary of Agriculture of commodities available for export and prohibiting dispositions which would result in a shortage; section 404 providing that

assistance be directed toward humanitarian objectives and U.S. interests; and section 405 providing for assistance to countries helping themselves to meet their food needs and population growth problems. Those provisions of section 103(d) which relate only to foreign currency sales do not, of course, apply to this section.

In agreeing to the House language of section 107, with the amendments noted, the conferees make the following observations about this section:

First, the agricultural commodities which may be exported under the authority of this section include livestock, if the particular livestock to be exported meet the requirements set out in section 401 with respect to available agricultural commodities generally; second, the term "private economic enterprise" in section 107(a) is intended to include private housing developments.

CCC commercial export credit.—Section 107 of the House bill also contained a provision permitting CCC export credit (now limited to CCC stocks) to be used also in the export of private stocks, and authorizing appropriations to CCC to reimburse it for credits extended under such program. The conferees have deleted this from section 107 of the revised language of Public Law 480 and have made it a separate section of the bill, appearing near the end as a new section 4.

Ocean freight charges.—The conference adopted, with an amendment, the Senate language of section 108, dealing with payment of ocean freight charges. This provides that CCC may finance ocean freight charges for sales of agricultural commodities for foreign currencies only to the extent that such charges are higher than would otherwise be the case by reason of the requirement that commodities be transported on U.S.-flag vessels. The balance of such charges for transportation in U.S. vessels is to be paid in dollars by the recipient nation or organization. This limitation does not apply to sales for dollar credit under sections 106 or 107 or sales on foreign currency credit terms (requiring full convertibility to dollars) under section 103(b).

Self-help for agriculture.—The conferees adopted a Senate amendment making it clear that the proviso in section 109, relating to self-help for agriculture in recipient countries, is to be a positive requirement that 20 percent of certain currencies be set aside for the self-help purposes described in section 109, rather than a standard suggested for the President's consideration.

Stipulation of self-help program in agreements.—The conferees also accepted a Senate amendment to section 109 which provides that each agreement entered into shall describe the programs which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities and for termination of such agreement whenever the President finds that such a program is not being adequately developed.

Authorization for title I.—The House bill provided an annual authorization of not to exceed \$2.5 billion, plus carryover, for title I. The Senate reduced this authorization to \$1.9 billion, plus carryover, and the conferees have agreed to the Senate figure.

Assistance to needy persons.—The conferees accepted a Senate amendment making it clear that assistance to needy persons authorized in section 201 is limited to agricultural commodity assistance. This is consistent with the intention of the House language.

Authorization for title II.—The House bill authorized programs of assistance (donations) under title II of not to exceed \$800 million per year, plus carryover. The Senate reduced this figure to \$600 million per year, plus carryover, and the committee of conference has accepted the Senate figure.

Assistance of other countries.—The committee of conference accepted a Senate provision stating that it is the sense of Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. The section also states that it is further the sense of Congress that as a means of achieving this objective, the United States should work for expansion of the United Nations world food program beyond its present established goals.

Guidelines as to "availability."—The conference agreed to a Senate amendment to section 401 establishing guidelines as to the availability of commodities for export under Public Law 480 and providing that no commodity shall be available for such distribution if it should reduce the domestic supply of such commodity below the quantity needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars. The conferees did not agree to a Senate amendment to section 401 which would have placed in the Secretary of Agriculture (instead of the President) the authority to determine the countries with which sales agreements would be made.

Agricultural commodity.—The conference agreed to a Senate amendment making it clear that the term "agricultural commodity" as used in this act means only agricultural commodities produced in the United States. This is merely a clarification of the intent of the House.

Alcoholic beverages and tobacco.—The conference also agreed to a Senate amendment prohibiting the sale or donation of alcoholic beverages under this act and the donation of tobacco or tobacco products. This is a restatement of the existing policies under which Public Law 480 is operated. No alcoholic beverages have ever been exported either by sale or through a donation program and tobacco has never been included in any donation program. In accepting this amendment the conferees intend that the Department of Agriculture shall continue its efforts to export tobacco as part of the sales programs authorized under title I of this act.

Budget presentation.—The conference agreed to a Senate amendment to section 403 requiring that the President, in presenting his budget, shall classify expenditures under this act as expenditures for international affairs and finance, rather than for agriculture and agricultural resources.

Advisory committee.—The conferees agreed to a Senate amendment to section 407, establishing a joint legislative-executive advisory committee on Public Law 480, which would add to the membership of the committee the Secretary of State, the Secretary of the Treasury, and the two ranking majority and minority members of the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.

Annual report.—The conferees agreed to a Senate amendment requiring the President's annual report to be made not later than April 1, and to describe the progress of each country's self-help program.

Cotton products.—The House bill contained an amendment to section 8 of Public Law 89-931 (not a part of Public Law 480) providing that cotton products could be exported under Public Law 480, if cotton constituted a "substantial portion" of the sales price. The conference committee has agreed to the Senate wording of this provision, with an amendment, providing that cotton products may be financed under Public Law 480 "in the same manner as any other agricultural commodity or product is made available" if the product to be financed is manufactured "entirely" of cotton. This would permit cotton product exports to be financed under the same circumstances as the products of other agricultural commodities.

Adjustment programs.—The House bill contained a provision requiring the Secretary of Agriculture, in planning voluntary production adjustment programs, to plan for a carryover at the end of the marketing year of not less than 25 percent of the total estimated requirements of such marketing year. The conferees agreed to strike this provision of the House bill.

CCC resale price.—The House bill contained a provision (not a part of Public Law 480) that whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year, of a price supported agricultural commodity for which a voluntary adjustment program is in effect, will be less than 25 percent of the estimated export and domestic consumption of such commodity, the CCC would be prohibited from selling any of its stocks of such commodity during such year for unrestricted use at less than 115 percent of the current support loan plus reasonable carrying charges (instead of 105 percent of the support loan plus carrying charges, as provided in existing law). The Senate amendment changed the 115-percent resale price to 120 percent and put in a special provision with respect to wheat that the higher resale price should become effective if the carryover dropped below 35 percent (instead of 25 percent as for other commodities). The conferees agreed to the House language with respect to commodities other than wheat and for wheat agreed that the 115-percent resale minimum should become effective if the carryover dropped below 35 percent and that the CCC resale minimum should be 120 percent if the supply dropped below 25 percent

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.



Mr. GIBBONS. Then, Mr. Chairman, I will yield back all of the time on this side with the exception of 2 hours which will be used tomorrow.

Mr. QUIE. If the gentleman will yield further, I yield back the remainder of time on this side, 29 minutes, and retain 2 hours for tomorrow for the minority.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. Mr. Chairman, I yield to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to ascertain from the gentleman who is managing the bill for the minority side if there are any other arrangements about the course, after any part of or all of the 2 hours remaining shall have been used tomorrow?

Mr. GIBBONS. There have been no arrangements reached on that, sir. Speaking for myself, I would only suggest that perhaps after completion of 4 hours' debate tomorrow, we can read the bill and then start on the 5-minute rule on Wednesday. Then let the course run, after that.

Mr. HALL. If the gentleman will yield further, I simply want to make a legislative record, without which I would be constrained to object to any such arrangement or unanimous-consent request when placed, that there is nothing to say that the reading of the bill for amendment under the 5-minute rule will or will not go over from tomorrow on completion of all general debate to Wednesday, or that it should be continued tomorrow.

I hope I made myself clear.

Mr. GIBBONS. I am not sure I understand, but I will yield myself another few minutes.

My purpose in working this out, I say to the gentleman from Missouri, is merely to save the time of the House so that we can use it for constructive debate. I believe that 2 hours tomorrow used on the other side and 2 hours on our side would be sufficient to discuss under the general debate provision of this rule the issues involved here.

Then we would move to the reading, under the 5-minute rule, and go over, so that on Wednesday we could start under the 5-minute rule and go right on through the bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. The gentleman is saying, then, that the bill would be read, but we would not embark upon the 5-minute rule tomorrow; is that correct?

Mr. GIBBONS. Yes, that is correct.

Mr. GROSS. I see.

Mr. GIBBONS. We would not start under the 5-minute rule for amendments tomorrow. We would just have the bill read so that we could start under the 5-minute rule. The first paragraph would be read.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I am glad to yield to the gentleman from Illinois.

Mr. ARENDS. I trust, in the recent agreement, we are looking a little farther down the road, to the point that there will be no disposition on the part of any Member on the other side to close up debate either on Wednesday or on Thursday. We have had some rather sad experiences, shall I say, as to closing debate in recent years. I trust the gentleman will not lend himself to closing debate on this important matter when the 5-minute rule comes up.

Mr. GIBBONS. Speaking only for myself, because I have not discussed this with other members of our committee, I have no intention of closing off debate on Wednesday, but I should like to see us reach a final vote on the bill on Thursday. I will be willing to work here until midnight or any other time on Thursday in order to get this done.

Mr. ARENDS. Might I ask the gentleman, is that an indication on the gentleman's part that if business is still before us in the way of amendments on Thursday he would be inclined to close off debate, in order to finish the bill on Thursday night?

Mr. GIBBONS. Only very late on Thursday evening.

I wish to say, as my chairman said earlier, I just do not want to be cruel to the Members. I have no desire to delay this, or to ask for any unfair advantage or anything of that sort. I want plenty of time so that we can debate under the 5-minute rule.

I do not intend to take time. I have no amendments to offer. Neither does the committee have any amendments to offer. I know of only one amendment to come from the Democratic side. There may be others.

I do not know how many amendments the other side has, but I understand they are in the nature of a substitute. I would imagine we can work that out as we go along.

I certainly want to cooperate in every way I can.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I am glad to yield to the gentleman from Minnesota [Mr. QUIE].

Mr. QUIE. I might say, about our amendments, we would propose to start with the substitute, which would come up as the first amendment on Wednesday. If we are successful, then that would be the last amendment that I know of which the members of the committee and the gentleman from New York [Mr. GOODELL], who is not here, would propose.

As the gentleman from Florida said, I do not know if there are other Members who have amendments that they want to offer.

However, if we are not successful on the substitute, then we would propose, as we go to each title, to try to make changes in the title conforming with the intent of the substitute.

Now, there are some provisions of the committee bill that we think are good and some that are not. So what I would attempt to do is change the ones we think are not acceptable and, of

course, do nothing to hamper the ones we think are good. I would hope we could finish by sometime Thursday evening, but I hope we will not close off debate as long as there are meaningful amendments before us.

Mr. GIBBONS. Mr. Chairman, do I understand we have reached an agreement now that on both sides we will yield back time to where we only have 2 hours of general debate tomorrow? That has been done, as I understand it. Is that correct?

The CHAIRMAN. In reply to the request of the gentleman from Florida, I think it would be fair to state the agreement as to yielding time is between you and the gentleman from Minnesota.

Mr. GIBBONS. Then, of course, the only other question is to get unanimous consent to come in at 11 o'clock tomorrow.

The CHAIRMAN. As to any agreement as to when the House comes back tomorrow, that will be settled, of course, when the Committee rises.

Mr. GIBBONS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. PRICE) having assumed the chair, Mr. BROOKS, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 15111) to provide for continued progress in the Nation's war on poverty, had come to no resolution thereon.

HOUR OF MEETING SEPTEMBER 27

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that all Members speaking during debate in Committee of the Whole may have leave to extend their remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

FOOD FOR PEACE—CONFERENCE REPORT

Mr. COOLEY, under previous order of the House, submitted the following conference report and statement on the bill H.R. 14929, the Food for Peace Act of 1966:

CONFERENCE REPORT (H. REPT. No. 2075)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having met, after full and free conference, have

agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Food for Peace Act of 1966'."

"Sec. 2. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—

"(A) By amending section 2 to read as follows:

"SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

"(B) By amending title I to read as follows:

"TITLE I

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) make sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or orga-

nization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, Eighty-second Congress, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition and implements of war, so long as they are governed by a Communist regime, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale of transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any

government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists or otherwise, of such additional amount (up on twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in

session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

"(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

"(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

"(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

"(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: *Provided*, That not more than a total amount equivalent

to \$5,000,000 may be made available for this purpose during any fiscal year;

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

"(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

"(g) For the purchase of goods or services for other friendly countries;

"(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

"(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

"(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation:

Provided, That—

"(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

"(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determine that it would be inappropriate or inconsistent with the purposes of this title,

"(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use

(except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session,

"(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposal to be used, and the effects of such use.

"Sec. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"Sec. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment

may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

"(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

"SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

"(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

"(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 404, 405, 407, 408, and 409 shall be applicable to sales under this section.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(d) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United

States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) establishing and expanding institutions for adaptive agricultural research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

"(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The

Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which calls for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased con-

tributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals.'

"(D) By changing the designation 'TITLE III—GENERAL PROVISIONS' to 'TITLE III' and by striking out sections 304, 305, 306, 307, and 308.

"(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"SEC. 402. The term "agricultural commodity" as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: *Provided, however*, That the term "agricultural commodity" shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants

to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75, of the Statutes at Large, as amended; and

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agree-

ments are in effect under title I in carrying out its agreements under such title.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act.

"SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol '(1)', by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

"(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out 'foreign distribution.'

"(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: 'and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States'; 'and (4) above'; 'in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States'; and 'The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help designed to alleviate the causes of the need for such assistance.'

"(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended (1) by inserting a period in lieu of the colon after the word 'Act' and striking out the proviso; (2) by inserting after the word 'manufactured' the word 'entirely'; and (3) by inserting before the comma following the words 'surplus supply' the words 'in the same manner as any other agricultural commodity or product is made available'.

"(e) Section 407 of the Agricultural Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: '*Provided*, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum (120 per centum in the case of wheat whenever its carryover will be less than 25 per centum of such estimated export and domestic consumption) of the current price support loan plus reasonable carrying charges.'

"SEC. 4. Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by CCC under its Export Credit Sales program. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the CCC annually for its actual costs incurred or to be incurred under its Export Credit Sales Program.

"SEC. 5. This Act shall take effect as of January 1, 1967, except that section 4 shall take effect upon enactment."

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
ALBERT H. QUIN,
MRS. CATHERINE MAY,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
B. EVERETT JORDAN,
GEORGE MCGOVERN,
GEORGE D. AIKEN,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in accompanying conference report.

The amendment of the Senate struck out all after the enacting clause of H.R. 14929 and substituted a new bill which differed from the House bill in some 38 different provisions. Following are the substantive differences between the House bill and the substitute agreed to by the conferees.

SHORT TITLE

The Senate amendment changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House bill. The conferees have agreed to the amendment made by the Senate but point out that this short title applies to this act only. It does not change the title of the basic legislation which remains "The Agricultural Trade Development and Assistance Act of 1954."

(All the changes in the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480, are contained in section 2 of H.R. 14929. For easy reference, therefore, changes in the House bill discussed here will be identified by sections and subsections in the revised text of the basic law and the basic law will be referred to as Public Law 480.)

TRANSITION FROM SOFT CURRENCY SALES

Both the House bill and the Senate amendment contained a provision (sec. 103(b)) directing the President to take steps to insure a progressive transition from sales for foreign currency to sales for dollars at a rate whereby the transition could be completed by December 31, 1971. To this language the Senate added a sentence providing that, to the extent transition to dollars under the terms applicable to dollar sales (secs. 106 and 107) is not possible, transition may be made to sales for foreign currency on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and which would permit conversion to dollars at the exchange rate applicable to the sales agreement. This provides for convertible currency credit sales on terms similar to those in the House bill for dollar credit sales.

SALES TO COUNTRIES DEALING WITH CUBA OR NORTH VIETNAM

The House bill (sec. 103(d)) prohibited the making of sales agreements for foreign currencies or dollar credit under Public Law 480, with any nation which "sells or furnishes or permits ships or aircraft under its regis-

try to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime."

To this provision the Senate added a proviso that the President might enter into a sales agreement with any such nation if he determined such sale to be in the national interest of the United States. It also provided that he might use funds appropriated to carry out Public Law 480 for the formulation and administration of such agreements, notwithstanding the requirements of any appropriation act.

The conferees agreed to drop the Senate amendment giving the President discretionary authority in this area and adopted the House language with an amendment striking out the words "equipment, materials, or commodities," and inserting in lieu thereof the materials covered by the Battle Act, which prohibits U.S. assistance to certain countries. This language reads as follows: "items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, Eighty-second Congress, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition and implements of war."

The conference substitute does not contain the Senate language which would have superseded a similar prohibition in the Department of Agriculture Appropriation Act for 1967.

PUBLICIZING FOREIGN CURRENCY COMMODITIES

The House bill (sec. 103(1)) required the President to obtain commitments from purchasing countries that, insofar as practicable, food commodities sold for foreign currencies would be marked or identified at the point of distribution or sale as being provided on a concessional basis through the generosity of the people of the United States. The Senate amendment struck out this provision and required that the President obtain commitments from purchasing countries to publicize widely to their people by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace. The conferees have agreed to retain the language of both the House and Senate bills.

CURRENCY CONVERSION

The Senate amendment (Sec. 103(m)) added two provisions with respect to convertibility of foreign currencies received under Public Law 480. The first is that such currencies should be made available for payment of U.S. obligations or charges payable to the government of the importing country or any of its agencies. This is intended to cover payments such as canal tolls for vessels owned by the U.S. Government and similar charges. It is consistent with existing law and was accepted by the House conferees.

The second convertibility requirement was that such additional amount of the foreign currency paid for Public Law 480 commodities as might be necessary to cover all normal expenditures of American tourists in the importing country (up to 25 percent of the foreign currencies received pursuant to each agreement) should be convertible. The House conferees accepted this amendment, also, with an amendment limiting its application to excess currency countries. Since all of the currencies involved in the convertible currency sales authorized in section 103 (b) are fully convertible, this provision will not apply to such transactions.

DISPLACEMENT OF CASH SALES

The House conferees accepted a Senate amendment (sec. 103(n)) requiring the President to take maximum precautions to as-

sure that sales for dollars on credit terms under this act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars. The House bill already contained a similar provision with respect to foreign currency sales and private dollar credit sales, which was retained by the conference.

RELEASE OF MARKET DEVELOPMENT FUNDS

The House bill (sec. 104(b)(1)) contained a provision (which is a restatement of present law) that the Secretary of Agriculture may release such amounts of foreign currencies set aside for market development purposes as he determines will not be needed within a reasonable period of time for such purpose. The Senate amendment would have permitted such a release only after notification by the President to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of the proposed release and then only if neither committee adopted a resolution stating in substance that the committee did not favor such release. The committee of conference has accepted the Senate amendment as to that part requiring a report to be made to the two committees but eliminated that portion giving the committees the authority to veto the proposed release.

EMERGENCY RELIEF USES

The House bill authorized (sec. 104(d)) the use of foreign currencies to meet emergency or extraordinary relief requirements overseas. The Senate added an amendment limiting this authority to requirements for other than food commodities and limited the amount which might be used to \$5 million in any fiscal year. This amendment was accepted by the conferees.

PLANNING FOOD AND NUTRITIONAL PROGRAMS

The conferees did not accept a Senate amendment authorizing the use of foreign currencies for financing planning of national food and nutrition programs because they believe that this proposal is adequately covered by section 104(h) of the House bill.

Approval of Grants. The Senate added an amendment to Section 104 subjecting certain foreign currency grants and uses of foreign currency loan repayments to Appropriation Act or committee approval. The amendment required that: (A) subject to Presidential waiver, appropriation Act authorization is required for grants under sections 104 (f) and (g) and for use of 10 percent of the foreign currencies under agreements prior to December 31, 1964 and 20 percent under agreements thereafter; and (B) it also required that grants (other than military assistance) of any foreign currencies, or any use of loan repayments could be made only after notice to, and the absence of disapproval action by, each of the congressional agriculture committees. The conferees have accepted this Senate amendment with an amendment striking out the authority of the congressional agriculture committees to veto a proposed grant but requiring Presidential notification to such committees in advance with respect to each such proposed action.

INTEREST ON FOREIGN CURRENCY LOANS

The conferees accepted a modified Senate amendment requiring that interest rates on any loan made under the authority of section 104 of Public Law 480 should be not less than the cost of funds to the U.S. Treasury unless the President should designate a different rate after consultation with the Advisory Committee established under section 407 of the act.

EXCESS CURRENCY COUNTRIES

The conferees also accepted a Senate amendment which would exempt excess currency countries from the requirements described in the two preceding paragraphs. An excess currency country for the purposes

of this section is one in which the Secretary of the Treasury determines that the foreign currency or credits owned by the United States and available for use in such nation are in excess of the normal requirements of the Departments and agencies of the United States for expenditures in such nation for the 2 fiscal years following the fiscal year in which such determination is made. The amendment provides that the amount of any such excess currency shall be devoted, to the extent practicable and without regard to the requirements of section 1415 of the Supplemental Appropriation Act, to the acquisition of sites, buildings, and grounds and to assist the purchasing nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. The President is required to advise the House and Senate Agricultural Committees of a determination by the Secretary of the Treasury that a country has become an excess currency country and to keep such committees advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

TERMS OF DOLLAR CREDIT SALES

The House bill (sec. 106) permitted sales on long-term dollar credit on the same terms authorized for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. This is presently a 40-year repayment period with a 10-year grace period during which no payments on the principal would have to be made, with interest at 1 percent during the grace period and 2½ percent thereafter. The Senate amendment reduced the payment period to 20 years and the grace period to 2 years and limited the delivery period of commodities under such an agreement to not more than 10 years. This is substantially the provision of the present law. In view of the provision in section 103(b) for foreign currency credit sales with the requirement that the currency be fully convertible to dollars, and with a maximum term similar to that in section 106 of the bill as passed by the House, the House conferees accepted the Senate amendment to section 106.

This amendment also requires that local currency proceeds of sales of commodities on long-term dollar credit be used in the recipient country for economic development purposes agreed upon between the two governments at the time the sale is made and written into the sales agreement.

LONG-TERM DOLLAR CREDIT SALES BY THE PRIVATE TRADE

Although the Senate amendment had substantially altered section 107, dealing with long-term dollar credit sales by the private trade, the conferees adopted substantially the House language on this section. The language adopted by the conference requires that the provisions of section 106 should apply to private trade dollar credit with respect also to the 10-year maximum delivery period and the 2-year deferral of the first payment. It also added to section 107(b) the requirement that the Secretary should take reasonable precautions to safeguard the usual marketings of the United States.

Section 107(d) stipulates the other sections of the act which are applicable to private trade agreements and to those listed in the House bill were added: Section 103(a) requiring the President to take self-help efforts into account; section 110 bringing private trade agreements within the total authorization of \$1.9 billion in any year, plus carryover; section 401 providing for determination by the Secretary of Agriculture of commodities available for export and prohibiting dispositions which would result in a shortage; section 404 providing that assistance be directed toward humanitarian objectives and

United States interests; and section 405 providing for assistance to countries helping themselves to meet their food needs and population growth problems. Those provisions of section 103(d) which relate only to foreign currency sales do not, of course, apply to this section.

In agreeing to the House language of section 107, with the amendments noted, the conferees make the following observations about this section:

First, the agricultural commodities which may be exported under the authority of this section include livestock, if the particular livestock to be exported meet the requirements set out in section 401 with respect to available agricultural commodities generally; second, the term "private economic enterprise" in section 107(a) is intended to include private housing developments.

CCC COMMERCIAL EXPORT CREDIT

Section 107 of the House bill also contained a provision permitting CCC export credit (now limited to CCC stocks) to be used also in the export of private stocks, and authorizing appropriations to CCC to reimburse it for credits extended under such program. The conferees have deleted this from section 107 of the revised language of Public Law 480 and have made it a separate section of the bill, appearing near the end as a new section 4.

OCEAN FREIGHT CHARGES

The conference adopted, with an amendment, the Senate language of section 108, dealing with payment of ocean freight charges. This provides that CCC may finance ocean freight charges for sales of agricultural commodities for foreign currencies only to the extent that such charges are higher than would otherwise be the case by reason of the requirement that commodities be transported on United States flag vessels. The balance of such charges for transportation in United States vessels is to be paid in dollars by the recipient nation or organization. This limitation does not apply to sales for dollar credit under sections 106 or 107 or sales on foreign currency credit terms (requiring full convertibility to dollars) under section 103(b).

SELF-HELP FOR AGRICULTURE

The conferees adopted a Senate amendment making it clear that the proviso in section 109, relating to self-help for agriculture in recipient countries, is to be a positive requirement that 20 percent of certain currencies be set aside for the self-help purposes described in section 109, rather than a standard suggested for the President's consideration.

STIPULATION OF SELF-HELP PROGRAM IN AGREEMENTS

The conferees also accepted a Senate amendment to section 109 which provides that each agreement entered into shall describe the programs which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities and for termination of such agreement whenever the President finds that such a program is not being adequately developed.

AUTHORIZATION FOR TITLE I

The House bill provided an annual authorization of not to exceed \$2.5 billion, plus carryover, for title I. The Senate reduced this authorization to \$1.9 billion, plus carryover, and the conferees have agreed to the Senate figure.

ASSISTANCE TO NEEDY PERSONS

The conferees accepted a Senate amendment making it clear that assistance to needy persons authorized in section 201 is limited to agricultural commodity assistance. This is consistent with the intention of the House language.

AUTHORIZATION FOR TITLE II

The House bill authorized programs of assistance (donations) under title II or not to exceed \$800 million per year, plus carryover. The Senate reduced this figure to \$600 million per year, plus carryover, and the committee of conference has accepted the Senate figure.

ASSISTANCE OF OTHER COUNTRIES

The committee of conference accepted a Senate provision stating that it is the sense of Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. The section also states that it is further the sense of Congress that as a means of achieving this objective, the United States should work for expansion of the United Nations world food program beyond its present established goals.

GUIDELINES AS TO "AVAILABILITY"

The conference agreed to a Senate amendment to section 401 establishing guidelines as to the availability of commodities for export under Public Law 480 and providing that no commodity shall be available for such distribution if it should reduce the domestic supply of such commodity below the quantity needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars. The conferees did not agree to a Senate amendment to section 401 which would have placed in the Secretary of Agriculture (instead of the President) the authority to determine the countries with which sales agreements would be made.

AGRICULTURAL COMMODITY

The conference agreed to a Senate amendment making it clear that the term "agricultural commodity" as used in this act means only agricultural commodities produced in the United States. This is merely a clarification of the intent of the House.

ALCOHOLIC BEVERAGES AND TOBACCO

The conference also agreed to a Senate amendment prohibiting the sale or donation of alcoholic beverages under this act and the donation of tobacco or tobacco products. This is a restatement of the existing policies under which Public Law 480 is operated. No alcoholic beverages have ever been exported either by sale or through a donation program and tobacco has never been included in any donation program. In accepting this amendment the conferees intend that the Department of Agriculture shall continue its efforts to export tobacco as part of the sales programs authorized under title I of this act.

BUDGET PRESENTATION

The conference agreed to a Senate amendment to section 403 requiring that the President, in presenting his budget, shall classify expenditures under this act as expenditures for international affairs and finance, rather than for agriculture and agricultural resources.

ADVISORY COMMITTEE

The conferees agreed to a Senate amendment to section 407, establishing a joint legislative-executive advisory committee on Public Law 480, which would add to the membership of the committee the Secretary of State, the Secretary of the Treasury, and the two ranking majority and minority members of the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.

ANNUAL REPORT

The conferees agreed to a Senate amendment requiring the President's annual report to be made not later than April 1, and to describe the progress of each country's self-help program.

COTTON PRODUCTS

The House bill contained an amendment to section 8 of the Public Law 89-931 (not a part of Public Law 480) providing that cotton products could be exported under Public Law 480, if cotton constituted a "substantial portion" of the sales price. The conference committee has agreed to the Senate wording of this provision, with an amendment, providing that cotton products may be financed under Public Law 480 "in the same manner as any other agricultural commodity or product is made available" if the product to be financed is manufactured "entirely" of cotton. This would permit cotton product exports to be financed under the same circumstances as the products of other agricultural commodities.

ADJUSTMENT PROGRAMS

The House bill contained a provision requiring the Secretary of Agriculture, in planning voluntary production adjustment programs, to plan for a carryover at the end of the marketing year of not less than 25 percent of the total estimated requirements of such marketing year. The conferees agreed to strike this provision of the House bill.

CCC RESALE PRICE

The House bill contained a provision (not a part of Public Law 480) that whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year, of a price supported agricultural commodity for which a voluntary adjustment program is in effect, will be less than 25 percent of the estimated export and domestic consumption of such commodity, the CCC would be prohibited from selling any of its stocks of such commodity during such year for unrestricted use at less than 115 percent of the current support loan plus reasonable carrying charges (instead of 105 percent of the support loan plus carrying charges, as provided in existing law). The Senate amendment changed the 115 percent resale price to 120 percent and put in a special provision with respect to wheat that the higher resale price should become effective if the carryover dropped below 35 percent (instead of 25 percent as for other commodities). The conferees agreed to the House language with respect to commodities other than wheat and for wheat agreed that the 115 percent resale minimum should become effective if the carryover dropped below 35 percent and that the CCC resale minimum should be 120 percent if the supply dropped below 25 percent.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.

U.S. TROOPS IN THE MEKONG DELTA AREA

(Mr. BINGHAM asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous material.)

Mr. BINGHAM. Mr. Speaker, for some weeks there have been reports that the administration was giving serious consideration to sending U.S. troops into the Mekong Delta region in South Vietnam where no operational U.S. land forces have been before. An article in today's Washington Post indicates that such a decision is imminent.

Such an extension of U.S. military activities in Vietnam into an area where there are no North Vietnamese troops would be most unfortunate, especially

coming so soon after Ambassador Goldberg's splendid speech at the United Nations. Surely Hanol's prompt and predictable rejection of the Goldberg initiative should not be accepted as the final answer. A move now to extend and expand the war would make the Goldberg offer look like a phony, which is just what the Communists say it is. Such a move would largely destroy the good effects of the Goldberg initiative upon the member states at the United Nations General Assembly and upon the state of mind of the Secretary General, U Thant.

The reason given in the Post story for the projected move of American troops into the delta area is that it is needed to prevent a large part of the rice harvest from being diverted by the Vietcong, as it has been in the past.

It seems almost incredible that we could be thinking of sending American troops into this large and difficult area for such a reason. In the delta region South Vietnamese troops are opposing the Vietcong in what is essentially a civil war, with both sides receiving aid from outside. According to the Post story "The commander of the Vietnamese 4th Corps area, which groups in the delta Provinces, has long opposed the introduction of U.S. troops," and, further: "Many Vietnamese claim the Mekong Delta, which is the greatest concentration of the country's 16 million people, is the only area not dominated by Americans, and they want to keep it that way."

It is clear that a large number of American troops would be required to protect the rice harvest and make sure that the rice gets into South Vietnamese hands. Surely it would be far less expensive, as well as far more desirable politically, for the United States to supply whatever rice may be diverted if American troops are not sent in.

Following is the text of the article in this morning's Washington Post:

DECISION NEAR ON USING GI'S TO GUARD VIET RICE

(By John Maffre)

A decision is imminent in South Vietnam on sending the first U.S. troops into the densely populated Mekong Delta in time to help guard the rice harvest and to assure that most of it reaches Saigon.

The U.S. Mission there has been holding increasingly urgent talks on this touchy political point, it was learned here. So far U.S. troops have been deployed only in three of the four military corps areas of South Vietnam.

But a decision is being forced on South Vietnamese and American authorities, AID officials here say, because the Vietcong skill at siphoning off the crop has forced a massive importation of U.S. rice for the third successive year into a country once known as the rice basket of Asia.

AID officials say a major problem is the Cambodian rice dealers, mostly Chinese, who traffic with the Vietcong to get rice to sell abroad. Officials say that Cambodia is exporting rising amounts of rice to countries in Africa—once a prime South Vietnamese market—despite a static level of production in Cambodia.

Some Americans say that a higher level of priority must be given to the river patrol activity if there is to be any effective check on the amount of rice flowing north to Cambodia instead of east to Saigon.

The introduction of U.S. troops into the Delta would invoke not only strictly military problems but political and emotional ones that the Mission has tried to avoid.

The commander of the Vietnamese Fourth Corps area, which groups in the Delta provinces, has long opposed the introduction of U.S. troops. Despite the buildup elsewhere, the three understrength South Vietnamese divisions in the Delta are aided only by American advisers and given air support by U.S.A.F. and U.S. Army aviation units.

STATUS QUO SOUGHT

Many Vietnamese claim the Mekong Delta, which is the greatest concentration of the country's 16 million people, is the only area not dominated by Americans, and they want to keep it that way.

U.S. military leaders, on the other hand, are convinced that South Vietnam must remain in a state of seige until government or American troops or both can break the physical and economic grip which the Vietcong and their predecessors, the Vietminh, have exerted on the area since the early 1940s.

In the past three years Saigon's control area of the Delta has shrunk. There have been relatively few major military actions in the region compared to the fights north of Saigon, in the central highlands and near the 17th parallel.

The biggest military problem is that harvest protection in the vast Delta would swallow the large number of troops.

SMALL FIELDS PROTECTED

In previous years U.S. Army and Marine Corps units have protected the harvest of small, selected rice fields north of Saigon. This did not require a large troop deployment and it also paid off psychologically among the peasants who were protected.

But the Delta is a larger problem. Ideally, much of this protection should come from the National Police, which now total 55,000 and from provincial and district militiamen. But Public Safety experts here say this force is nowhere near the level or the competence needed for such a task.

Apart from shepherding the peasants as they gather rice, a major job will be to guarantee that the ramshackle trucks and barges loaded with rice can be protected on their way to the mills of Saigon or other major points in the delta.

Some AID experts here estimated that South Vietnam, which in 1963 exported about 323,000 tons of rice from its 3-million-ton production, will probably have to import more than 600,000 tons in 1966 to feed its people.

TRADE ACTIVITY AND POTENTIAL IN PUERTO RICO

(Mr. ROLANCO-ABREU asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. POLANCO-ABREU. Mr. Speaker, in connection with the opening of World Trade Week in Puerto Rico and the Virgin Islands, Secretary of Commerce John T. Connor, made an address at the Sheraton Hotel in Santurce, P.R., on September 18, 1966. On this occasion, Secretary Connor delivered a message from President Johnson and then added his own observations on trade activity and potential in Puerto Rico. I should like to bring this address to the attention of our colleagues who, I am sure, are interested in what we are doing tradewise in Puerto Rico and how we are seeking world markets for our industrial products.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 6, 1966
For actions of Oct. 5, 1966
89th-2nd; No. 169

CONTENTS

Animal research.....	34	Fish protein.....	15	Property.....	29
Appropriations.....	34,45	Flood insurance.....	32	Reclamation.....	28
Banking.....	42	Food for peace.....	1	Recreation.....	36,40
Bread prices.....	41	Food marketing.....	21	River basin.....	30
Budget.....	25	Foreign aid.....	14	Rural development.....	7
Child nutrition.....	2	4-H Clubs.....	22	School milk.....	20
Congressional.....		Inflation.....	25	Seeds.....	3
organization.....	18,44	Lands.....	37	Supplemental.....	
Conservation.....	28	Legislative record.....	23	appropriations.....	34
Consumers.....	9	Loans.....	11	Taxation.....	31
Credit.....	42	Manpower.....	17	Timber cutting.....	34
Demonstration cities....	19	Mining.....	28	Tobacco.....	27
Education.....	5,12	Naval stores.....	43	Transportation.....	13
Experiment station.....	39	Personnel.....	10	Voting record.....	26
Farm credit.....	8	Political activity.....	35	Water resources.....	38
Farm program.....	6	Poverty.....	4,10,16,24	Wildlife.....	33

HIGHLIGHTS: House agreed to Conference report on child nutrition bill. House agreed to Senate amendments to bill revising Federal Seed Act. Rep. Langen criticized Administration's farm program.

HOUSE

1. FOOD FOR PEACE. Recommitted, 306-61, to conference H. R. 14929, the food-for-peace bill, with instructions to insist on the provision restricting sales of agricultural commodities to any nation that ships equipment, materials, or commodities to Cuba or North Vietnam. pp. 24314-25
2. CHILD NUTRITION. Agreed to the conference report on S. 3467, the child nutrition bill. pp. 24313-4

3. SEEDS. Agreed to Senate amendments to H. R. 15662, to revise the Federal Seed Act. This bill will now be sent to the President. p. 24313
4. POVERTY. Conferees were appointed on H. R. 15111, to continue and change various programs under the Economic Opportunity Act. p. 24326
5. EDUCATION. Began debate on H. R. 13161, to strengthen and improve programs of assistance for elementary and secondary schools. pp. 24328-47, 24377-8
6. FARM PROGRAM. Rep. Langen reviewed various criticisms of the Administration's farm program by the Republican Policy Committee. pp. 24365-6
7. RURAL DEVELOPMENT. Rep. Moeller recommended S. 2934, the rural community development districts bill. pp. 24378-9
8. FARM CREDIT. The Banking and Currency Committee reported without amendment S. J. Res. 153, to provide for medals in commemoration of the 50th anniversary of the Federal land bank system (H. Rept. 2193). p. 24387
9. CONSUMERS. Rep. Rosenthal reviewed and requested additional actions to protect consumers. pp. 24379-81
10. PERSONNEL; POVERTY. Rep. Bob Wilson claimed the administration is "hypocritical" in vetoing the Government employees' life insurance bill, then favoring the poverty bill. p. 24364

SENATE

11. LOANS. The Agriculture and Forestry Committee reported with amendments S. 688, to extend loan eligibility to non-profit corporations for rural renewal activities (S. Rept. 1676). p. 24184
12. EDUCATION. The Labor and Public Works Committee reported with amendments H. R. 14644, the proposed Higher Education Amendments of 1966 (S. Rept. 1677). p. 24184
Began debate on S. 3046, to strengthen and improve programs of assistance for elementary and secondary schools. pp. 24244, 24255-99
The Finance Committee reported without amendment H. R. 8664, to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials, opened for signature at Lake Success on Nov. 22, 1950 (S. Rept. 1679). p. 24184
13. TRANSPORTATION. Conferees were appointed on H. R. 15963, to establish a Department of Transportation. House conferees have been appointed. p. 24244
14. FOREIGN AID. Passed, 52-22, with amendments H. R. 17788, the foreign aid appropriation bill (pp. 24224-244). Agreed to an amendment by Sen. Ellender to reduce by \$27 million appropriations for development loans (pp. 24239-40). Conferees were appointed. House conferees have not been appointed.
15. FISH PROTEIN. Conferees were appointed on S. 2720, to authorize the Interior Department to develop practicable and economic means for production by the commercial fishing industry of fish protein concentrate. House conferees have not been appointed. pp. 24299-300

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

NATIONAL MUSEUM ACT OF 1965

Mr. JONES of Missouri. Mr. Speaker, I call up the conference report on the bill (S. 1310) relating to the National Museum of the Smithsonian Institution, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of October 4, 1966.)

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. JONES of Missouri. I yield to my colleague from Missouri.

Mr. HALL. Mr. Speaker, I appreciate my colleague from Missouri yielding to me. I simply have one question. As I understand the statement of the managers on the part of the House, we acceded to the original provision of paragraph (b) of section 2 of the Senate bill, S. 1310. The effect of this is to encumber a future Congress in increasing amounts as to the purpose of this continuing Smithsonian Institution authority. Is that correct?

Mr. JONES of Missouri. Well, that is perfectly correct. In other words we acceded to them to accept a limitation. Rather than \$200,000, it goes up to a maximum of \$300,000 and they would then have to come back to the Congress for reappraisal.

Mr. HALL. If the gentleman will yield further, Mr. Speaker, in this time of deficit spending, in this time of war, and in this time when the President is telling us to hold back on further expenses, to say nothing of encumbering future Congresses; will the gentleman from Missouri please tell the House in a few brief words why it was necessary to recede from the House position and accede to the Senate with respect to future expenditures in this area?

Mr. JONES of Missouri. I might say to the gentleman the reason why we did this was because we were just outvoted, to be perfectly frank with you. However, I think the limitation of \$200,000 for the first year would not have any effect on the bill itself. Of course, all of these will be subject to review by the Committee on Appropriations each year and after it has been operated for 3 years they would have to come back to the Congress for reappraisal.

Mr. HALL. Mr. Speaker, what I am worried about is not \$200,000 for fiscal year 1968 but the \$250,000 for fiscal year 1969 and the \$250,000 for fiscal year 1970 and the \$300,000 for fiscal year 1971. This is backdoor spending. I presume

that is based and predicated on the continuation of inflation and mounting Government expense as well as that of the need of the Smithsonian Institution to make long-range commitments. However, it does encumber a future Congress and, in fact, the next two Congresses, as far as these amounts are concerned. In the opinion of my colleague from Missouri, was this a worthwhile sacrifice in order to stipulate review by the committee at the end of these fiscal years?

Mr. JONES of Missouri. I might say that we had to reach some compromise on the wording of the bill or we would not have had any bill. The House version was an open-end commitment, while the Senate placed a limitation of \$200,000 per year. Our committee felt that this was a worthwhile activity and we felt there was sufficient consideration by the Congress when it does come before the Committee on Appropriations. So I think it is safeguarded in that respect.

Mr. HALL. We constantly hear about an authorizing bill not being valid when it comes before the Committee on Appropriations, but I submit that when the appropriation bill is brought up the argument is invariably advanced that the operative committee members have to appropriate, or they have to provide ways and means by some method or manner for everything that has been previously authorized by the legislative committee of the House. I hope that in the future the managers on the part of the House will not seek to encumber a future Congress whose membership might be drastically changed.

I thank the gentleman for yielding and for giving me the opportunity of making this legislative record.

Mr. JONES of Missouri. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SAVING FREEDOM AND DEMOCRACY IN VIETNAM BY DESTROYING THE WORLD

(Mr. FARBSTAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FARBSTAIN. Mr. Speaker, former President Eisenhower belies his reputation as a man of moderation and caution by his apparent advocacy of the nuclear threat in Vietnam. The former Commander in Chief seems to be saying that he would risk a global holocaust to achieve our limited aims in southeast Asia. If we follow the Eisenhower dictum, it seems to me, we would be saving freedom and democracy in Vietnam by destroying the world.

Mr. Speaker, in these days when we are imploring other nations to forgo nuclear arms, Mr. Eisenhower suggests that we rattle our own weapons to strike fear in the enemies' heart. Our only hope for halting proliferation is to demonstrate just how responsible we can be in our nuclear policies. Mr. Eisenhower does this country a serious disservice by

proposing that we use our nuclear power where it suits us—and the rest of world be damned.

I condemn that viewpoint. We deserve the world's confidence only if we show we are capable of the utmost restraint in exercising our nuclear strength. I am certain our President and those others in authority will make evident to the people of this Nation and the world that the mere thought of the use of nuclear arms is repulsive to this enlightened Nation.

AMEND FEDERAL SEED ACT

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15662) to amend the Federal Seed Act (53 Stat. 1275), as amended, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 19, strike out "of" where it appears the second time and insert "for".

Page 3, line 9, strike out "Stated:" and insert "Stated:".

Page 3, line 12, strike out "label;" and insert "label;".

Page 3, line 20, strike out "1571(B))" and insert "1571(b))".

Page 4, line 13, strike out "The" and insert "the".

Page 8, line 17, strike out "noxious weed" and insert "noxious-weed".

Page 10, line 3, after "12," insert "(a)".

Page 10, line 19, strike out "(b)" and insert "(b)".

Page 10, line 21, strike out "(e)" and insert "(e)".

Page 11, line 8, strike out "stated." and insert "stated.".

Page 11, line 11, strike out "Any" and insert "any".

Page 11, line 23, strike out "Any" and insert "any".

Page 14, line 16, strike out "pure-live" and insert "live".

Page 14, line 20, after "time" insert "to time".

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AN ACT TO AMEND THE NATIONAL SCHOOL LUNCH ACT, AS AMENDED, TO STRENGTHEN AND EXPAND FOOD SERVICE PROGRAMS FOR CHILDREN

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill S. 3467, "An act to amend the National School Lunch Act, as amended, to strengthen and expand food service programs for children," and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 21, 1966.)

Mrs. MAY. Mr. Speaker, will the distinguished gentleman from North Carolina yield?

Mr. COOLEY. Mr. Speaker, I am delighted to yield to the distinguished gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to extend her remarks at this point in the RECORD.)

Mrs. MAY. Mr. Speaker, it was my privilege to serve as a conferee with respect to the Child Nutrition Act of 1966, and I feel this is indeed a highly constructive piece of legislation.

This measure is unique in that it blends innovation with prudence, thereby providing the assurance that the ultimate benefactor of the legislation will be the children of America.

It is important to note that this legislation does not in any manner change the school lunch program. It will permit this program to work in the future just as it has in the past and at the level of appropriation set by the Congress.

The Child Nutrition Act, then, adds to the school lunch program. It provides for the continuation of the special milk program for an additional 3 years, the program through which milk at reduced prices is made available to children in schools, summer camps, and similar institutions.

In addition, the measure provides for two new programs. The first, the school breakfast program, would be carried out in substantially the same manner that the schools are now carrying out the lunch and milk programs. I would like to point out, however, that our committee had a great many reservations about going into this new area on anything but an experimental basis, because we wanted to see proof that the program could be wisely and practically applied. We committee members also wanted to be sure that this approach did not in any manner or means interfere with the established school lunch program. It was for that reason that the program was put on a strictly 2-year pilot program.

The second new program would provide schools in low-income areas with funds to acquire equipment for the purpose of establishing, maintaining, and expanding school food service programs. This part of the program will be carried out on a cost-sharing basis with the State and local areas, and it will bring the school food service into areas where children are most in need of it.

Mr. Speaker, this is a good program, and it gives me a great deal of pleasure to know that I have had some small part in seeing it come into being.

Mr. COOLEY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

CONCURRENT RESOLUTION TO CORRECT THE TITLE OF S. 3467

Mr. COOLEY. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 1028) and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 1028

Resolved by the House of Representatives (the Senate concurring). That in the enrollment of the bill (S. 3467) to amend the National School Lunch Act, as amended, to strengthen and expand food service programs for children, the Secretary of the Senate be, and he is hereby, authorized and directed to correct the title so as to read: "An Act to strengthen and expand food service programs for children."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

TO PROMOTE INTERNATIONAL TRADE IN AGRICULTURAL COM- MODITIES, TO COMBAT HUNGER AND MALNUTRITION, TO FUR- THER ECONOMIC DEVELOPMENT, AND FOR OTHER PURPOSES

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H.R. 14929), an act to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

CALL OF THE HOUSE

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. COOLEY. Mr. Speaker, I move the call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 334]

Addabbo	Dyal	Irwin
Albert	Edwards, Ala.	Kupferman
Ashley	Evans, Colo.	Leggett
Aspinall	Farnsley	McCarthy
Brock	Fisher	McMillan
Brown, Calif.	Flynt	McVicker
Callaway	Fulton, Tenn.	Macdonald
Celler	Grider	Martin, Ala.
Clark	Gross	Martin, Mass.
Cleveland	Grover	Martin, Nebr.
Corman	Halleck	Morris
Craley	Harvey, Ind.	Morrison
Curtis	Hébert	Morse
Duncan, Oreg.	Hull	Morton

Murray	Rosenthal	Tunney
O'Konski	Schisler	Tupper
Olsen, Mont.	Scott	Walker, Miss.
O'Neill, Mass.	Sickles	Walker, N. Mex.
Ottinger	Sisk	Watkins
Powell	Stanton	Watson
Purcell	Stephens	Weltner
Rees	Stratton	White, Idaho
Reid, N.Y.	Sullivan	Widnall
Reinecke	Sweeney	Willis
Resnick	Teague, Tex.	Wilson, Bob
Rivers, Alaska	Thompson, Tex	Wolf
Rogers, Tex.	Toll	
Roncalio	Tuck	

The SPEAKER. On this rollcall 346 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The Clerk will read the statement of the managers on the part of the House.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 23, 1966.)

Mr. COOLEY (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement of the managers on the part of the House be dispensed with. I think everyone is familiar with the statement.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The gentleman from North Carolina is recognized for 1 hour.

Mr. COOLEY. Mr. Speaker, I want to make a brief statement.

First I want to say that this is a very, very important bill, which came out of the Committee on Agriculture by a vote of 33 to 2 and passed the House by a vote of 333 to only 20. Our bill was called the Food for Freedom Act of 1966. The Senate bill was called the Food for Peace Act of 1966. We went to conference and we made a diligent effort to retain the House provisions. We had a long discussion, much of it about the name of the bill, which, of course, all of us know stems from Public Law 480, which has operated for 12 years.

Mr. Speaker, under Public Law 480, we have shared our great abundance with less fortunate people in other parts of the world.

Mr. Speaker, hundreds of millions of people in more than 100 nations of this earth have been permitted to share in this great abundance which we have harvested from our own flourishing fields.

Mr. Speaker, I have maintained for many years that bread and butter will be more effective in the cause of peace than bullets, bayonets, and bombs.

Mr. Speaker, this program that we have here under consideration, is a program which more or less embraces that theory, because we are now about to embark upon an entirely different program from the programs which we have exercised in the past.

Mr. Speaker, under the programs of the past we have taken away from production more than 50 million acres of

fertile farmland. And, we did that at a time when we were living in a hungry world. We did it at a time when 12,000 human beings were dying daily of starvation.

Mr. Speaker, it is my recollection that I stated at the time the bill was pending before the House earlier that I have never seen a finer array of witnesses in any committee room of this Congress than those who came to talk to us about the problem of the world population explosion, and the world food crisis which we are told is now approaching us.

Mr. Speaker, we had witnessed from the great universities, witnesses from the Ford Foundation, and witnesses from the Rockefeller Foundation, and witnesses from throughout our entire Nation. I do not recall, Mr. Speaker, that a single witness appeared in opposition to this bill.

Mr. Speaker, the only controversy that now remains is the controversy dealing with the involvement with North Vietnam and Cuba. Mr. Speaker, we had very strict language in the House bill which provided that no latitude was given for shipment of any articles to those areas.

Mr. Speaker, I believe that everyone in this House knew at the time what we were doing. However, when we got into conference, the other body insisted upon other provisions, and we were in a situation where we had to compose some differences. We did compose the differences. And, actually, we wrote into the conference report the Battle Act—the Trading with the Enemy Act. But, that applies to only certain munitions of war and other items which are mentioned therein.

Mr. Speaker, the House provisions were to this effect:

For the purpose only of sales of agricultural commodities under title I of this act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam, excluding U.S. installations in Cuba any equipment, materials or commodities, so long as they are governed by a Communist regime—

Mr. Speaker, that was the language contained in our bill.

And, then we inserted the Battle Act, which act reads as follows:

Items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, Eighty-second Congress, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition and implements of war.

That is the language of the Battle Act. Personally, Mr. Speaker, I have no objection to the House working its will on this proposal. In view of the fact that I feel that way about it, I would like to ask unanimous consent that conference report be returned to the conference in an effort to further insist upon the House language being incorporated in the final draft of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. COOLEY]?

Mr. FINDLEY. Mr. Speaker, reserving the right to object, I feel that the conference report should be returned to the conference committee to deal with this enemy-trading question but not by means of unanimous consent.

I shall object to the motion of the distinguished chairman of the Committee on Agriculture because I feel that we might easily get into a last-minute parliamentary situation in which some further loose language similar to that presently in the conference committee report might be accepted under the pressure of adjournment. The present language would permit nations to trade with North Vietnam or Cuba in nonstrategic goods and still have the advantage of the concessional sales provision, under which our taxpayers finance long-term credit at low interest. If House conferees return without instructions, similar language might be placed before the House in the last-minute rush of adjournment on what amounts to a take-it-or-leave-it basis. I can easily imagine such circumstances developing in the next 10 days or so, and therefore I feel that now is the time for the House to deal with this, and I think it would be far better for us to return the committee report to the committee by way of insisting on the House position.

A motion to that effect will be presented today by the gentleman from Oklahoma [Mr. BELCHER].

Therefore, for that reason I do object to the motion.

The SPEAKER. Objection is heard.

Mr. COOLEY. Mr. Speaker, in view of the fact that an objection has been made, and I am certain that the gentleman does not make that motion because of lack of confidence in the conference committee, I will yield half of the remaining time to the gentleman from Oklahoma [Mr. BELCHER].

Mr. BELCHER. Mr. Speaker, I yield 5 minutes to the gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Speaker, I feel that I was privileged to have been on the Committee on Agriculture when it worked those many long months to bring this legislation out of committee, and to the House.

I also felt privileged to serve as one of the conferees for the Food for Peace Act of 1966.

I do agree with our distinguished chairman that, with one exception, certainly the House and the Senate conferees worked to the improvement of this bill. I feel it is a meaningful piece of legislation, and one that poses a real challenge, to American agriculture in its design to bring increased agricultural commodities into the hands of our friendly needy throughout the world.

I would like to make just three very brief points here today: One. This challenge and the new demands it is going to pose to the American producers of food, certainly points up the need for governmental farm policies that will encourage, not discourage, the farmer. Our American farmer is going to have extra

demands placed upon him to provide the people of this Nation a stable supply of foods at as reasonable prices under present inflationary circumstances, at the same time he must produce food for the hungry of other nations. I hope that the USDA is going to review its present farm program policies with this in mind.

I think the farmer of America has to be given constant assurance that the Government is a friend and not a competitor.

In this connection, I would like to point out that on page 21 of the conference report, for those of us who have been interested in resale prices of food in Government stocks, that the House and the Senate conferees did come up with what I think was good protective language concerning the resale of commodities, including wheat, at certain levels.

This so that we could protect farmers from being in competition with the Government and protecting them from having Government stocks dumped upon the market.

The other point I would like to call to the attention of my colleagues is that the other minority conferee, the gentleman from Minnesota [Mr. QUIE] and I did sign the conference report. We felt that the bill that was agreed on, except in one area, was good.

The gentleman from Oklahoma [Mr. BELCHER] did not sign it—but not because he did not agree with many of the good things in this legislation, but so that he could be free to bring before this House the question that we all know is facing us, and to offer the language that would restore the very good wording that this House adopted by an overwhelming vote—protective language that would keep us from supplying or making concessional sales, and very favorable sales, to the countries that are trading with North Vietnam where our boys are being killed, and with Cuba.

Mr. Speaker, I compliment the gentleman from Oklahoma for bringing this before the House today so that we can act upon it, make a clear-cut record, and let the other body know that we insist the language of the House bill must stay in the bill.

Mr. DOLE. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman from Kansas.

Mr. DOLE. We should emphasize the fact mentioned by the gentleman from Oklahoma [Mr. BELCHER], in his letter to all the Members of the House. He pointed out that the House-approved language, both in the appropriations act and the House version of the food-for-peace bill applies only to concessional sales. It does not apply to donations. It does not apply to cash sales. The motion to be offered by the gentleman from Oklahoma will strengthen the position of the House in any further conference on this bill.

I would also like to add that it was my understanding that we were expanding the food-for-peace program and therefore I was surprised and shocked to read a report in the New York Times of Au-

gust 2 that the Secretary of Agriculture had notified all of our Embassies around the world that wheat shipments under the Food-for-Peace Act would be reduced by about 25 percent.

Of course, the conclusion of that, and I think the damaging fact is that the wheat market has dropped about 35 cents a bushel in the Midwest in the past 15 days. This, of course, has had a very damaging effect upon the economy of all the wheat producers in America. Rumors are circulating and it appears there may be a cutback under the food-for-peace program by the Secretary of Agriculture.

This is good legislation with one or two exceptions. If we vote for the motion, we will in effect strengthen the position of the House in conference.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman.

Mr. DON H. CLAUSEN. Mr. Speaker, I wish to commend the gentlewomen from Washington [Mrs. MAY] for her excellent statement and to associate myself with her remarks.

[Mr. DON H. CLAUSEN further addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Speaker, I would like to ask the gentlewoman if any distinction was made in conferences between trade with Cuba and trade with North Vietnam?

It would seem the conference committee might take a different attitude with respect to the developing countries, for example, trading with Cuba and their trading with North Vietnam. We are at war in Vietnam, and are understandably concerned at those who continue to trade with North Vietnam.

I would hope, on the other hand, that perhaps we would reconsider the advisability of a flat prohibition against aid to a country like India, which is admittedly making sales of jute to Cuba. Was any distinction made between trade with the two countries?

Mrs. MAY. In reply to the gentleman, I will say that this was discussed in our conference committee. It was also discussed in Agriculture Committee. I think the point was made that the conference report itself makes no distinction between Cuba and North Vietnam. The fact is we provide India with many, many millions of dollars worth of food under various titles of Public Law 480 and in return we thought that maybe they could give up their very small jute trade, estimated to be only \$600,000 per year.

I would add that in further support of the food-for-peace program, my State of Washington is ideally equipped to help America meet this challenge because it is a State that ranks high in the production of a wide variety of farm commodities. As per relatively recent figures, these

farm products were valued at \$619,207,000 on an annual base, with two-thirds of this sum coming from crops and one-third from livestock. Washington ranks fifth in the Nation as a producer of wheat, first in the production of apples, hops, late summer potatoes, and dry field peas, second in Bartlett pears, apricots, alfalfa seed; and third in asparagus and strawberries. Cherries, cranberries, and grapes also are important agricultural commodities.

The Fourth Congressional District of Washington, which I have the honor of representing in the Congress, plays a prominent part in the State's agricultural production, for this is preponderantly an agricultural district. Yakima County, for instance, leads all the counties of the United States in apple production, with Whitman and Adams counties in the Palouse region of southeast Washington ranking first and third nationally in the per-county production of wheat.

The challenge posed by the new food-for-peace program becomes particularly significant when it is realized that an increasing number of agricultural acres are being diverted into community and industrial development and other non-agricultural uses, thereby continuously contracting the base of our agricultural potential.

The Fourth District which I represent in the Congress is particularly well equipped to fill this gap on agricultural acres, for land increasingly is coming into production through irrigation in the Columbia River Basin. Furthermore, maximum production is still to be reached on 1 million acres in the Grand Coulee irrigation project.

In summary, then, both my State and my congressional district will play something far more than a token part in the food-for-peace program, as newly designed. We have played an important part in the past, and we look forward with great anticipation to the part we will play in the future.

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. BELCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. FINDLEY].

Mr. FINDLEY. Mr. Speaker, I have two purposes in asking for this time. First, I hopefully wish to make legislative history on a point in the conference report which is left a little bit unclear.

Title I actually provides two types of soft currency sales: one of the conventional sort, which is repayable almost exclusively in foreign currency; this is the type we have had for several years; and the other type authorizes loan of soft currencies, loans which would be repayable over as long as 40 years in dollars.

This is a very attractive arrangement to the countries taking part, because it permits interest as low as three-fourths of 1 percent; that is, less than 1 percent for 10 years, and only 2½ percent for an additional 30 years.

I would like to ask the chairman, or anyone else who would respond, if my

understanding is correct that the intention of this legislation is that no Communist country, whether it be Yugoslavia, Poland, or otherwise, would be eligible for either type of soft-currency transaction, so long as it is under a Communist government. Am I correct in that interpretation?

Mr. COOLEY. It is under section 103(d).

Mr. FINDLEY. That is correct; subsection (2).

Mr. COOLEY. This applies to concessional sales.

Mr. FINDLEY. I am sure the intention of the committee is to deny to Communist countries the advantage of soft-currency sales of either type.

Mr. COOLEY. The present law prohibits local currency sales to countries described in section 103(d) (2) but permits dollar credit sales. This language is a restatement of present law. So I assume local currency sales are prohibited.

Mr. FINDLEY. Yes; but there are two types of soft-currency sales. One is repayable ultimately in dollars, but starts out as a soft-currency transaction. I just wanted to clarify the intent of the committee, which I believe is to deny to any Communist country access to either type of soft-currency transaction.

Mr. COOLEY. If it is payable in dollars, of course, it is hard currency.

Mr. FINDLEY. But it comes under title I, which is the soft-currency part of the bill.

Mr. COOLEY. If it is a foreign-currency sale, it could not be a dollar sale.

Mr. FINDLEY. Is my understanding correct: Whether it is the conventional type of soft-currency transaction or the other type, part of which might be repayable in dollars, Communist countries would not have access to this type of contract?

Mr. COOLEY. I do not know whether I understand the gentleman correctly or not, but it does apply to any kind of concessional sales to countries that are trading with the enemy, so to speak, selling anything of significance to North Vietnam or to Cuba.

Mr. FINDLEY. Yes; the trading-with-the-enemy ban placed a ban on dollar sales. What I was trying to clarify was the distinction that applied to soft-currency transactions only. I believe if I understand the gentleman correctly, the intent of the committee is to deny to any Communist country access to this kind of transaction.

Mr. COOLEY. I think the gentleman is correct. The provision the gentleman refers to was added by the Senate and accepted by the conferees. I do not think it was our intention thereby to give those countries described in section 103(d) (2) any softer terms than in existing law so I would assume, therefore, that the prohibition would apply to any kind of foreign currency sale, whether for cash or credit.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. BELCHER. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. FINDLEY. May I call the attention of this body to pages 24064 and 24065 of Tuesday's RECORD. It contains information for your reference to indicate the extent of trading with North Vietnam that does exist between Yugoslavia, Poland, and Egypt. Each of these countries in the past has had tremendous benefits under the Public Law 480 program, and each is either presently getting the advantage or seeking to establish this advantage. That is why I feel a firm, hard position on the trading-with-the-enemy provision is very much needed.

There is some concern on the part of the State Department about Cuba.

The gentleman from New Jersey alluded to this. But I point out to you that Cuba was the official host to the Communist Three-Continent Conference in January 1966, just earlier this year, and at that conference full support of the Vietcong in North Vietnam was approved and organized.

With the U.S. death toll in Vietnam now about 5,000 and steadily rising, it is difficult for me to understand why anyone would hesitate to use every available legislative means to shut down shipping of all kinds to both Cuba and North Vietnam.

Pertinent information was contained in the following Allen-Scott syndicated newspaper column of October 3, 1966:

HOODWINKING UNCLE SAM

(By Robert S. Allen and Paul Scott)

While Congress, under White House spurring, is in the process of enacting a two-year \$5 billion continuance of Food-for-Peace, leading beneficiary countries are making a sucker of this humanitarian program.

Not only are they deliberately flouting specific U.S. laws to which they agreed in writing, but they are doing so to aid Communist nations.

Latest of these violators is Brazil in giving a helping hand to dictator Fidel Castro—whose gross mismanagement, waste and incompetence has resulted in severe food shortages and stringent rationing in once self-sufficient Cuba.

In 1965 and this year Brazil has received more than \$61 million in U.S. grain and other food. An emergency gift of \$2 million of corn was rushed there to avert famine among starving Indians and peasants.

At the very same time the U.S. was donating this desperately-needed succor, Brazil was selling 8,000 tons of corn to Communist-ruled Cuba.

Another extraordinary aspect of this deal is that it was arranged by Russia, which provided a freighter to transport the grain. Brazil is one of the biggest Latin American beneficiaries of U.S. economic and military aid—totaling more than \$3 billion. Since 1955 it has also received \$666.5 million in food supplies.

The State Department was fully aware of this bald violation of the Food-for-Peace act.

But as in other instances it said and did nothing.

"I have been unable to obtain any explanation from the State Department on these matters," says Senator ERNEST GRUENING, D-Alaska, head of the Subcommittee on Foreign Aid Expenditures, who has been digging into them. "Similarly, I have been unable to obtain any explanation from the Agriculture and Treasury Departments or the Agency for International Development, all of whom are engaged in 'passing the buck' to one another."

"Congress will shortly enact a new Food-for-Peace act. The disclosure about Brazil emphatically confirms the necessity for additional congressional controls over this multi-billion dollar program if it is to become something more than a means by which countries receiving food assistance from us are enabled to increase their own exports to nations unfriendly to us."

Not only are the State Department and other agencies refusing to explain the Administration's failure to crack down on such violations, but every effort is being exerted to prevent their disclosure.

Joseph Lippman, staff director of the Senate subcommittee, knows that other Food-for-Peace beneficiaries have perpetrated even worse outrages. But his attempts to get at the details are constantly thwarted by various bureaucratic stratagems and obstructions.

Foremost among them is invoking secrecy; declaring documents and other material sought by Lippman as "classified."

After laborious ferreting, Lippman definitely established that Egypt and Greece, which have received hundreds of millions of dollars of U.S. food, have sold large quantities of such commodities to Communist countries specifically banned by the Food-for-Peace act.

As uncovered by Lippman, Egypt has received \$903.6 million in U.S. grain, fats and oils, dairy and other products. In 1964 Nasser sold and bartered 313,945 tons of rice and other agricultural commodities to Cuba, one of the largest recipients; Red China, also high on the list; Russia, which got the most; East Germany; Bulgaria; Hungary, and Rumania.

U.S. food shipments to Greece, as determined by Lippman, total \$245.8 million. In addition, the U.S. has given Greece \$3.8 billion in economic and military aid. In 1965 and this year Greece has sold for cash 310,000 tons of wheat to two Communist countries—160,000 tons to North Korea; 150,000 tons to Bulgaria.

Senator GRUENING charges flatly that the State Department and other departments knew about these violations but blandly disregarded them.

"In November 1964," he says, "a two-year agreement was entered into between the U.S. and Greece whereby feed grains and wheat were to be furnished to Greece under Title IV of Public Law 480. A penalty clause was included providing that if at any time during the contract period, Greece exported any feed grains and wheat or flour, it would make payment to the U.S. for the value of such exports with interest at 6 per cent. This penalty clause has never been enforced."

"Similarly, despite a written agreement not to do so, the United Arab Republic increased its exports of rice to Communist countries at a time when it was receiving wheat from the U.S. which it used for domestic consumption instead of the rice normally consumed. The Department of State knew about these violations of the law and written agreements, but did absolutely nothing about them."

Mr. COOLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. ABBITT].

Mr. ABBITT. Mr. Speaker, I should like to commend the chairman of the Committee on Agriculture and those who have helped him on the splendid program which has been provided for by the Agriculture Committee of the House of Representatives in this bill. I believe it is a real step forward. It will be of tremendous value to the entire free world as well as to the people of America.

As pointed out by the chairman of the Committee on Agriculture, when the committee had before it this bill it was very careful in trying to limit trading

with our enemies. It provided, among other things, that any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam any equipment, materials, or commodities, so long as they are governed by a Communist regime could not participate.

I supported that. So did the vast and overwhelming majority of the Members here.

The bill went to the other body. It was amended and then sent to conference.

In the conference, upon the insistence, as I understand it, of Members of the other body, the House conferees reluctantly went along with an amendment. They dropped the Senate amendment, giving the President discretionary authority in this area, and adopted the House language with an amendment striking out the words "equipment, materials, or commodities" and inserted in lieu thereof the language of the old Battle Act, as pointed out by the chairman, the gentleman from North Carolina [Mr. COOLEY].

That is a weak, watered-down attempt to stop so-called friendly nations from trading with the enemy.

In my opinion, the American people are fed up with coddling our enemies and "playing footsies" with those who are assisting them.

We refer to them as "friendly nations." I wonder how friendly these nations are, if they are trading with the enemy in Vietnam, where our boys are being shot down and prisoners are being treated in the most horrible manner imaginable.

I read a news article last night in one of the papers printed here in Washington which said it had been charged that Brazil, "receiving \$2 million worth of corn free from the United States, supposedly to feed its own hungry people, was shipping 8,000 tons of corn on a Russian freighter to Cuba."

I wonder how we are going to live with that. We have people over across the water being shot down and killed. Yet these so-called "friendly nations"—and I doubt their friendliness, if this is what they are doing—are demanding our help and at the same time are trading with our enemy and thereby building up the enemies' war power.

I believe it is time to take a firm stand. We should no longer coddle our enemies. We should no longer permit our so-called friends to do that. If they do that, they are not friendly.

I say we must strike out all trade in any manner with nations which continue to aid and assist in the building up of the military might of those who are leading the fight against us.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. ABBITT. I am happy to yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman.

I should merely like to ask whether the conferees might not have arrived at a flat prohibition against any aid to North Vietnam—I do not believe many would argue against that—but they might have allowed discretionary authority with re-

gard to the continuation of trade with Cuba, with whom we are not at war. Cuba is a nuisance and even a threat, but if we have a flat prohibition the developing countries would be penalized if they should continue such trade with Cuba. On the other hand the developed countries which are our allies, such as Canada, the United Kingdom and France, which supply the major part of the free world trade, would not be penalized.

Would it be possible to reach an agreement to have a flat prohibition with respect to North Vietnam, and discretionary authority for the President with respect to Cuba?

Mr. ABBITT. Of course, I cannot speak for the conferees, but personally I am wholeheartedly in favor of the motion that I understand our colleague from Oklahoma will offer, which is to recommit this conference report and to instruct our conferees to stand by the exact language of the bill as reported out of the Committee on Agriculture and approved by this House. I may be misquoting him, but that is my understanding of his position, and I heartily concur in that position. I urge the House to approve the motion to recommit this conference report and instruct our conferees to stand firmly by the language put in this bill by our Committee on Agriculture and thereby let the world know we realize we are in a war and will not permit our friends who receive our assistance to then turn around and support our enemies.

(Mr. ABBITT asked and was given permission to revise and extend his remarks.)

Mr. ABBITT. Mr. Speaker, I think we all realize now that we are in an all-out war in Vietnam. Our boys are dying there daily. The enemy is one of the most ruthless that has ever been faced by our Armed Forces. Their horrible treatment of the prisoners is shocking to a point almost unbelievable. The wildest savages have never treated their prisoners worse.

It has now come to our attention that certain countries that have received aid and assistance from America are presently sending supplies to North Vietnam. These supplies are vital to the North Vietnam war effort. They are being used to kill and cripple Americans. It is prolonging the war effort of the North Vietnam regime of Ho Chi Minh. In addition, many of these same nations that are receiving aid and assistance from America supplied by the taxpayers' money are aiding and assisting the Castro regime in Cuba, the most diabolic regime in the Western Hemisphere.

When the Agriculture Committee of the House had before it the food-for-freedom legislation some time ago, it inserted in the bill a provision prohibiting the making of sales agreements for foreign currencies or dollar credit under Public Law 480 with any nation which sells, furnishes, or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam any equipment, materials, or commodities so long as they are governed by Communist regimes. I strongly supported this par-

ticular provision. In my opinion, it is the least we can do to try to protect the boys that are fighting, dying, in Vietnam as well as to protect our entire Nation and way of life. The same applies to the Castro regime in Cuba. We must not ourselves nor permit any of our friends that we are helping do anything that will build up that regime which will later and is today trying to do everything in its power against the American way of life and our Nation.

We must realize that it is time to call a halt to aiding and assisting our enemies or permitting nations that are receiving help from us to assist our enemies. I, therefore, am very much opposed to the compromise worked out in conference between the Senate and the House which will permit, under certain circumstances, friendly nations to carry certain supplies to North Vietnam and to Cuba. I wholeheartedly support the effort to reject such compromise and to send this bill back to conference and to demand that the Senate agree to the House provision. The provision adopted by the conferees is riddled with loopholes and applies only to strategic materials such as arms, ammunition, atomic materials, and similar items. I must say that there are a lot of materials besides military goods which can be and are helpful to an enemy. If we are going to keep our boys in Vietnam we must call a halt to any way of helping the enemy or in any way permitting nations that we are assisting to help the enemy maintain its hostilities, to build up its armed forces, or in any way continue to wage a war which has been so devastating to our fighting forces.

I hasten to say that the language in the House bill as reported out by the Agriculture Committee, of which I am a member, is limited to concessional sales under Public Law 480 and does not in any way affect food donations to hungry people anywhere in the world and I urge our Members to stand with us and insist upon the strong House-passed language rather than the weak-kneed provisions in the conference substitute. Unless this is done, medical supplies will continue to flow into North Vietnam and also into the Castro regime in Cuba.

Now is the time to stop the commerce with Ho and Castro by the nations that we are assisting financially. Assistance to friendly nations is a two-way street. If we are to continue helping them then they must reciprocate by refusing to trade in any way with our very enemy that is shooting down our boys and treating them worse than savages when they are captured and forgoing all humanitarian concepts as to the treatment of prisoners of war. It may be that we cannot prevent friendly nations from trading with North Vietnam and Cuba but certainly we do not have to assist them financially in building up their trading potentials with our hard-earned taxpayers' money to the great detriment of our war effort.

Mr. COOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HAGEN].

Mr. HAGEN of California. Mr. Speaker and Members of the House, I want to say that I resent the attacks

that have been made on the gentleman from Oklahoma [Mr. BELCHER], in connection with his position on this. He has a sincere position. However, I disagree with his position and I support this conference report the way it is. There was a rider attached to an appropriation bill relating purely to prohibiting aid to countries having commerce with North Vietnam, which was signed into law and which is in effect. I supported this restriction because we are engaged in a bloody war there. Our bill, as we sent it over to the Senate, flatly prohibited aid under this program to any country which dealt either with Cuba or North Vietnam. The other body changed that by qualifying the prohibition to give the President discretion to permit aid in his judgment to any country where they are dealing with either Vietnam or Cuba. At the same time it repealed the appropriation rider. We took a middle position in this conference report. We eliminated the Presidential discretion proviso with respect to sale and transport of goods of military value as defined by the Battle Act but left an implicit discretion with the President with respect to nonstrategic items.

There is a flat prohibition on aid to any country which deals with Cuba and North Vietnam in items of military value using the established definitions of the Battle Act. If a country, such as India, is trading with Cuba only with respect to some non-Battle Act or nonstrategic materials and it has been demonstrated that they do sell, for example, some hemp to Cuba for bagging, then there is no flat prohibition in the law on that. I am sure that the President in the exercise of his judgment could himself impose a prohibition in that instance. So there are plenty of safeguards here. I think this is a reasonable position. North Vietnam is completely beyond the pale in terms of this conference report with respect to trading in any type of commodity because there has been no showing that such trade has been conducted by countries which would receive aid under this bill. Cuba is flatly outside the scope except to the extent that trade only involves nonstrategic items such as hemp, which goes into making bags.

Mr. Speaker, I submit that this is a reasonable compromise and should be adopted.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. COOLEY. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. OLSON of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman.

Mr. OLSON of Minnesota. In other words, there is complete discretion with the President and he would have to OK any trade in any commodity with Cuba the way the conference report is written?

Mr. HAGEN of California. No. Actually we limit his discretion. He would have discretion only with respect to trade with Cuba in nonstrategic and non-Battle Act items. So we do limit his discretion. I submit that I am as anti-Vietnamese and as anti-Communist as anyone here. I also submit that

a vote to support this conference report is not a pro-Communist vote. It is not a pro-Vietnamese vote nor pro-Cuban vote, either. It is a reasonable effort to conduct a program which has been of great value in our foreign policy. I wish to assert again that I supported the Findley rider to the appropriation bill and feel that it is wise.

Mr. OLSON of Minnesota. I agree with the gentleman. I just wanted to make sure that we will make it very clear as to what discretion the President has and the fact that no trade can be conducted in any commodity unless the President gives his OK.

Mr. HAGEN of California. Mr. Speaker, well, in the case of North Vietnam, almost certainly no trade whatsoever, in the case of Cuba, only these non-strategic items. I wish to reiterate that it is foolhardy to tie the President's hands in our relationship to a country so important as India over an item of trade which has only marginal significance on the issue of whether or not we will ultimately defeat communism in Cuba. If we can trust the President to conduct our military operations in Vietnam and elsewhere where we should most certainly trust him on this issue in this area of the world. We cannot afford the possibility of causing the fall of a friendly government in India over the issue of the sale of a few \$100,000 worth of jute to Cuba if the President decides that such is the issue.

Mr. BELCHER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. TEAGUE].

(Mr. TEAGUE of California asked and was given permission to revise and extend his remarks.)

Mr. TEAGUE of California. Mr. Speaker, inasmuch as I am the author of the original amendment, or the sponsor in the House Committee on Agriculture, which was subsequently somewhat changed and modified in committee but in principle, retained, I, of course, support the gentleman from Oklahoma [Mr. BELCHER] and shall vote for his motion to recommit the conference report.

Mr. Speaker, I urge my colleagues to do likewise.

Mr. BELCHER. Mr. Speaker, I yield myself 5 minutes.

(Mr. BELCHER asked and was given permission to revise and extend his remarks.)

Mr. DOLE. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman from Kansas.

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

Mr. DOLE. Mr. Speaker, I trust that in discussing the specific issue before the House, with reference to preventing concessional sales to nations which trade with North Vietnam or Cuba, that we will not lose sight of the great impact Public Law 480 has had on free world countries since its enactment in 1954. Earlier this year, H.R. 14929 was passed by the House by a vote of 333 to 20, which is indicative of the strong support the program has in the Congress. Public Law 480, as amended and extended by H.R. 14929, offers new hope to free world countries as well as the American farmer.

Yesterday I inserted in the RECORD some specifics about a new concept in the food-for-peace program, the farmer-to-farmer program. The primary purpose of the farmer-to-farmer program is to strengthen the agricultural economies of friendly countries in order to meet rising world food needs. In my opinion, if this section is properly administered, it can become an effective weapon in transferring American know-how and show-how around the world. Certainly it is my hope that the U.S. Department of Agriculture will administer the program through and with the coordination of the Federal Extension Service and the land-grant colleges throughout America. This program emphasizes the principle of self-help. It can be of great significance if the recipient countries express a willingness to help themselves.

Mr. BELCHER. Mr. Speaker, we spent about 3 or 4 days in this conference with the other body, and it is my opinion that a very good job was done, as a whole, in working out the disagreements between the House of Representatives and the other body.

Mr. Speaker, there is one particular part of this conference report to which I object, and that is the elimination of the provision contained in the House bill which prohibits the sale of any commodities, supplies, or anything else whatsoever to either North Vietnam or to Cuba, by any nation receiving concessional sales.

Mr. Speaker, on this point a compromise was reached, whereby the Battle Act was substituted for the prohibition of the House language.

Mr. Speaker, at the proper time I shall offer a motion to recommit, a motion which will insist upon the House language.

Mr. Speaker, I have served almost 16 years in the House of Representatives. It is very seldom that I take the floor, except upon some issue on which I have very deep convictions.

Mr. Speaker, I have never been accused of taking the floor to discuss a partisan angle or to demagog. However, Mr. Speaker, a member of the President's Cabinet accused me, in a letter which he circulated to certain Members up here on the Hill, in which he said I was certainly demagoging upon an emotional issue.

Well, Mr. Speaker, that emotional issue is a gross understatement. It really is an emotional issue, and if the Members of the House do not think so, just go back home and talk to the mothers and fathers of the boys now in Vietnam, and you will find that it is a very, very emotional issue.

Mr. Speaker, the fact of the matter is, he not only believes me to be a demagog, but he has called 333 of you fellows a demagog right along with me, because 333 of you voted for this identical language, and only 20 Members of the House voted against the move which would include this language.

Mr. Speaker, the Members of the House will recall that in last April, when the gentleman from Illinois offered an amendment, an amendment similar in import to this one, to the appropriation

bill pending at that time, there was a roll-call vote in the House of Representatives.

Mr. Speaker, that vote occurred at a time when very few Members were on the floor of the House, and a great number of the Members just walked in here and voted against this vote on this particular amendment, and, then, 17 of you, very embarrassingly and very sheepishly, had to sneak down here to the well of the House and change your vote.

Members of the House, today you are not going to have to do that. I have alerted you to this issue, and you can cast your final vote the first time, and it will not be necessary for you to change your vote.

It is very easy for the Secretary of Agriculture to ask you gentlemen to come down here and vote against this motion to recommit. The Secretary of Agriculture is not going to get shot at by anybody in Vietnam, and he is not even going to get shot at by any of your constituents back home in the coming campaign. He is completely safe down there behind that mahogany desk.

Treason is defined as aiding and giving comfort to the enemy. Well, aid and comfort include a lot of things that are not described by the Battle Act.

By the way, I was not entirely able to hear the gentleman from California, but I think there might have been a mistake made in what he interpreted this conference report to include. This conference report does not include any discretion on the part of the President. It includes only the Battle Act. It applies both to Vietnam and Cuba in the same respect.

Mr. HAGEN of California. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman.

Mr. HAGEN of California. As I understand it, the conference report relates only to Cuba, and this rider that was on the appropriation bill governs with respect to Vietnam.

Mr. BELCHER. The conference report applies to both Cuba and Vietnam in exactly the same respect. You can ship anything to Vietnam that you can ship to Cuba. And that means anything.

Mr. HAGEN of California. No; I disagree with the gentleman.

The SPEAKER pro tempore (Mr. KEOGH). The time of the gentleman from Oklahoma has expired.

Mr. BELCHER. Mr. Speaker, I yield myself 5 additional minutes.

I suggest to the gentleman from California that he confer with the counsel right there at the desk. He will tell the gentleman that it applies to both countries in exactly the same way.

Mr. HAGEN of California. I understand, Mr. BELCHER, that you are correct. However, this rider which is on the appropriations bill in effect only covers trading with North Vietnam.

Mr. BELCHER. That does not cover anything under this bill.

Mr. HAGEN of California. It does.

Mr. BELCHER. In this bill we are determining what can be shipped to Vietnam, and what can be shipped to Cuba.

Mr. HAGEN of California. Actually, I was slightly in error, but we added

some language to the Battle Act, language of primary strategic value.

Mr. BELCHER. No, we did not. The Battle Act is in this conference report just exactly as it has always been. It is the same identical Battle Act which has been passed on time and time again which permits shipping almost anything except the atomic bomb.

Mr. HAGEN of California. Yes. I hate to be in error, but you are quite right.

But the Battle Act covers any and all strategic items, in effect, although there is no provision for Presidential discretion. But you now and I know that he always has that discretion, and if he wants to oversee these shipments he can go ahead and do it.

So, conferring discretion on him is kind of an idle act which the Senate did.

Mr. BELCHER. Are there any other things which the gentleman from California would confess he has been in error about?

Mr. HAGEN of California. I am not going to mislead anyone, Mr. BELCHER.

Mr. BELCHER. I understand that.

Mr. HAGEN of California. I appreciate your sincerity, but I think we are tying the hands of the President. Again, what is involved here, basically, are some jute sales by India. Actually, India is the primary beneficiary in this bill. It is a very important population area. It is the key to Asia. And if we are going to create problems that the President thinks we might create by this body today, I think we should avoid that possibility.

Mr. BELCHER. Let me tell you just about India. India is going to get under this bill approximately \$1 billion worth. They have sold in 9 months \$600,000 worth of jute to Cuba. If they are not willing to give up the sale of \$600,000 worth of jute in order to get \$1 billion worth of products, as far as I am concerned India just does not have very good people at the head of her government.

Mr. FARBSTEN. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman.

Mr. FARBSTEN. Mr. Speaker, does the gentleman feel that we should drive India into the hands of the communistic Soviet Union merely by refusing to permit the sale of half a million dollars' worth of jute to Cuba, when they originally sold \$11 million worth, and reduced it to half a million dollars?

Because of the selling of this small item, I do not think we ought to take the chance of permitting an underdeveloped country to be driven into the hands of Communist Russia. I do not think that is a wise thing to do.

Mr. BELCHER. I would say to the gentleman, if he is willing to say that we can ship stuff to Vietnam that they can shoot back at our boys and that India is going to have to go communistic—I am going to be against shipping anything that can be given as aid or comfort to the enemy.

Mr. FARBSTEN. This has nothing to do with North Vietnam.

Secondly, the President, is the one who has the discretion himself to determine whether or not it is in the national interest that we permit India to do this.

Mr. BELCHER. I do not want to give discretion to any living soul to send stuff to North Vietnam to shoot American boys.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman.

Mr. GERALD R. FORD. Mr. Speaker, I am somewhat disturbed that the impression seems to be, from some of the speeches that have been made, that Cuba is all of a sudden a friend of ours and that Cuba is the kind of country that is turning toward the United States.

I do not know how many Members of this body were here a few days ago when one of our colleagues, the gentleman from West Virginia [Mr. ARCH MOORE], gave a speech concerning the number of Cuban refugees who have come to the United States at our expense—they number some 300,000 refugees. The gentleman pointed out that there are approximately 300,000 more Cubans who want to come to the United States at our expense to escape the dictatorship of Mr. Castro. It so happens according to our colleague, the gentleman from West Virginia [Mr. MOORE]—and he is a very able gentleman in this regard as well as on other matters—that there are 2,700 Americans being held hostages in Cuba either in jail or being confined in some way.

It is my understanding that we have asked that these 2,700 Americans come to the United States as quickly as possible and Mr. Castro has said that none of them will come until all of the Cubans who want to come are able to come here—and that is 300,000 Cubans.

In other words, Mr. Castro is holding as hostages 2,700 Americans until 300,000 Cubans come out of Cuba. Do we want to help that kind of an operation? I do not think so.

Mr. BELCHER. I do not know whether Cuba is turning more toward the United States or not. I do not know whether that is true. But I would like to know what they are turning toward the United States?

Mr. CALLAN. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman.

Mr. CALLAN. The way I understand it is that we could not give aid to any country dealing with Cuba, and we could not give aid to any country dealing with North Vietnam. All of us agree on that—this is the way it should be. But I wonder whether or not we can give aid to a country dealing or trading with Russia under this bill?

Mr. BELCHER. This motion of mine does not go far enough to shut out all of the Communist countries. We have tried it many times but we have never been able to get enough votes to shut them out and unfortunately this only shuts out Cuba and North Vietnam.

Mr. CALLAN. But not Russia?

Mr. BELCHER. It does not shut out Russia. It does not shut out giving food

to Indians who are starving or giving food to any other country where there are people starving regardless of whether they ship the stuff to Cuba or North Vietnam, either one.

Mr. CALLAN. The way I understand it then, we can give aid to an African country that is dealing with Russia?

Mr. BELCHER. You do not have a chance to pass on that today. The question that you will pass on today is, Can you ship stuff to Vietnam or Cuba?

Mr. DOLE. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman.

Mr. DOLE. I would point out that the gentleman from Nebraska apparently does not understand what you are attempting to do.

If the gentleman will refer to page 2 of the conference report, section 103, subsection (d) very clearly states that sales agreements are limited to "friendly" countries, and—

As used in this Act, "friendly country" shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement.

That would include, I will say to the gentleman from Nebraska, Russia and China.

Mr. CALLAN. I thank the gentleman, but the fact remains we could still give aid to a nation who is trading with Russia if that country was not controlled or dominated by a foreign government or organization controlling a world Communist movement.

Mr. CHAMBERLAIN. Mr. Speaker, will the gentleman yield?

Mr. BELCHER. I yield to the gentleman from Michigan.

Mr. CHAMBERLAIN. Mr. Speaker, I as one who has long been deeply concerned about shipping to North Vietnam certainly want to commend the gentleman from Oklahoma for the leadership he has exerted in this area.

I would say to my colleagues in the House that we should not miss any legislative opportunity that is available to the Congress here to tighten controls against shipping to North Vietnam.

Mr. Speaker, I rise in support of insisting on the original House language to H.R. 14929, which denied sales of agricultural commodities under title I to any country which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam any equipment, materials, or commodities so long as they are governed by a Communist regime.

As one who has been concerned for many months over the aid and comfort being given North Vietnam by free world ships I believe that such language is absolutely necessary. I think there is little doubt that the actions taken by the House in recent months to prohibit either foreign aid or Public Law 480 benefits to countries who are involved in this traffic with our enemy have been instrumental in bringing about a reduction in this trade. Nevertheless this trade still exists and it is still of vital importance that Congress should continue to put the world on notice that so long as one free

world ship docks at Haiphong the American people will not be satisfied.

Mr. Speaker, I share the shock and indignation of the gentleman from Oklahoma [Mr. BELCHER] that the Secretary of Agriculture, the Honorable Orville L. Freeman, has characterized this attempt to stop trading with the enemy by our so-called friends as "an effort to demagog an emotional issue as we approach an election."

This lack of concern, unfortunately, is not surprising. Last year in fact the Department of Agriculture awarded a food-for-peace cargo of 10,210 long tons of wheat to a Greek-flag vessel, the *Saronis*, which had been in a North Vietnamese port on January 25, 1965. On July 20, 1965, the *Saronis* sailed from Port Arthur, Tex., bound for India. It was only last February, 6 months later that the administration announced it would prohibit ships trading with Hanoi from carrying U.S. Government financed cargoes.

Unfortunately this "black list" is not a fully adequate response to this problem. Congress, in the face of opposition from the administration, has taken a further step in denying foreign aid to any country trading with North Vietnam but this does not quite do the job either.

It is important, therefore, that every opportunity be taken to discourage any trade with North Vietnam. Certainly no piece of legislation should contain provisions which tolerate this trade. This traffic in fact has been tolerated far too long. The Secretary of Agriculture in behalf of the administration demands that we not hold it against any of our so-called friends if they help North Vietnam. Mr. Speaker, I simply cannot understand how it can be in our national interest to offer aid or subsidized Government business to any country which permits help to a regime that is daily taking its toll of American lives.

There should be no wavering of support here in Congress for the hundreds of thousands of boys sent to North Vietnam.

A few days ago while considering the foreign aid appropriations the House succeeded in tightening up its restrictions concerning this trade. There is no compelling reason today why we should appear inconsistent in our concern over the aid and comfort being given our enemy. We should seize every opportunity to express the American people's determination to oppose all free world trade with North Vietnam.

Mr. BELCHER. I just want to say in closing that I do not want to pressure any of you to vote for my motion to recommit, and I have never attempted to tell any Member of this House how to vote—use your own judgment and let your own conscience tell you what you should do.

Mr. COOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Speaker, I would like to ask the chairman of the House managers to confirm my understanding of how section 103(m) of the bill would be administered. As I read the provision the purchasing country

would first have to assure convertibility of such amounts as might be necessary to pay U.S. obligations not payable in local currency such as canal tolls for vessels owned by the U.S. Government, and similar charges. Then, in addition to that amount, in excess currency countries, convertibility would also be required of an amount that would be determined by calculating the expected normal tourist expenditure in that country, up to 25 percent of the currency generated by the agreement. However, the total which is to be convertible under this provision is not on top of the amounts required to be convertible elsewhere in the bill but is inclusive of these other amounts, since section 103(m) stipulates that this currency is to be used for sale to U.S. tourists "or otherwise." Currencies set aside under section 103(m)(2) may be converted, therefore, for use in market development and will be counted against the 5 percent down-payment required in section 103(k). Am I correct in my conclusions?

Mr. COOLEY. Your understanding of the effect of this provision is correct.

Mr. STALBAUM. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. STALBAUM].

Mr. STALBAUM. Mr. Speaker, I wish to confine my remarks to an area other than that which has been heavily debated today, and touch briefly on that which we debated at length when we passed the bill in the House.

That was the length of terms of sales.

As Members may recall, there was a difference of opinion here on 20-year terms or 40-year terms. The conference report now has come up with a compromise that seems acceptable, but I want to make a brief legislative history here for this act when it becomes law.

As I understand the conference report, 40-year terms can be extended if they are needed for the conversion of currencies, although basically 20-year terms should be used.

At the time the original bill was up, there were those of us who argued that the 20-year term put American agriculture at a disadvantage with other American items, and we held firm for the 40-year term.

I would still prefer that we did.

However, under the conference report 40-year terms can be used, and I feel that the Department should be shown an intent of Congress that we want American agriculture in these particular actions and transactions to be treated the same as any other American commodities. In other words, if 40-year terms are given to a nation to buy fertilizer or petroleum or pulp, paper, textiles, or anything else from America, I certainly believe that that same nation should have 40-year terms for the purchase of agricultural commodities from America. I am sure that this is what the conferees intended when they adopted this compromise in the conference report.

I am pleased to make this legislative history and trust that it will be followed in the administration of the Food for Peace Act.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I should like to ask the chairman to point out the importance to the farmers and the agricultural community of our country of carrying out the food-for-peace program.

Mr. COOLEY. Of course this is vital to the food-for-peace program. Unless we pass the legislation, we will not have a food-for-peace program.

Mr. McCORMACK. The question of allowing, in the field of foreign affairs, a minimum of discretion to a President of the United States is what is involved. It might have serious effects upon the farmers and the agricultural community of our country.

Mr. COOLEY. I believe it would have a serious effect on the farmers of the country if we did not pass the bill.

Mr. McCORMACK. That involves leaving a minimum of discretion with the President of the United States.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ARENDS. I am very interested in the apparent great concern some Members now have for the farmers. Anyone who has been watching the market in recent days and weeks must be concerned about what is happening to the farmers, the manner in which farm prices have been going down, precipitately going down.

In addition I have heard that we have already advised foreign recipient nations there will be but little wheat they can expect us to export to them, et cetera, in making probable there will be a further driving of farm prices on the part of the administration, under the direction of Secretary of Agriculture Orville Freeman. Let me report, this is wrong, is wrong as can be.

Mr. McCORMACK. Let me say, in response, the farmers have always been better off under Democratic administrations than they ever been under the other party.

I might also observe in my 38 years served in this body, and without one farm in my district, I have voted for every farm bill.

Mr. ARENDS. Would the gentleman read the statement which came out of the Department of Agriculture yesterday under the name of a high-ranking Democrat who has been serving for a long time under Mr. Freeman. The chart and information published in the paper clearly show what has happened in regard to farm parity ratio. If the gentleman from Massachusetts will read that, I believe he will find the facts a little disturbing.

Mr. COOLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BINGHAM].

Mr. BINGHAM. Mr. Speaker, I had not intended to speak on this conference report, but I do wish to say a word about what seems to me the great importance of sustaining the report, and in support of the position well stated by the gentleman from California [Mr. HAGEN].

I certainly do not associate myself with the attacks which were made by a

member of the administration on a Member of this House in a letter that was offensively worded. But let us vote on the merits of this proposition and let us not be influenced by the irrelevant fact that an overly critical letter was written and sent.

I should like to emphasize that in my view it is terribly important that we distinguish here between North Vietnam and Cuba. In one case we are engaged in armed conflict. In the other we are not.

We ourselves have shipped drugs to Castro's Cuba. Yet under the rigid wording of the original House bill, we would be trying to stop any such shipments by countries that receive Public Law 480 assistance.

Some of our best friends and biggest trading partners, including Canada and the United Kingdom, are trading with Cuba. How do you suppose the Government of India, a democratic government, would feel if we tried to tell them they could not have a little trade with Cuba, while our biggest trading partners do? How would the Indian Government feel, if we tried to use our aid to dictate what their foreign policy shall be?

Mr. Speaker, a distinction should be drawn here between North Vietnam and Cuba. I believe the President should be allowed discretion, as the gentleman from New Jersey [Mr. FRELINGHUYSEN] suggested, to permit recipient nations to trade in nonstrategic commodities with Cuba under certain circumstances.

I urge the House to sustain the conference report.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. BINGHAM. I am glad to yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Is it not also true that free world trade with Cuba has shrunk very sharply? Is it not true that the administration, over a period of years, has made every effort to persuade our allies, whether big or small, to reduce that trade? Is it not true also that the developing nations, such as India, have reduced that trade and we hope they will continue to reduce that trade?

Mr. BINGHAM. It is certainly true, as the gentleman says, that India has reduced its trade with Cuba very sharply. We have made efforts to persuade our allies to cut down their trade. But we do not suggest that our trade with them should be cut off because they trade with Cuba.

Mr. COOLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. FRASER].

(Mr. FRASER asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. FRASER. Mr. Speaker, I know that the gentleman from Oklahoma [Mr. BELCHER], did not mean to suggest that the Secretary of Agriculture was taking a different position on this legislation because he was not on the front lines of Vietnam. It would seem to me this kind of effort to discredit the Secretary of Agriculture is not the kind of thing that the gentleman would attempt to do. I am sure he would recognize that the

Secretary of Agriculture had a distinguished war record in the South Pacific where he was wounded and nearly lost his life in defense of his country in World War II.

Mr. Speaker, I merely want to add my voice to those who say this issue centers around the problem of Cuba and not North Vietnam. The bar on trading with North Vietnam is absolute and there is no discretion. That is true regardless of what we do with this conference report. It seems to me to keep suggesting that there is a different state of facts is to try to mislead the House and, I expect, to try to mislead the public. The bar in the appropriation measure will not permit any goods to be sent to North Vietnam by a country that wants to be eligible for food-for-peace shipments. I do not know why the gentlemen who are defending more severe restrictions want to keep talking about North Vietnam. It seems to me the only purpose they have in mind is to attempt to create an emotional issue where there is no issue in fact.

Mr. JACOBS. Mr. Speaker, will the gentleman yield to me?

Mr. FRASER. I will be glad to yield to the gentleman from Indiana.

Mr. JACOBS. I was somewhat puzzled at a remark that was made on the minority side a few minutes ago. As I understood it, if India, for example, did trade with Cuba, then under this law we could give India wheat, but if India did not trade with Cuba, under this law they would then have the privilege of buying wheat from us. Is that correct?

Mr. FRASER. I think that is essentially correct.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. FRASER. I am glad to yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding. The gentleman raised the question as to why we keep referring to North Vietnam. After June 30 of next year the act we are dealing with now will still have 18 months of life. At that point the trading-with-the-enemy amendment to the appropriation bill, sometimes called the Findley amendment, would expire. There is a legal question as to whether between now and June 30 the Findley amendment would apply or the looser language now before us. But there is no question but what the language recommended by the conference committee would permit nonstrategic trading to North Vietnam after June 30 of next year. So I think it is a pertinent point to keep making.

Mr. FRASER. I acknowledge what the gentleman says, but I say first of all that this is the first time to my knowledge that there has been any question raised about the effectiveness of the limitation that is in the appropriation act. I notice that the Secretary of State stated it is effective. The restriction in the appropriation bill can be renewed when the next appropriation for the food for peace is voted upon by Congress.

Mr. Speaker, the RECORD should include the letter from the Secretary of State on this subject:

THE SECRETARY OF STATE,
Washington, September 27, 1966.

Hon. JOHN W. MCCORMACK,
Speaker, the House of Representatives.

DEAR MR. SPEAKER: The House of Representatives will shortly be considering the conference report on H.R. 14929, which will extend and amend P.L. 480. I understand that some effort may be made to override the action of the committee of conference with respect to countries that have trade and shipping contacts with North Vietnam and Cuba. The administration believes that the provision in the conference report adequately supports our extensive efforts to limit Cuban trade. Any further broadening of the provision could have very serious foreign policy consequences and would undercut the humanitarian objectives of the bill.

As a result of conference action, the bill would forbid sale of agricultural commodities to countries that sell, furnish, or permit their ships or aircraft to carry arms or strategic items to or from North Vietnam or Cuba. There is no Presidential discretion in this; we ask for none.

At the same time, the current Agricultural Appropriation Act (Public Law 89-556) in effect prohibits any such sales to countries that sell, furnish, or permit their ships or aircraft to carry any equipment, materials, or commodities to North Vietnam.

When the President signed the appropriation bill, he stated that he was deeply disturbed about that provision, but it is now the law, and we will enforce it. If the same kind of bar were to be extended to Cuba—as was the case under H.R. 14929 before the conference action—our concern would be even greater. There are good reasons for this concern.

First, other countries may understand that we do not want strategic items to go to Cuba; they may understand that we do not want any commodities to go to North Vietnam for any reason; but they will not understand that we should want to keep even foodstuffs and humanitarian products from going to Cuba. Our own embargo does not go that far, and the OAS Resolution against trade with Cuba makes an exception for foodstuffs and humanitarian items. The reaction of these countries against such an indiscriminate policy expressed in our law could undercut our efforts to keep critical commodities from going to Cuba.

Second, some countries which the United States wants to support with P.L. 480 food sales may be unwilling or unable to pay the political price involved for them in cutting off all trade and shipping with Cuba. For example, Yugoslavia has foregone other forms of United States assistance rather than agree to altogether foreclose its ships from calling at Cuba. There are occasional voyages, but nothing very significant. Yet, Yugoslavia has good relations with the West and is now in process of rapid movement to a decentralized, market economy. This progress has basic political and economic implications for the rest of Eastern Europe. The major developing countries are also following the Yugoslav experiment with great interest. If Yugoslavia were cut off from our P.L. 480 sales program, the consequences to its economy may stop or reverse these favorable developments.

Finally, we believe that existing laws and policies have had good results in reducing free world trade with Cuba. We mean to continue our efforts to persuade other countries to avoid significant economic relationships with Cuba. We do not need to condition our P.L. 480 sales program, with its humanitarian objectives, to the single consideration of whether a needy country has trade or shipping contacts with Cuba, no matter how small or non-strategic. We should not risk such an absolute condition.

I urge the House to accept the recommendations of the committee of conference in this matter.

Sincerely yours,

DEAN RUSK.

Mr. BELCHER. Mr. Speaker, apparently we cannot agree on what the conference report contains here, but if they want to go to the chairman and the counsel over there, these gentlemen would get straight on it. This is not an issue only about Cuba. You cannot eliminate Cuba. You cannot do anything with Cuba if you do not recommit this conference report. There is no way of dealing with one of them separately.

You have to recommit the conference report and then the conferees can possibly determine what is to be done further and what might bring about a different situation as far as Vietnam is concerned. But this motion is to recommit the conference report which permits the shipping of anything except strategic materials both to Vietnam and Cuba. You cannot vote on Cuba separately from North Vietnam. So if you vote against motion to recommit this conference report, you are going to vote to make concessional sales to countries that furnish materials to North Vietnam.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield to me?

Mr. BELCHER. Yes. I yield to the gentleman.

Mr. CEDERBERG. I think it is quite interesting to read what happened in the presidential campaign of 1960 regarding Cuba. Here is what the late President said at that time was going to be done at that time by this administration. He refers to economic sanctions and then he says, "We should also consider measures to prevent goods from being shipped to Castro via a third country." That is what we are doing in this very bill.

Mr. BELCHER. There is one thing further. I believe that the distinguished Speaker of the House of Representatives said that we were willing to give the President discretion on a previous occasion.

Mr. Speaker, this conference report has nothing to do with the discretion of the President of the United States, and unless we recommit this conference report, there is no way in which the President of the United States can exercise any discretion insofar as this law is concerned.

The SPEAKER. The time of the gentleman from Oklahoma [Mr. BELCHER] has expired.

Mr. COOLEY. Mr. Speaker, I yield myself the balance of the time on this side.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Speaker, in order to just make the RECORD complete, I introduced a bill extending Public Law 480 on January 19, 1966. We had to wait to hear from the administration for approximately 1 month and when that message did arrive, I introduced the administration bill on February 14.

Mr. Speaker, we held exhaustive hearings and heard from everyone who wanted to be heard.

Now, Mr. Speaker, if I understand the situation here, the motion to recommit, which will be offered by the gentleman from Oklahoma [Mr. BELCHER] will require the House conferees to insist on the language of the original House bill, as it was reported from the Committee on Agriculture and as it passed the House by a vote of 333 to 20.

Mr. Speaker, the conference report is sent back to conference, of course, the entire report is again in conference. We shall try to work out something satisfactory to the House.

Mr. Speaker, I would like to ask the distinguished gentleman from Oklahoma [Mr. BELCHER] if that is the gentleman's understanding of the situation?

Mr. BELCHER. Mr. Speaker, if the gentleman will yield, I understand the purpose thereof. However, I would like for the gentleman from North Carolina to restate the proposition.

Mr. COOLEY. I stated that the entire conference report will go back to the committee of conference, and we shall insist upon maintaining this position.

Mr. BELCHER. Will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. BELCHER. Mr. Speaker, I do not understand the parliamentary situation perfectly, but it is my understanding, however, that the conferees will only be given instructions to insist upon the House language insofar as this one section is concerned.

Mr. COOLEY. That is all I wanted. That is perfectly clear.

Mr. Speaker, I wish to conclude this debate by saying that I certainly have no objection to the House of Representatives working its own will and I am certainly willing to go back to conference and do the very best we can thereon.

Mr. Speaker, I move the previous question.

Mr. EDMONDSON. Mr. Speaker, my vote will be cast, for the third time in this session, for the restriction to prevent aid to nations dealing with North Vietnam.

While this may result in some difficulties in relations with some countries who insist on continuing trade with this Communist aggressor, it should very definitely operate to the economic and military detriment of the North Vietnamese.

It also provides additional proof to the world of our determination to back our fighting men in Vietnam with every resource and economic pressure in our possession. The effect of this should be worthwhile, both in Asia and throughout the world.

This is a vote, in my judgment, to do what we can with our great economic power to shorten the war in Vietnam, and to speed the day of victory for our forces and the forces of other friendly nations who are fighting for freedom there.

Let us hope and pray for such a result.

Mr. CALLAN. Mr. Speaker, I would like to call attention to one of the provisions in this important legislation which, despite its great significance to our domestic and international food supplies, has perhaps gone unnoticed on the part of many of my busy colleagues.

In the past there has been no congressional direction to the Secretary of Agriculture and the administrators of Commodity Credit Corporation concerning the preservation of adequate supplies to cover contingencies. Strict interpretation of law, I am advised, would have the Secretary of Agriculture move Government stocks until the last bushel, pound, or bale is gone and, more importantly, do this with no direction as to the price or return for such stocks. Until recently, when for the first time our commodity adjustment programs have been effective in reducing Government stocks to reasonable levels, there was no concern about this; but with the wheat and feed grain programs of the last few years keeping some 50 million acres of land out of production each year, our stocks are now down sharply. Therefore, the problem of resale price and of supply level at which that resale price should go into effect will have a great deal of importance in the years ahead.

It is for this reason that I offered an amendment during consideration of this bill by our House Agriculture Committee.

My amendment did two things: First, it told the Secretary of Agriculture to take into account in designing the commodity adjustment programs the carryover, the supply, and whenever that supply would be less than 25 percent of the total requirements—domestic, dollar sales and food aid—he should adjust the programs so as to maintain such level. Secondly, the Callan amendment said that whenever stocks are estimated to be less than 25 percent of these total requirements there should be by law a higher resale price for any stocks coming out of CCC hands. In my amendment I suggested 115 percent of the current loan level. This amendment was approved by the Committee on Agriculture and adopted by the House. The other body approved somewhat more limited but similar legislation.

The conference report on the food-for-peace bill before us today contains most of that original Callan amendment—certainly the most important part. This bill says that whenever the supply is less than 25 percent—35 percent in the case of wheat—of the estimated export and domestic consumption—and this includes food-for-peace concessional sales—CCC resale minimum shall be at not less than 115 percent of the current price support loan plus carrying charges, and not less than 120 percent for wheat whenever its carryover is less than 25 percent of such estimated export and domestic consumption.

Thus, after many years of discussion, proposals, committee hearings on both sides of the Capitol, I am pleased to see that constructive and reasonable legislation has been included in this food-for-peace bill.

I am proud to have authored this amendment.

Mr. ROGERS of Florida. Mr. Speaker, I will support the motion to return this report to conference.

The House passed H.R. 14929 with an amendment that clearly provided that the United States would not send food under the food-for-peace plan to countries trading with North Vietnam or

Cuba. The conference report which we are about to vote upon has struck down that provision.

I would like to go on record as opposed to the changed language and urge my colleagues to vote down the conference language and ask that the report be sent back to conference with the recommendation that the House language be inserted.

We cannot compromise our thinking in regard to dealing with the enemies of the United States. And if we accept the bill as amended by the Senate language, we will certainly be compromising the freedom-loving people of the world.

We have offered food to the needy countries of the world. It is their decision, not ours, as to whether or not they take this aid. We have extended the hand of friendship.

They may take it in partnership with the United States. But they should not be permitted to take this food with one hand and then offer aid to the enemies of the United States.

We do not intend to bolster any economy that derives revenue at the cost of American lives. Approval of this conference report would be just that.

Mr. GALLAGHER. Mr. Speaker, I urge that the House approve paragraph (d) of section 103 of title I of the food-for-peace bill.

This paragraph clearly sets forth the policy of not permitting agricultural sales agreements with countries selling or carrying strategic goods to Cuba or North Vietnam. This provision further supports U.S. efforts to persuade other free world countries to curtail their trade and shipping with the aggressive Communist regimes in those two countries. It does not affect the provision in the Agricultural Appropriation Act prohibiting agricultural sales to countries carrying on trade in any commodities whatever with North Vietnam.

At the same time, it leaves sufficient flexibility to allow agricultural sales programs that are otherwise in the national interest with less developed countries even though they carry on some limited nonstrategic trade or shipping with Cuba, so long as they do not permit trade with North Vietnam.

The administration has made and continues with every possible method of persuasion to convince other countries to reduce or eliminate their trade with North Vietnam and Cuba. There has been considerable success.

Free world exports to North Vietnam are very small and are all nonstrategic—only \$13.5 million in 1965. During 1965 an average of 21 ships per month called at North Vietnam while an average of 34 per month called in 1964. During the last 3 months only nine free world ships called at North Vietnam—all under long-term charter to Asian Communist countries.

In the case of Cuba, free world trade has dropped from \$340 million in 1964 to only \$175 to \$185 million in 1965. A further clearance is expected this year. Furthermore, most of this trade was by industrialized countries of Europe that would not be affected by the food-for-peace legislation.

Free world ship calls at Cuba have dropped from 394 in 1964 to 290 in 1965 and will be even lower in 1966.

The President should be left with enough authority to make maximum use of the food-for-peace legislation. That legislation is intended to draw on our agricultural strength to help other countries toward greater independence and economic well-being. This is a purpose that strengthens the free world in a key sector. It is an important tool in coping with the evolving situation in the underdeveloped world.

I strongly urge that we leave the President free to obtain the maximum benefit from the food-for-peace program in its own terms. He can then continue to press for the maximum cooperation from other free world countries in matters of trade and shipping with Cuba as a separate matter, without encumbering the agricultural program, and with a prospect of further gradual progress in this field.

There is already ample legislation on the record to support the President in this latter effort. I would recall for the House, moreover, his statement in signing the Agricultural Appropriation Act:

Second, the bill contains a provision that would automatically bar any needy nation from receiving U.S. food aid for its poor and starving people if that nation engages in any trade or shipping with North Vietnam.

This absolute bar goes far beyond a measured response to the problem, for such transactions by countries receiving our food aid are currently very small. It is inconsistent with the humanitarian and foreign policy goals of the food-for-freedom program. It will tie the hands of this administration and succeeding administrations.

Mr. NELSEN. Mr. Speaker, one last-minute change worked out by the conference committee for the food-for-peace bill should be reversed by the House. I am referring to the deletion of the provision which would prohibit U.S. taxpayer-sponsored bargain-rate food sales to nations that are trading with North Vietnam and Communist Cuba.

The reasons for this House-passed provision are obvious. North Vietnamese troops and the Communist Vietcong who are supported by the North Vietnam economy are killing and maiming the American boys in their efforts to subvert and conquer South Vietnam. In January of this year Cuba's Castro was the official host to the first annual conference of the Communists of three continents. The conference approved a program to organize support throughout the Communist world for the North Vietnamese invasion.

The House provision simply denies taxpayer-subsidized food sales from our Government under Public Law 480, to various nations who may be tempted to trade with those two enemies of the United States. The provision in no way alters our humanitarian donation program for urgent or extraordinary food relief requirements of both friendly and unfriendly countries.

It is argued that the countries affected by this provision are sending only small amounts of "nonstrategic goods" to North Vietnam and Cuba. However, we know in our own economy, which is in-

initely stronger than those of our enemies, that all goods are strategic during wartime. The supply of "nonstrategic" articles can be of great assistance in freeing a country's productive capacity for strategic goods.

Either way, the trade amounts to valuable assistance to the declared enemies of the American interests and the interests of the free world. We cannot justify special subsidized sales of American food to countries which choose to assist our wartime enemies in this way. The House must reinstate the ban provision.

The SPEAKER. The question is on the conference report.

MOTION TO RECOMMIT

Mr. BELCHER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman from Oklahoma opposed to the conference report?

Mr. BELCHER. Mr. Speaker, I am.

The SPEAKER. The gentleman from Oklahoma qualifies.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BELCHER moves to recommit the conference report on the bill, H.R. 14929, to the Committee of Conference with an instruction to the Managers on the part of the House to insist upon the language of section 103(d) (3) of the House bill which reads as follows:

"(3) for the purpose only of sales of agricultural commodities under title I of this Act any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime."

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the chair, being in doubt, the question was again taken.

The SPEAKER. In the opinion of the chair, the noes appear to have it.

Mr. BELCHER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors; the Sergeant of Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 306, nays 61, not voting 65, as follows:

[Roll No. 335]

YEAS—306

Abbott	Barrett	Broomfield
Abernethy	Bates	Brown, Clarence J., Jr.
Adair	Battin	Broyhill, N.C.
Adams	Beckworth	Broyhill, Va.
Anderson, III.	Belcher	Buchanan
Andrews,	Bell	Burleson
George W.	Bennett	Burton, Utah
Andrews,	Berry	Byrne, Pa.
Glenn	Betts	Byrnes, Wis.
Andrews,	Blatnik	Cabell
N. Dak.	Boggs	Cahill
Arends	Boland	Callan
Ashbrook	Bolton	Cameron
Ashmore	Bow	Carey
Ayres	Bray	Carter
Bandstra	Brock	Casey
Baring	Brooks	

Cederberg	Herlong	Pickle
Celler	Hicks	Pike
Chamberlain	Horton	Pirnie
Chelf	Hosmer	Poage
Clancy	Howard	Poff
Clark	Hull	Pool
Clausen,	Hungate	Price
Don H.	Huot	Pucinski
Clawson, Del.	Hutchinson	Quile
Cleveland	Ichord	Quillen
Collier	Irwin	Race
Colmer	Jarman	Randall
Conable	Jennings	Redlin
Conte	Joelson	Reld, Ill.
Cooley	Johnson, Calif.	Reid, N.Y.
Corbett	Johnson, Okla.	Reifel
Cramer	Johnson, Pa.	Rhodes, Ariz.
Cunningham	Jonas	Rhodes, Pa.
Curtin	Jones, Ala.	Rivers, S.C.
Curtis	Jones, Mo.	Roberts
Daddario	Jones, N.C.	Robison
Dague	Karsten	Rodino
Daniels	Karth	Rogers, Colo.
Davis, Ga.	Kee	Rogers, Fla.
Davis, Wis.	Keith	Roncalio
de la Garza	Kelly	Rooney, N.Y.
Delaney	King, Calif.	Rooney, Pa.
Dent	King, N.Y.	Rostenkowski
Denton	King, Utah	Roudebush
Derwinski	Kirwan	Rumsfeld
Devine	Kornegay	Satterfield
Dickinson	Kunkel	St Germain
Dole	Laird	St. Onge
Donohue	Landrum	Saylor
Dorn	Langen	Schmidhauser
Dowdy	Latta	Schneebeli
Downing	Lennon	Schweiker
Dulski	Lipscomb	Secrest
Duncan, Tenn.	Long, La.	Selden
Dwyer	Long, Md.	Senner
Edmondson	Love	Shipley
Edwards, La.	McCarthy	Shriver
Erlenborn	McClory	Sikes
Everett	McCulloch	Skubitz
Evins, Tenn.	McDade	Slack
Fallon	McDowell	Smith, Calif.
Farnum	McEwen	Smith, Iowa
Fascell	McFall	Springer
Feighan	McGrath	Stafford
Findley	Macdonald	Staggers
Fino	MacGregor	Staibbaum
Flood	Machen	Stanton
Fogarty	Mackay	Steed
Foley	Mackie	Stubblefield
Ford, Gerald R.	Madden	Talcott
Fountain	Mahon	Taylor
Friedel	Mailliard	Teague, Calif.
Fulton, Pa.	Marsh	Tenzer
Fulton, Tenn.	Mathias	Thomson, Wis.
Fuqua	Matthews	Trimble
Gettys	May	Tunney
Giaimo	Meeds	Tuten
Gibbons	Michel	Udall
Gilligan	Miller	Ullman
Goodell	Mills	Utt
Grabowski	Minish	Van Deerlin
Gray	Minshall	Vanik
Green, Pa.	Mize	Vigorito
Greigg	Moeller	Waggonner
Grover	Monagan	Watts
Gubser	Moore	Weltner
Gurney	Moorhead	Whalley
Hagan, Ga.	Morton	White, Idaho
Haley	Mosher	White, Tex.
Hall	Murphy, N.Y.	Whitener
Halpern	Natcher	Whitten
Hamilton	Nelsen	Williams
Hanley	Nix	Wilson,
Hanna	O'Brien	Charles H.
Hansen, Idaho	O'Neal, Ga.	Wolff
Hansen, Wash.	Otinger	Wright
Hardy	Passman	Wyatt
Harsha	Patman	Wydler
Harvey, Mich.	Pelly	Young
Hays	Pepper	Younger
Hechler	Perkins	Zablocki
Henderson	Philbin	

NAYS—61

Anderson,	Farnsley	Kastenmeier
Tenn.	Ford,	Keogh
Annunzio	William D.	Kluczynski
Ashley	Fraser	Krebs
Bingham	Frelinghuysen	Matsunaga
Bolling	Gallagher	Mink
Brademas	Gathings	Moss
Burke	Gilbert	Multer
Burton, Calif.	Gonzalez	Murphy, Ill.
Clevenger	Green, Oreg.	Nedzi
Cohelan	Griffiths	O'Hara, Ill. :
Culver	Hagen, Calif.	O'Hara, Mich.
Dawson	Hathaway	Olson, Minn.
Diggs	Hawkins	Patten
Dingell	Helstoski	Powell
Dow	Holifield	Rees
Edwards, Calif.	Holland	Reuss
Farbstein	Jacobs	Ronan

Rosenthal	Scheuer	Waldie
Roybal	Thompson, N.J.	Yates
Ryan	Todd	

NOT VOTING—66

Addabbo	Kupferman	Sickles
Albert	Leggett	Sisk
Aspinall	McMillan	Smith, N.Y.
Brown, Calif.	McVicker	Smith, Va.
Callaway	Martin, Ala.	Stephens
Conyers	Martin, Mass.	Stratton
Corman	Martin, Nebr.	Sullivan
Craley	Morgan	Sweeney
Duncan, Oreg.	Morris	Teague, Tex.
Dyal	Morrison	Thomas
Edwards, Ala.	Morse	Thompson, Tex.
Ellsworth	Murray	Toll
Evans, Colo.	O'Konski	Tuck
Fisher	Olsen, Mont.	Tupper
Flynt	O'Neill, Mass.	Vivian
Garmatz	Purcell	Walker, Miss.
Grider	Reinecke	Walker, N. Mex.
Gross	Resnick	Watkins
Halleck	Rivers, Alaska	Watson
Hansen, Iowa	Rogers, Tex.	Widnall
Harvey, Ind.	Schisler	Willis
Hébert	Scott	Wilson, Bob

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Harvey of Indiana.
 Mr. O'Neill of Massachusetts with Mr. Morse.
 Mr. Grider with Mr. Watson.
 Mr. Stratton with Mr. Smith of New York.
 Mr. Evans of Colorado with Mr. Tupper.
 Mr. Morgan with Mr. Watkins.
 Mr. Albert with Mr. Halleck.
 Mrs. Sullivan with Mr. Gross.
 Mr. Aspinall with Mr. Martin of Nebraska.
 Mr. Fisher with Mr. Edwards of Alabama.
 Mr. Corman with Mr. Reinecke.
 Mr. Garmatz with Mr. Martin of Massachusetts.
 Mr. Olsen of Montana with Mr. O'Konski.
 Mr. Smith of Virginia with Mr. Bob Wilson.
 Mr. Sisk with Mr. Widnall.
 Mr. Morris with Mr. Ellsworth.
 Mr. Morrison with Mr. Martin of Alabama.
 Mr. Willis with Mr. Callaway.
 Mr. Sweeney with Mr. Kupferman.
 Mr. Stephens with Mr. Walker of Mississippi.
 Mr. Leggett with Mr. Conyers.
 Mr. Thompson of Texas with Mr. Duncan of Oregon.
 Mr. McVicker with Mr. Walker of New Mexico.
 Mr. Addabbo with Mr. McMillan.
 Mr. Rivers of Alaska with Mr. Schisler.
 Mr. Dyal with Mr. Vivian.
 Mr. Brown of California with Mr. Tuck.
 Mr. Craley with Mr. Teague of Texas.
 Mr. Flynt with Mr. Sickles.
 Mr. Hansen of Iowa with Mrs. Thomas.
 Mr. Purcell with Mr. Scott.
 Mr. Rogers of Texas with Mr. Resnick.

Messrs. GRAY, YOUNG, ROONEY of New York, and BARRETT changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

GENERAL LEAVE TO EXTEND

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so have 5 legislative days in which to extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENDING THE AUTHORITY OF THE POSTMASTER GENERAL TO LEASE REAL PROPERTY

Mr. DANIELS. Mr. Speaker, I ask unanimous consent for the immediate

consideration of the joint resolution (S.J. Res. 197) to extend the authority of the Postmaster General to enter into leases of real property for periods not exceeding 30 years, and for other purposes.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 197

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2109 of title 39, United States Code, is amended to read as follows:

"§ 2109. Time limitations on agreements

"Agreements may not be entered into under sections 2104 and 2105 of this title after July 22, 1964, and under section 2103 after April 30, 1967."

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Speaker, Senate Joint Resolution 197 provides for an extension of the leasing program of the Post Office Department to April 30, 1967.

The provisions of title 39 United States Code, section 2103, authorizes the Postmaster General to enter into lease agreements for postal buildings for periods up to 30 years, and authorizes the condemnation and other types of land acquisition and related land disposition. This authority will expire on December 31, 1966, and the joint resolution proposes to grant a 4-month extension.

A 4-month extension was proposed by the Senate Committee on Public Works, which has jurisdiction over this matter in the Senate, in order to permit the committee to examine in depth the relative merits of providing some major postal facilities by Government construction rather than by long-term leasing. This is the same reason advanced by the Senate when the same question of the extension of the leasing authority was considered several years ago.

Mr. Speaker, the House passed a bill, H.R. 14548, on July 18, 1966, which would have continued the 30-year leasing authority indefinitely without any time limitation. The bill received extensive consideration by the Senate Public Works Committee and was reported by the committee with substantial amendments. However, the Senate was not able to complete action on the amendments recommended by the committee and now, since it is getting so late in the session, felt it advisable to provide a 4-month extension on the existing authority in order to permit a continuation of the Department's leasing program beyond December 31, 1966.

This will afford the Senate Public Works Committee ample opportunity next year for determination to be made whether to provide an indefinite extension of the authority or to meet the Post Office Department requirements for major facilities through Government construction.

SUMMARY OF ACTION BY THE SENATE ON H.R. 14548

The bill, H.R. 14548, was reported to the Senate on July 22, 1966—Senate report No. 1400.

Committee amendments propose to continue the 30-year leasing authority for "the erection by the lessor of a special purpose post office building." The special

purpose building was defined as being one convenient for processing mail with at least 90 percent of the floor space devoted exclusively to mail processing activities.

The Senate amendment also proposed a fiscal year limitation on the total amount of lease space to be procured, of 6 million square feet or \$15 million annual rental payments.

Also, any special purpose post office building having a gross floor space exceeding 10,000 square feet could not be the subject of a contract until 60 days after the date of a transmittal of a prospectus to the House and Senate Committees on Public Works.

The Senate amendments were considered by the Senate, but the bill was referred back to the Committee for further study because of several questions raised during the Senate debate concerning the procedure previously followed by the Post Office Department under this leasing program.

The bill was reported to the Senate once again on September 7, 1966—Senate report No. 1591. The Senate apparently has been unable to schedule action on the House bill and in lieu thereof, adopted Senate Joint Resolution 197 on October 4, 1966, providing a 4-month extension.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. DANIELS]?

There was no objection.

The Senate joint resolution was ordered read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROMOTING GENERAL WELFARE, PUBLIC POLICY AND SECURITY OF OF THE UNITED STATES

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10860) to promote the general welfare, public policy, and security of the United States, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Amend the title so as to read: "An Act to amend the Connally Hot Oil Act by exempting States from certain provisions thereof."

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PROVIDING FOR CONTINUED PROGRESS IN THE NATION'S WAR ON POVERTY

Mr. POWELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15111) to provide for continued progress in the Nation's war on poverty, with Senate amendment thereto, disagree to the Sen-

ate amendment and request a conference.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. POWELL]?

Mr. WILLIAM D. FORD. Mr. Speaker, reserving the right to object, it is my understanding that the chairman of the committee has submitted to the Speaker a list of conferees on the bill which includes only one of the members of the subcommittee other than the chairman himself, who worked on the bill.

I would like to know if this is correct?

The SPEAKER. The Chair has a list of conferees which, if the unanimous-consent request is agreed to, the Chair will announce.

Mr. WILLIAM D. FORD. Mr. Speaker, the information I have is that those of us who served on the subcommittee handling this piece of legislation were not named to the conference committee, and will not be named.

Having made that observation, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. POWELL]?

The Chair hears none, and appoints the following conferees: Messrs. POWELL, PERKINS, Mrs. GREEN of Oregon, Messrs. THOMPSON of New Jersey, DENT, GIBBONS, AYRES, QUIE and GOODELL.

AUTHORIZING ADDITIONAL EXPENSES FOR THE COMMITTEE ON HOUSE ADMINISTRATION

Mr. FRIEDEL. Mr. Speaker, by direction of the Committee on House Administration I call up the resolution (H. Res. 1028) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1028

Resolved, That, in carrying out its duties during the Eighty-ninth Congress, the Committee on House Administration is authorized to incur such further expenses (not in excess of \$25,000) as it deems advisable in the United States, its territories, and possessions. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized and approved by such Committee, and signed by the chairman thereof.

The SPEAKER. The Chair recognizes the gentleman from Maryland [Mr. FRIEDEL].

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman.

Mr. DENT. Mr. Speaker, I want to clear up one matter here. There seems to be a misunderstanding about this \$25,000 appropriation in the minds of some Members. In our committee this morning when we dealt with this subject matter, I asked the question, whether this \$25,000 was to be spent in conducting investigations of the membership of this House as a whole and that it was not aimed at an individual or an individual committee. Some of us serve on some committees that seem to be always being discussed publicly and sometimes privately. Therefore, in order that it be

clearly understood, this committee, investigating under the able gentleman from Ohio [Mr. HAYS] has the use of this \$25,000 to investigate, interrogate, and inquire into the behavior of every Member of the Congress and every committee. Is that true, Mr. Speaker?

Mr. FRIEDEL. The \$25,000 can be used in any way that the chairman of the full committee wishes to use it. It is not strictly limited to investigate the Committee on Education and Labor.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman.

Mr. ANDERSON of Illinois. Mr. Speaker, I am surprised at the statement just made by the gentleman from Pennsylvania [Mr. DENT] and apparently assented to by the gentleman from Maryland [Mr. FRIEDEL], that this \$25,000 appropriation gives the subcommittee on accounts, as I understand it, of the House Committee on Administration, the right to investigate any or every Member of this House on any matter whatsoever.

As recently as yesterday, I looked into Jefferson's Manual, which defines the legal duties under the rules of this House of the Committee on House Administration. I do not find anything in that manual that would give them broad, sweeping powers to conduct that kind of investigation. I am concerned because shortly there is going to be before this House a resolution to set up a House Committee on Ethics and Standards and I want nothing to interfere with the creation of that committee.

I would not want to leave the statement that has just been made unchallenged in the RECORD and to leave unchallenged the understanding that the rules of this House permit the Committee on House Administration to have anything like the broad, sweeping powers that would be given to it according to the remarks made by the gentleman from Pennsylvania.

Mr. FRIEDEL. The \$25,000 that is being provided by this resolution is not for the subcommittee on accounts but is for the full Committee on House Administration, and the amount, as set forth in the resolution, can be used as the chairman sees fit. This money will come out of the contingent fund. It does not apply to a broad investigation of each individual Member nor is it strictly limited to the one Committee on Education and Labor.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman.

Mr. DENT. The gentleman from Maryland was present at the meeting of the committee this morning when I asked that very question. If the minutes of the committee can be brought here, I think the answer to the point I have raised will follow along the lines that I have made clear here.

Is it then the understanding of the gentleman on the other side that this \$25,000, is illegal as the gentleman puts it, improper, for the committee to spend it to investigate the behavior of all the

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 19, 1966
For actions of Oct. 18, 1966
89th-2nd; No. 179

CONTENTS

Accounting.....	11	Health services.....	17	Pollution.....	28
Appropriations.....	2	Helicopter.....	19	Poverty.....	13
Committee assignments....	7	Highways.....	10	Rural housing.....	3,15
Demonstration cities	3,15,26	Housing loans.....	3,15	Supplemental appropriations.....	2
Disaster relief.....	16	Intergovernmental relations.....	8,12,29	Tariff.....	22
Education.....	4	Lands.....	14	Taxation.....	5
Erosion.....	30	Legislative record.....	23	Water for peace.....	6
Farm program.....	20	Natural resources.....	25	Water supply.....	24
Food costs.....	27	Olives.....	22	Watersheds.....	9,18
Food for peace.....	1	Organization.....	25		
Grain storage.....	10	Personnel.....	21		

HIGHLIGHTS: Both Houses received and Senate agreed to conference report on demonstration cities bill including rural-housing amendments. House passed supplemental appropriations bill. House received conference report on food for peace bill. Senate committees reported bills to permit sale of grain storage facilities and to provide separate accounting systems for USDA funds. Senate adopted conference report on poverty bill. Senate concurred in House amendment to disaster relief bill. Senate committee voted to report helicopter bill.

HOUSE

- 1. FOOD FOR PEACE.** Received a new conference report on H. R. 14929, the food-for-peace bill, with a modified provision regarding trade with North Vietnam and Cuba (H. Rept. 2304). pp. 26430-6
- 2. APPROPRIATIONS.** Passed with amendment H. R. 18381, the supplemental appropriation bill. See Digest 178 for items of interest to this Department. pp. 26333-60
- 3. HOUSING LOANS.** Received the conference report on S. 3708, the proposed Demonstration Cities and Metropolitan Development Act of 1966, which includes amendments to the rural-housing law (see Digest 176 for provisions)(H. Rept. 2301). pp. 26370-84

4. EDUCATION. Received the conference report on H. R. 13151, to strengthen and improve programs of assistance for elementary and secondary schools (H. Rept. 2309). pp. 26464-7
5. TAXATION. Received the conference report on H. R. 17607, to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property (H. Rept. 2308). pp. 26367-70
The Ways and Means Committee reported with amendments H. R. 7030, to amend the Internal Revenue Code to allow a farmer a deduction from gross income for water assessments levied by irrigation ditch companies, etc. (H. Rept. 2299). p. 26477
6. WATER FOR PEACE. The Rules Committee reported a resolution for consideration of S. J. Res. 167, to enable the U. S. to hold an International Conference on Water for Peace in the U. S. in 1967. p. 26436
7. COMMITTEE ASSIGNMENTS. Rep. Mackie resigned from the Agriculture Committee and was elected to the Public Works Committee. Several other changes in committee assignments were agreed to. pp. 26436-7
8. INTERGOVERNMENTAL RELATIONS. A subcommittee of the Government Operations Committee approved for full committee action H. R. 17955, the proposed Intergovernmental Relations Act of 1966. p. D1019
9. WATERSHEDS. The Public Works Committee approved various watershed reports. p. D1019

SENATE

10. GRAIN STORAGE. The Agriculture and Forestry Committee reported without amendment H. R. 12360, to permit the sale of grain storage facilities to public and private nonprofit agencies and organizations (S. Rept. 1835). p. 26238
11. ACCOUNTING. The Agriculture and Forestry Committee reported without amendment S. 3699, to require the Department and the Budget Bureau to make a separate accounting of funds requested for the Department of Agriculture for programs and activities that primarily stabilize farm income and those that primarily benefit consumers, business men, and the general public (S. Rept. 1836). p. 26238
12. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported without amendment H. R. 15335, to amend the act to establish an Advisory Commission on Intergovernmental Relations in order to make several relatively minor amendments to enable the Commission to function more effectively and to reflect certain changes that have occurred since the statute was enacted in 1959. p. 26237
13. POVERTY. Agreed to the conference report on H. R. 15111, to continue and amend various programs under the Economic Opportunity Act. pp. 26295-8
14. LANDS. The Agriculture and Forestry Committee reported without amendment S. 433, to authorize the Secretary of Agriculture to sell certain land in Lander, Wyo. (S. Rept. 1837). p. 26238

FOOD FOR PEACE

OCTOBER 18, 1966.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 14929]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Food for Peace Act of 1966"*.

SEC. 2. *The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—*

(A) *By amending section 2 to read as follows:*

"SEC. 2. *The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.*"

(B) *By amending title I to read as follows:*

TITLE I

"SEC. 101. *In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President authorized to negotiate and carry out agreements with friendly countries to provide for the*

sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: Provided, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) make sales agreements only with those countries which he determines to be friendly to the United States: Provided, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: Provided, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon

the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from

purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: Provided, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted

into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, non-profit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

“(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

“(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

“(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

“(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

“(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: Provided,

That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

“(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: Provided, however, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

“(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: Provided, That no such funds may be utilized to promote religious activities;

“(g) For the purchase of goods or services for other friendly countries;

“(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

“(i) For paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

“(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation:

Provided, That—

“(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

“(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies

which accrue pursuant to agreements entered into thereafter: Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

"(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session.

"(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

"SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for

such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

“(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

“SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

“(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

“(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 404, 405, 407, 408, and 409 shall be applicable to sales under this section.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(b) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) establishing and expanding institutions for adaptive agricultural research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000,

plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) *By amending title II to read as follows:*

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not

exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals."

(D) By changing the designation "TITLE III—GENERAL PROVISIONS" to "TITLE III" and by striking out sections 304, 305, 306, 307, and 308.

(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"SEC. 402. The term 'agricultural commodity' as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: Provided, however, That the term 'agricultural commodity' shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: Provided, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary

of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each county with which agreements are in effect under title I in carrying out its agreements under such title.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol "(1)", by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out "foreign distribution,".

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch program outside the United States"; "and (4) above"; "in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States"; and "The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help designed to alleviate the causes of the need for such assistance."

(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended (1) by inserting a period in lieu of the colon after the word "Act" and striking out the proviso; (2) by inserting after the word "manufactured" the word "entirely"; and (3) by inserting before the comma following the words "surplus supply" the words "in the same manner as any other agricultural commodity or product is made available".

(e) *Section 407 of the Agricultural Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: “: Provided, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum (120 per centum in the case of wheat whenever its carryover will be less than 25 per centum of such estimated export and domestic consumption) of the current price support loan plus reasonable carrying charges.”*

SEC. 4. Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by Commodity Credit Corporation under its Export Credit Sales program. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation annually for its actual costs incurred or to be incurred under its Export Credit Sales Program.

SEC. 5. This Act shall take effect as of January 1, 1967, except that section 4 shall take effect upon enactment.

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
PAGE BELCHER,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
B. EVERETT JORDAN,
GEORGE MCGOVERN,
GEORGE D. AIKEN,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in accompanying conference report.

The amendment of the Senate struck out all after the enacting clause of H.R. 14929 and substituted a new bill which differed from the House bill in some 38 different provisions. Following are the substantive differences between the House bill and the substitute agreed to by the conferees.

Short title.—The Senate amendment changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House bill. The conferees have agreed to the amendment made by the Senate but point out that this short title applies to this act only. It does not change the title of the basic legislation which remains "The Agricultural Trade Development and Assistance Act of 1954."

(All the changes in the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480, are contained in sec. 2 of H.R. 14929. For easy reference, therefore, changes in the House bill discussed here will be identified by sections and subsections in the revised text of the basic law and the basic law will be referred to as Public Law 480.)

Transition from soft currency sales.—Both the House bill and the Senate amendment contained a provision (sec. 103(b)) directing the President to take steps to insure a progressive transition from sales for foreign currency to sales for dollars at a rate whereby the transition could be completed by December 31, 1971. To this language the Senate added a sentence providing that, to the extent transition to dollars under the terms applicable to dollar sales (secs. 106 and 107) is not possible, transition may be made to sales for foreign currency on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and which would permit conversion to dollars at the exchange rate applicable to the sales agreement. This provides for convertible currency credit sales on terms similar to those in the House bill for dollar credit sales.

Sales to countries dealing with Cuba or North Vietnam.—The House bill (sec. 103(d)) prohibited the making of sales agreements for foreign currencies or dollar credit under Public Law 480, with any nation which "sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime."

Pursuant to the instruction of the House, the committee of conference has retained the exact House language and has added to it the following:

Provided, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, nonstrategic raw materials for agriculture, and nonstrategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register.

This retains without change the House prohibition against any kind of a sale under Public Law 480 to a country which is doing any kind of business with North Vietnam. In the case of countries doing business with Cuba, sales under Public Law 480 are also prohibited unless: (1) The business with Cuba consists only of medical supplies, nonstrategic raw materials for agriculture, or nonstrategic agricultural or food commodities; (2) the President finds with respect to each country and each transaction that it is in the national interest to make a sale under Public Law 480; and (3) such finding is transmitted to the House and Senate and published in the Federal Register. There is no exception to the House provision that a country which transports to or from North Vietnam or Cuba any equipment, materials, or commodities to or from a third country is ineligible for a sale under Public Law 480.

Publicizing foreign currency commodities.—The House bill (sec. 103(l)) required the President to obtain commitments from purchasing countries that, insofar as practicable, food commodities sold for foreign currencies would be marked or identified at the point of distribution or sale as being provided on a concessional basis through the generosity of the people of the United States. The Senate amendment struck out this provision and required that the President obtain commitments from purchasing countries to publicize widely to their people by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace. The conferees have agreed to retain the language of both the House and Senate bills.

Currency conversion.—The Senate amendment (sec. 103(m)) added two provisions with respect to convertibility of foreign currencies received under Public Law 480. The first is that such currencies should be made available for payment of U.S. obligations or charges payable to the government of the importing country or any of its agencies. This is intended to cover payments such as canal tolls for vessels owned by the U.S. Government and similar charges. It is consistent with existing law and was accepted by the House conferees.

The second convertibility requirement was that such additional amount of the foreign currency paid for Public Law 480 commodities as might be necessary to cover all normal expenditures of American tourists in the importing country (up to 25 percent of the foreign currencies received pursuant to each agreement) should be convertible. The House conferees accepted this amendment, also, with an amend-

ment limiting its application to excess currency countries. Since all of the currencies involved in the convertible currency sales authorized in section 103(b) are fully convertible, this provision will not apply to such transactions.

Displacement of cash sales.—The House conferees accepted a Senate amendment (sec. 103(n)) requiring the President to take maximum precautions to assure that sales for dollars on credit terms under this act shall not displace any sales of U.S. agricultural commodities which would otherwise be made for cash dollars. The House bill already contained a similar provision with respect to foreign currency sales and private dollar credit sales, which was retained by the conference.

Release of market development funds.—The House bill (sec. 104(b)(1)) contained a provision (which is a restatement of present law) that the Secretary of Agriculture may release such amounts of foreign currencies set aside for market development purposes as he determines will not be needed within a reasonable period of time for such purpose. The Senate amendment would have permitted such a release only after notification by the President to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of the proposed release and then only if neither committee adopted a resolution stating in substance that the committee did not favor such release. The committee of conference has accepted the Senate amendment as to that part requiring a report to be made to the two committees but eliminated that portion giving the committees the authority to veto the proposed release.

Emergency relief uses.—The House bill authorized (sec. 104(d)) the use of foreign currencies to meet emergency or extraordinary relief requirements overseas. The Senate added an amendment limiting this authority to requirements for other than food commodities and limited the amount which might be used to \$5 million in any fiscal year. This amendment was accepted by the conferees.

Planning food and nutritional programs.—The conferees did not accept a Senate amendment authorizing the use of foreign currencies for financing planning of national food and nutrition programs because they believe that this proposal is adequately covered by section 104(h) of the House bill.

Approval of grants.—The Senate added an amendment to section 104 subjecting certain foreign currency grants and uses of foreign currency loan repayments to appropriation act or committee approval. The amendment required that (a) subject to Presidential waiver, appropriation act authorization is required for grants under sections 104 (f) and (g) and for use of 10 percent of the foreign currencies under agreements prior to December 31, 1964, and 20 percent under agreements thereafter; and (b) it also required that grants (other than military assistance) of any foreign currencies, or any use of loan repayments could be made only after notice to, and the absence of disapproval action by, each of the congressional Agriculture Committees. The conferees have accepted this Senate amendment with an amendment striking out the authority of the congressional Agriculture Committees to veto a proposed grant but requiring Presidential notification to such committees in advance with respect to each such proposed action.

Interest on foreign currency loans.—The conferees accepted a modified Senate amendment requiring that interest rates on any loan made under the authority of section 104 of Public Law 480 should be not

less than the cost of funds to the U.S. Treasury unless the President should designate a different rate after consultation with the advisory committee established under section 407 of the act.

Excess currency countries.—The conferees also accepted a Senate amendment which would exempt excess currency countries from the requirements described in the two preceding paragraphs. An excess currency country for the purposes of this section is one in which the Secretary of the Treasury determines that the foreign currency or credits owned by the United States and available for use in such nation are in excess of the normal requirements of the Departments and agencies of the United States for expenditures in such nation for the 2 fiscal years following the fiscal year in which such determination is made. The amendment provides that the amount of any such excess currency shall be devoted, to the extent practicable and without regard to the requirements of section 1415 of the supplemental appropriation act, to the acquisition of sites, buildings, and grounds and to assist the purchasing nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. The President is required to advise the House and Senate Agriculture Committees of a determination by the Secretary of the Treasury that a country has become an excess currency country and to keep such committees advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

Terms of dollar credit sales.—The House bill (sec. 106) permitted sales on long-term dollar credit on the same terms authorized for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. This is presently a 40-year repayment period with a 10-year grace period during which no payments on the principal would have to be made, with interest at 1 percent during the grace period and 2½ percent thereafter. The Senate amendment reduced the payment period to 20 years and the grace period to 2 years and limited the delivery period of commodities under such an agreement to not more than 10 years. This is substantially the provision of the present law. In view of the provision in section 103(b) for foreign currency credit sales with the requirement that the currency be fully convertible to dollars, and with a maximum term similar to that in section 106 of the bill as passed by the House, the House conferees accepted the Senate amendment to section 106.

This amendment also requires that local currency proceeds of sales of commodities on long-term dollar credit be used in the recipient country for economic development purposes agreed upon between the two governments at the time the sale is made and written into the sales agreement.

Long-term dollar credit sales by the private trade.—Although the Senate amendment had substantially altered section 107, dealing with long-term dollar credit sales by the private trade, the conferees adopted substantially the House language on this section. The language adopted by the conference requires that the provisions of section 106 should apply to private trade dollar credit with respect also to the 10-year maximum delivery period and the 2-year deferral of the first payment. It also added to section 107(b) the requirement that the

Secretary should take reasonable precautions to safeguard the usual marketings of the United States.

Section 107(d) stipulates the other sections of the act which are applicable to private trade agreements and to those listed in the House bill were added: Section 103(a) requiring the President to take self-help efforts into account, section 110 bringing private trade agreements within the total authorization of \$1.9 billion in any year, plus carry-over; section 401 providing for determination by the Secretary of Agriculture of commodities available for export and prohibiting dispositions which would result in a shortage; section 404 providing that assistance be directed toward humanitarian objectives and U.S. interests; and section 405 providing for assistance to countries helping themselves to meet their food needs and population growth problems. Those provisions of section 103(d) which relate only to foreign currency sales do not, of course, apply to this section.

In agreeing to the House language of section 107, with the amendments noted, the conferees make the following observations about this section:

First, the agricultural commodities which may be exported under the authority of this section include livestock, if the particular livestock to be exported meet the requirements set out in section 401 with respect to available agricultural commodities generally; second, the term "private economic enterprise" in section 107(a) is intended to include private housing developments.

CCC commercial export credit.—Section 107 of the House bill also contained a provision permitting CCC export credit (now limited to CCC stocks) to be used also in the export of private stocks, and authorizing appropriations to CCC to reimburse it for credits extended under such program. The conferees have deleted this from section 107 of the revised language of Public Law 480 and have made it a separate section of the bill, appearing near the end as a new section 4.

Ocean freight charges.—The conference adopted, with an amendment, the Senate language of section 108, dealing with payment of ocean freight charges. This provides that CCC may finance ocean freight charges for sales of agricultural commodities for foreign currencies only to the extent that such charges are higher than would otherwise be the case by reason of the requirement that commodities be transported on U.S.-flag vessels. The balance of such charges for transportation in U.S. vessels is to be paid in dollars by the recipient nation or organization. This limitation does not apply to sales for dollar credit under section 106 or 107 or sales on foreign currency credit terms (requiring full convertibility to dollars) under section 103(b).

Self-help for agriculture.—The conferees adopted a Senate amendment making it clear that the proviso in section 109, relating to self-help for agriculture in recipient countries, is to be a positive requirement that 20 percent of certain currencies be set aside for the self-help purposes described in section 109, rather than a standard suggested for the President's consideration.

Stipulation of self-help program in agreements.—The conferees also accepted a Senate amendment to section 109 which provides that each agreement entered into shall describe the programs which the recipient

country is undertaking to improve its production, storage, and distribution of agricultural commodities and for termination of such agreement whenever the President finds that such a program is not being adequately developed.

Authorization for title I.—The House bill provided an annual authorization of not to exceed \$2.5 billion, plus carryover, for title I. The Senate reduced this authorization to \$1.9 billion, plus carryover, and the conferees have agreed to the Senate figure.

Assistance to needy persons.—The conferees accepted a Senate amendment making it clear that assistance to needy persons authorized in section 201 is limited to agricultural commodity assistance. This is consistent with the intention of the House language.

Authorization for title II.—The House bill authorized programs of assistance (donations) under title II of not to exceed \$800 million per year, plus carryover. The Senate reduced this figure to \$600 million per year, plus carryover, and the committee of conference has accepted the Senate figure.

Assistance of other countries.—The committee of conference accepted a Senate provision stating that it is the sense of Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. The section also states that it is further the sense of Congress that as a means of achieving this objective, the United States should work for expansion of the United Nations world food program beyond its present established goals.

Guidelines as to "availability."—The conference agreed to a Senate amendment to section 401 establishing guidelines as to the availability of commodities for export under Public Law 480 and providing that no commodity shall be available for such distribution if it should reduce the domestic supply of such commodity below the quantity needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars. The conferees did not agree to a Senate amendment to section 401 which would have placed in the Secretary of Agriculture (instead of the President) the authority to determine the countries with which sales agreements would be made.

Agricultural commodity.—The conference agreed to a Senate amendment making it clear that the term "agricultural commodity" as used in this act means only agricultural commodities produced in the United States. This is merely a clarification of the intent of the House.

Alcoholic beverages and tobacco.—The conference also agreed to a Senate amendment prohibiting the sale or donation of alcoholic beverages under this act and the donation of tobacco or tobacco products. This is a restatement of the existing policies under which Public Law 480 is operated. No alcoholic beverages have ever been exported either by sale or through a donation program and tobacco has never been included in any donation program. In accepting this amendment the conferees intend that the Department of Agriculture shall continue its efforts to export tobacco as part of the sales programs authorized under title I of this act.

Budget presentation.—The conference agreed to a Senate amendment to section 403 requiring that the President, in presenting his budget, shall classify expenditures under this act as expenditures for international affairs and finance, rather than for agriculture and agricultural resources.

Advisory committee.—The conferees agreed to a Senate amendment to section 407, establishing a joint legislative-executive advisory committee on Public Law 480, which would add to the membership of the committee the Secretary of State, the Secretary of the Treasury, and the two ranking majority and minority members of the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.

Annual report.—The conferees agreed to a Senate amendment requiring the President's annual report to be made not later than April 1, and to describe the progress of each country's self-help program.

Cotton products.—The House bill contained an amendment to section 8 of Public Law 89-931 (not a part of Public Law 480) providing that cotton products could be exported under Public Law 480, if cotton constituted a "substantial portion" of the sales price. The conference committee has agreed to the Senate wording of this provision, with an amendment, providing that cotton products may be financed under Public Law 480 "in the same manner as any other agricultural commodity or product is made available" if the product to be financed is manufactured "entirely" of cotton. This would permit cotton product exports to be financed under the same circumstances as the products of other agricultural commodities.

Adjustment programs.—The House bill contained a provision requiring the Secretary of Agriculture, in planning voluntary production adjustment programs, to plan for a carryover at the end of the marketing year of not less than 25 percent of the total estimated requirements of such marketing year. The conferees agreed to strike this provision of the House bill.

CCC resale price.—The House bill contained a provision (not a part of Public Law 480) that whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year, of a price supported agricultural commodity for which a voluntary adjustment program is in effect, will be less than 25 percent of the estimated export and domestic consumption of such commodity, the CCC would be prohibited from selling any of its stocks of such commodity during such year for unrestricted use at less than 115 percent of the current support loan plus reasonable carrying charges (instead of 105 percent of the support loan plus carrying charges, as provided in existing law). The Senate amendment changed the 115-percent resale price to 120 percent and put in a special provision with respect to wheat that the higher resale price should become effective if the carryover dropped below 35 percent (instead of 25 percent as for other commodities). The conferees agreed to the House language with respect to commodities other than wheat and for wheat agreed that the 115-percent resale minimum should become effective if the carry-

over dropped below 35 percent and that the CCC resale minimum should be 120 percent if the supply dropped below 25 percent.

HAROLD D. COOLEY,

W. R. POAGE,

E. C. GATHINGS,

HARLAN HAGEN,

GRAHAM PURCELL,

PAGE BELCHER,

ALBERT H. QUIE,

CATHERINE MAY,

Managers on the Part of the House.



Eugene T. Sweeney, University of Hartford.
 Romeyn Taylor, University of Minnesota.
 George B. Tindall, Chapel Hill, North Carolina.
 Peter Topping, University of Cincinnati.
 Lawrence W. Towner, The Newberry Library, Chicago.
 Roger R. Trask, Macalester College.
 Glyndon G. Van Deusen, Emeritus, The University of Rochester.
 Edwin J. Vankley, Calvin College.
 Joseph F. Wall, Grinnell College.
 John William Ward, Amherst College.
 Caroline F. Ware, Vienna, Virginia.
 Richard L. Watson, Jr., Duke University.
 William B. Watson, Massachusetts Institute of Technology.
 Bernard A. Weisberger, University of Rochester.
 Philip L. White, University of Texas.
 Henry M. Whitney, Kent State University, Ohio.
 William B. Willcox, University of Michigan.
 Prince E. Wilson, Central State University, Ohio.
 Harold D. Woodman, University of Missouri.
 John S. Wright, Nevada Southern University.
 Howard Zinn, Boston University.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

For what purpose does the gentleman from Massachusetts rise?

Mr. CONTE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. CONTE. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONTE moves to recommit the resolution of the Committee on Un-American Activities to a select committee of seven Members to be appointed by the Speaker with instructions to examine the sufficiency of the contempt citations under existing rules of law and relevant judicial decisions and thereafter to report it back to the House, while Congress is in session, or, when Congress is not in session, to the Speaker of the House, with a statement to its findings.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

The question was taken.

Mr. CONTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors; the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 90, nays 181, not voting 161, as follows:

[Roll No. 374]

YEAS—90

Annunzio	Conyers	Gialmo
Bates	Culver	Gilbert
Bell	Curtis	Gonzalez
Bingham	Dawson	Grabowski
Blatnik	Diggs	Green, Oreg.
Boland	Donohue	Green, Pa.
Brademas	Dow	Hechler
Burke	Dwyer	Holifield
Burton, Calif.	Edwards, Calif.	Horton
Burton, Utah	Farbstein	Irwin
Byrne, Pa.	Fogarty	Karsten
Cameron	Ford	Kastenmeier
Cleveland	William D. Fraser	King, Calif.
Cobelan	Frelinghuysen	Kluczynski
Coble	Friedel	Krebs
Conte		Kupferman

Leggett	Philbin
Macdonald	Powell
May	Price
Miller	Rees
Monagan	Reid, N.Y.
Moorhead	Resnick
Morse	Reuss
Mosher	Rodino
Multer	Ronan
Murphy, Ill.	Rosenthal
Nedzi	Rostenkowski
O'Hara, Ill.	Roybal
O'Neill, Mass.	Rumsfeld
Ottlinger	St Germain
Patten	

NAYS—181

Abbott	Griffiths	O'Brien
Andrews	Grover	O'Hara, Mich.
George W. Andrews	Gubser	Olson, Minn.
N. Dak.	Gurney	O'Neal, Ga.
Arends	Hagen, Calif.	Passman
Ashmore	Haley	Patman
Bandstra	Hall	Pelly
Battin	Hamilton	Pepper
Beckworth	Hanley	Perkins
Bennett	Hardy	Pickle
Boggs	Harsha	Pike
Brock	Hathaway	Poage
Brooks	Hays	Poff
Broyhill, N.C.	Henderson	Quie
Broyhill, Va.	Herlong	Quillen
Buchanan	Hosmer	Race
Burleson	Hull	Redlin
Byrnes, Wis.	Hutchinson	Reid, Ill.
Capell	Ichord	Reifel
Cahill	Jarman	Rhodes, Ariz.
Callan	Jennings	Rhodes, Pa.
Casey	Joelson	Rivers, S.C.
Cederberg	Johnson, Calif.	Rogers, Colo.
Chelf	Johnson, Okla.	Rogers, Fla.
Clancy	Johnson, Pa.	Rooney, N.Y.
Clark	Jonas	Rooney, Pa.
Clausen	Jones, Ala.	Satterfield
Don H. Collier	Jones, Mo.	Saylor
Corbett	Karth	Schweiker
Cramer	Kee	Secrest
Cunningham	Keogh	Selden
Curtin	King, N.Y.	Shriver
Dague	King, Utah	Sikes
Daniels	Kunkel	Slack
Davis, Wis.	Landrum	Smith, Calif.
de la Garza	Langen	Smith, Iowa
Delaney	Latta	Smith, Va.
Dent	Lennon	Springer
Dingell	Lipscomb	Staggers
Dole	Long, La.	Stubblefield
Dorn	Long, Md.	Teague, Calif.
Dowdy	McClory	Tuck
Downing	McCulloch	Tuten
Dulski	McDade	Utt
Duncan, Tenn.	McFall	Vigarito
Edmondson	MacGregor	Waggonner
Edwards, La.	Machen	Walker, N. Mex.
Erlenborn	Mahon	Watson
Everett	Marsh	Watts
Fallon	Matthews	Weltner
Farnsley	Mills	White, Tex.
Fascell	Minish	Whitener
Feighan	Minshall	Williams
Flood	Mize	Willis
Garmatz	Moore	Wilson, Bob
Gathings	Morgan	Wright
Gettys	Morris	Wylder
Gibbons	Morrison	Young
Gray	Morton	Younger
Grider	Murphy, N.Y.	Zablocki
	Natcher	
	Nelsen	

NOT VOTING—161

Abernethy	Brown, Clarence J., Jr.	Farnum
Adair	Callaway	Findley
Adams	Carey	Fino
Addabbo	Carter	Fisher
Albert	Celler	Flynt
Anderson, Ill.	Chamberlain	Foley
Anderson, Tenn.	Clawson, Del	Ford, Gerald R.
Andrews	Clevenger	Fountain
Glenn Ashbrook	Colmer	Fulton, Pa.
Ashley	Cooley	Fulton, Tenn.
Aspinall	Corman	Fuqua
Ayres	Craley	Gallagher
Baring	Daddario	Gilligan
Barrett	Davis, Ga.	Goodell
Belcher	Denton	Greigg
Berry	Derwinski	Gross
Betts	Devine	Hagan, Ga.
Bolling	Dickinson	Halleck
Bolton	Duncan, Oreg.	Halpern
Bow	Dyal	Hanna
Bray	Edwards, Ala.	Hansen, Idaho
Broomfield	Ellsworth	Hansen, Iowa
Brown, Calif.	Evans, Colo.	Hansen, Wash.
	Evins, Tenn.	Harvey, Ind.
		Harvey, Mich.

Hawkins	Matsunaga	Skubitz
Hébert	Meeds	Smith, N.Y.
Helstoski	Michel	Stafford
Hicks	Mink	Stanton
Holland	Moeller	Steed
Howard	Moss	Stephens
Hungate	Murray	Stratton
Huot	Nix	Sullivan
Jacobs	O'Konski	Sweeney
Jones, N.C.	Olsen, Mont.	Talcott
Keith	Pirnie	Taylor
Kelly	Pool	Teague, Tex.
Kirwan	Pucinski	Thomas
Kornegay	Purcell	Thompson, N.J.
Laird	Randall	Thompson, Tex.
Love	Reinecke	Thomson, Wis.
McCarthy	Rivers, Alaska	Todd
McDowell	Roberts	Toll
McEwen	Robison	Trimble
McGrath	Rogers, Tex.	Tunney
McMillan	Roncalio	Udall
McVicker	Roudebush	Ullman
Mackay	Roush	Walker, Miss.
Mackie	Schisler	Watkins
Madden	Schmidhauser	Whalley
Mailliard	Schneebeli	White, Idaho
Martin, Ala.	Scott	Whitten
Martin, Mass.	Senner	Widnall
Martin, Nebr.	Shipley	Wolff
Mathias	Sisk	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Adair.	Mr. Albert with Mr. Gerald R. Ford.
Mr. Foley with Mr. Ayres.	Mr. Schmidhauser with Mr. Bray.
Mr. Kornegay with Mr. Skubitz.	Mr. Fountain with Mr. Devine.
Mr. Fulton of Tennessee with Mr. Fulton of Pennsylvania.	Mr. Matsunaga with Mr. Smith of New York.
Mr. Dyal with Mr. Reinecke.	Mr. Daddario with Mr. Michel.
Mr. Kirwan with Mr. Goodell.	Mr. Barrett with Mr. Mathias.
Mr. Nix with Mr. McEwen.	Mr. Wolff with Mr. Harvey of Michigan.
Mr. Thompson of New Jersey with Mr. Ellsworth.	Mr. Teague of Texas with Mr. Belcher.
Mr. Steed with Mr. Schneebeli.	Mr. Senner with Mr. Chamberlain.
Mr. Shipley with Mr. Broomfield.	Mr. Aspinall with Mr. Halleck.
Mr. Anderson of Tennessee with Mr. Dickinson.	Mr. Abernethy with Mr. Harvey of Indiana.
Mr. Celler with Mr. Laird.	Mrs. Kelly with Mr. Fino.
Mr. Carey with Mr. Halpern.	Mr. Denton with Mr. Del Clawson.
Mr. Davis of Georgia with Mr. Derwinski.	Mr. Meeds with Mr. Findley.
Mr. Moss with Mr. Mailliard.	Mr. Gallagher with Mr. Pirnie.
Mr. Gilligan with Mr. Robison.	Mr. Rivers of Alaska with Mr. Keith.
Mr. Pool with Mr. Edwards of Alabama.	Mr. Evins of Tennessee with Mr. Hansen of Idaho.
Mr. Cooley with Mr. Betts.	Mr. Colmer with Mr. Bow.
Mr. Love with Mr. Anderson of Illinois.	Mr. Craley with Mr. Martin of Alabama.
Mr. Brown of California with Mr. Stafford.	Mr. Holland with Mr. Berry.
Mr. Roberts with Mr. O'Konski.	Mr. Hawkins with Mr. Duncan of Oregon.
Mr. McDowell with Mr. Martin of Nebraska.	Mr. McVicker with Mr. Glenn Andrews.
Mr. Olsen of Montana with Mr. Talcott.	Mr. Mackay with Mr. Watkins.
Mr. Udall with Mrs. Mink.	Mr. Madden with Mr. Martin of Massachusetts.
Mr. Ullman with Mr. Widnall.	Mr. Mackie with Mr. Roudebush.
Mr. Trimble with Mr. Ashbrook.	Mr. Taylor with Mr. Thomson of Wisconsin.
Mr. Stratton with Mr. Callaway.	Mr. Roush with Mr. Whalley.

Mr. Jacobs with Mr. Carter.
 Mr. Helstoski with Mrs. Thomas.
 Mr. Addabbo with Mr. Clarence J. Brown, Jr.
 Mr. Sisk with Mr. Todd.
 Mr. Schisler with Mrs. Hansen of Washington.
 Mrs. Sullivan with Mr. Jarman.
 Mr. White of Idaho with Mr. Ashley.
 Mr. Moeller with Mr. Hicks.
 Mr. Fisher with Mr. Jones of North Carolina.
 Mr. Whitten with Mr. Howard.
 Mr. Evans of Colorado with Mr. Scott.
 Mr. Hagan of Georgia with Mr. Hungate.
 Mr. Flynt with Mr. Tunney.
 Mr. Hanna with Mr. Huot.
 Mr. Pucinski with Mr. Adams.
 Mr. Greigg with Mr. Baring.
 Mr. Hansen of Iowa with Mr. Clevenger.
 Mr. Purcell with Mr. Corman.
 Mr. Thompson of Texas with Mr. McCarthy.
 Mr. Roncalio with Mr. Rogers of Texas.
 Mr. Sweeney with Mr. Stephens.
 Mr. McMillan with Mr. Toll.

Mr. DOW changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the adoption of the resolution.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. CLEVELAND. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the resolution was agreed to.

A motion to reconsider was laid on the table.

FOOD FOR PEACE

Mr. POAGE submitted the following conference report and statement on the bill (H.R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 2304)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act may be cited as the 'Food for Peace Act of 1966'.

"Sec. 2. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—

"(A) By amending section 2 to read as follows:

"Sec. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

"(B) By amending title I to read as follows:

"TITLE I

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

"(d) make sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: *Provided*, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United

States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"Sec. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

"(b) For carrying out programs of United States Government agencies to—

"(1) help develop new markets for United States agricultural commodities on a mutually benefitting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the

sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

"(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

"(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

"(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

"(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural com-

modities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

"(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

"(g) For the purchase of goods or services for other friendly countries;

"(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

"(i) for paying, to the maximum extent practicable, the costs outside of the United States of carrying out the program authorized in section 406 of this Act; and

"(j) For sale for dollars to United States citizens and nonprofit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation: *Provided*, That—

"(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsection (a) and (b),

"(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

"(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session,

"(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable

to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further, That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

"SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

"SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

"(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

"SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

"(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

"(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 404, 405, 407, 408, and 409 shall be applicable to sales under this section.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(b) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) establishing and expanding institutions for adaptive agricultural research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104 (a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

"(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved

by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals."

"(D) By changing the designation 'TITLE III—GENERAL PROVISIONS' to 'TITLE III' and by striking out sections 304, 305, 306, 307, and 308.

"(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and

within policies laid down by the President for implementing this Act, and after taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"SEC. 402. The term "agricultural commodity" as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: *Provided, however*, That the term "agricultural commodity" shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with developing countries and in the training of farmers of such developing countries within the United States or abroad;

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries;

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State;

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 75 of the Statutes at Large, as amended; and

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its agreements under such title.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

"SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol '(1)', by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

"(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out 'foreign distribution,'.

"(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431) is amended, effective January 1, 1967, by striking out the following: 'and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States'; 'and (4) above'; 'in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States'; and 'The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help designed to alleviate the causes of the need for such assistance.'

"(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended (1) by inserting a period in lieu of the colon after the word 'Act' and striking out the proviso; (2) by inserting after the word 'manufactured' the word 'entirely'; and (3) by inserting before the comma following the words 'surplus supply' the words 'in the same manner as any other agricultural commodity or product is made available'.

"(e) Section 407 of the Agricultural Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: 'Provided, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (35 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum (120 per centum in the case of wheat whenever its carryover will be less than 25 per centum of such estimated export and domestic consumption) of the current price support loan plus reasonable carrying charges.'

"SEC. 4. Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by Commodity Credit Corporation under its Export Credit Sales program. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation annually for its actual costs incurred or to be incurred under its Export Credit Sales Program.

"SEC. 5. This Act shall take effect as of January 1, 1967, except that section 4 shall take effect upon enactment."

And the Senate agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
PAGE BELCHER,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.

ALLEN J. ELLENDER,
SPESSARD L. HOLLAND,
HERMAN E. TALMADGE,
B. EVERETT JORDAN,
GEORGE MCGOVERN,
GEORGE D. AIKEN,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill, H.R. 14929, to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in accompanying conference report.

The amendment of the Senate struck out all after the enacting clause of H.R. 14929 and substituted a new bill which differed from the House bill in some 38 different provisions. Following are the substantive differences between the House bill and the substitute agreed to by the conferees.

Short title.—The Senate amendment changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House bill. The conferees have agreed to the amendment made by the Senate but point out that this short title applies to this act only. It does not change the title of the basic legislation which remains "The Agricultural Trade Development and Assistance Act of 1954."

(All the changes in the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480, are contained in sec. 2 of H.R. 14929. For easy reference, therefore, changes in the House bill discussed here will be identified by sections and subsections in the revised text of the basic law and the basic law will be referred to as Public Law 480.)

Transition from soft currency sales.—Both the House bill and the Senate amendment contained a provision (sec. 103(b)) directing the President to take steps to insure a progressive transition from sales for foreign currency to sales for dollars at a rate whereby the transition could be completed by December 31, 1971. To this language the Senate added a sentence providing that, to the extent transition to dollars under the terms applicable to dollar sales (secs. 106 and 107) is not possible, transition may be made to sales for foreign currency on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and which would permit conversion to dollars at the exchange rate applicable to the sales agreement. This provides for convertible currency credit sales on terms similar to those in the House bill for dollar credit sales.

Sales to countries dealing with Cuba or North Vietnam.—The House bill (sec. 103(d)) prohibited the making of sales agreements for foreign currencies or dollar credit under Public Law 480, with any nation which "sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding U.S. installations in Cuba) any equipment, materials, or commodities, so long as they are governed by a Communist regime."

Pursuant to the instruction of the House, the committee of conference has retained the exact House language and has added to it the following:

"Provided, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register."

This retains without change the House prohibition against any kind of a sale under Public Law 480 to a country which is doing any kind of business with North Vietnam.

In the case of countries doing business with Cuba, sales under Public Law 480 are also prohibited unless: (1) the business with Cuba consists only of medical supplies, non-strategic raw materials for agriculture, or non-strategic agricultural or food commodities; (2) the President finds with respect to each country and each transaction that it is in the national interest to make a sale under Public Law 480; and (3) such finding is transmitted to the House and Senate and published in the Federal Register.

There is no exception to the House provision that a country which transports to or from North Vietnam or Cuba any equipment, materials, or commodities to or from a third country is ineligible for a sale under Public Law 480.

Publicizing foreign currency commodities.—The House bill (sec. 103(l)) required the President to obtain commitments from purchasing countries that, insofar as practicable, food commodities sold for foreign currencies would be marked or identified at the point of distribution or sale as being provided on a concessional basis through the generosity of the people of the United States. The Senate amendment struck out this provision and required that the President obtain commitments from purchasing countries to publicize widely to their people by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace. The conferees have agreed to retain the language of both the House and Senate bills.

Currency conversion.—The Senate amendment (sec. 103(m)) added two provisions with respect to convertibility of foreign currencies received under Public Law 480. The first is that such currencies should be made available for payment of U.S. obligations or charges payable to the government of the importing country or any of its agencies. This is intended to cover payments such as canal tolls for vessels owned by the U.S. Government and similar charges. It is consistent with existing law and was accepted by the House conferees.

The second convertibility requirement was that such additional amount of the foreign currency paid for Public Law 480 commodities as might be necessary to cover all normal expenditures of American tourists in the importing country (up to 25 percent of the foreign currencies received pursuant to each agreement) should be convertible. The House conferees accepted this amendment, also, with an amendment limiting its application to excess currency countries. Since all of the currencies involved in the convertible currency sales authorized in section 103(b) are fully convertible, this provision will not apply to such transactions.

Displacement of cash sales.—The House conferees accepted a Senate amendment (sec. 103(n)) requiring the President to take maximum precautions to assure that sales for dollars on credit terms under this act shall not displace any sales of U.S. agricultural commodities which would otherwise be made for cash dollars. The House bill already contained a similar provision with respect to foreign currency sales and private dollar credit sales, which was retained by the conference.

Release of market development funds.—The House bill (sec. 104(b)(1)) contained a provision (which is a restatement of present law) that the Secretary of Agriculture may release such amounts of foreign currencies set aside for market development purposes as he determines will not be needed within a reasonable period of time for such purpose. The Senate amendment would have permitted such a release only after notification by the President to the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of the proposed release and then only if neither committee adopted a resolution stating in substance

that the committee did not favor such release. The committee of conference has accepted the Senate amendment as to that part requiring a report to be made to the two committees but eliminated that portion giving the committees the authority to veto the proposed release.

Emergency relief uses.—The House bill authorized (sec. 104(d)) the use of foreign currencies to meet emergency or extraordinary relief requirements overseas. The Senate added an amendment limiting this authority to requirements for other than food commodities and limited the amount which might be used to \$5 million in any fiscal year. This amendment was accepted by the conferees.

Planning food and nutritional programs.—The conferees did not accept a Senate amendment authorizing the use of foreign currencies for financing planning of national food and nutrition programs because they believe that this proposal is adequately covered by section 104(h) of the House bill.

Approval of grants.—The Senate added an amendment to section 104 subjecting certain foreign currency grants and uses of foreign currency loan repayments to appropriation act or committee approval. The amendment required that (a) subject to Presidential waiver, appropriation act authorization is required for grants under sections 104 (f), and (g) and for use of 10 percent of the foreign currencies under agreements prior to December 31, 1964, and 20 percent under agreements thereafter; and (b) it also required that grants (other than military assistance) of any foreign currencies, or any use of loan repayments could be made only after notice to, and the absence of disapproval action by, each of the congressional Agriculture Committees. The conferees have accepted this Senate amendment with an amendment striking out the authority of the congressional Agriculture Committees to veto a proposed grant but requiring Presidential notification to such committees in advance with respect to each such proposed action.

Interest on foreign currency loans.—The conferees accepted a modified Senate amendment requiring that interest rates on any loan made under the authority of section 104 of Public Law 480 should be not less than the cost of funds to the U.S. Treasury unless the President should designate a different rate after consultation with the advisory committee established under section 407 of the act.

Excess currency countries.—The conferees also accepted a Senate amendment which would exempt excess currency countries from the requirements described in the two preceding paragraphs. An excess currency country for the purposes of this section is one in which the Secretary of the Treasury determines that the foreign currency or credits owned by the United States and available for use in such nation are in excess of the normal requirements of the Departments and agencies of the United States for expenditures in such nation for the 2 fiscal years following the fiscal year in which such determination is made. The amendment provides that the amount of any such excess currency shall be devoted, to the extent practicable and without regard to the requirements of section 1415 of the supplemental appropriation act, to the acquisition of sites, buildings, and grounds and to assist the purchasing nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. The President is required to advise the House and Senate Agriculture Committees of a determination by the Secretary of the Treasury that a country has become an excess currency country and to keep such

committees advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

Terms of dollar credit sales.—The House bill (sec. 106) permitted sales on long-term dollar credit on the same terms authorized for development loans under section 201 of the Foreign Assistance Act of 1961, as amended. This is presently a 40-year repayment period with a 10-year grace period during which no payments on the principal would have to be made, with interest at 1 percent during the grace period and 2½ percent thereafter. The Senate amendment reduced the payment period to 20 years and the grace period to 2 years and limited the delivery period of commodities under such an agreement to not more than 10 years. This is substantially the provision of the present law. In view of the provision in section 103(b) for foreign currency credit sales with the requirement that the currency be fully convertible to dollars, and with a maximum term similar to that in section 106 of the bill as passed by the House, the House conferees accepted the Senate amendment to section 106.

This amendment also requires that local currency proceeds of sales of commodities on long-term dollar credit be used in the recipient country for economic development purposes agreed upon between the two governments at the time the sale is made and written into the sales agreement.

Long-term dollar credit sales by the private trade.—Although the Senate amendment had substantially altered section 107, dealing with long-term dollar credit sales by the private trade, the conferees adopted substantially the House language on this section. The language adopted by the conference requires that the provisions of section 106 should apply to private trade dollar credit with respect also to the 10-year maximum delivery period and the 2-year deferral of the first payment. It also added to section 107(b) the requirement that the Secretary should take reasonable precautions to safeguard the usual marketings of the United States.

Section 107(d) stipulates the other sections of the act which are applicable to private trade agreements and to those listed in the House bill were added: Section 103(a) requiring the President to take self-help efforts into account; section 110 bringing private trade agreements within the total authorization of \$1.9 billion in any year, plus carryover; section 401 providing for determination by the Secretary of Agriculture of commodities available for export and prohibiting disposition which would result in a shortage; section 404 providing that assistance be directed toward humanitarian objectives and U.S. interests; and section 405 providing for assistance to countries helping themselves to meet their food needs and population growth problems. Those provisions of section 103(d) which relate only to foreign currency sales do not, of course, apply to this section.

In agreeing to the House language of section 107, with the amendments noted, the conferees make the following observations about this section:

First, the agricultural commodities which may be exported under the authority of this section include livestock, if the particular livestock to be exported meet the requirements set out in section 401 with respect to available agricultural commodities generally; second, the term "private economic enterprise" in section 107(a) is intended to include private housing developments.

CCC commercial export credit.—Section 107 of the House bill also contained a provision permitting CCC export credit (now limited to CCC stocks) to be used also in the export of private stocks, and authorizing

appropriations to CCC to reimburse it for credits extended under such program. The conferees have deleted this from section 107 of the revised language of Public Law 480 and have made it a separate section of the bill, appearing near the end as a new section 4.

Ocean freight charges.—The conference adopted, with an amendment, the Senate language of section 108, dealing with payment of ocean freight charges. This provides that CCC may finance ocean freight charges for sales of agricultural commodities for foreign currencies only to the extent that such charges are higher than would otherwise be the case by reason of the requirement that commodities be transported on U.S.-flag vessels. The balance of such charges for transportation in U.S. vessels is to be paid in dollars by the recipient nation or organization. This limitation does not apply to sales for dollar credit under sections 106 or 107 or sales on foreign currency credit terms (requiring full convertibility to dollars) under section 103(b).

Self-help for agriculture.—The conferees adopted a Senate amendment making it clear that the proviso in section 109, relating to self-help for agriculture in recipient countries, is to be a positive requirement that 20 percent of certain currencies be set aside for the self-help purposes described in section 109, rather than a standard suggested for the President's consideration.

Stipulation of self-help program in agreements.—The conferees also accepted a Senate amendment to section 109 which provides that each agreement entered into shall describe the programs which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities and for termination of such agreement whenever the President finds that such a program is not being adequately developed.

Authorization for title I.—The House bill provided an annual authorization of not to exceed \$2.5 billion, plus carryover, for title I. The Senate reduced this authorization to \$1.9 billion, plus carryover, and the conferees have agreed to the Senate figure.

Assistance to needy persons.—The conferees accepted a Senate amendment making it clear that assistance to needy persons authorized in section 201 is limited to agricultural commodity assistance. This is consistent with the intention of the House language.

Authorization for title II.—The House bill authorized programs of assistance (donations) under title II of not to exceed \$800 million per year, plus carryover. The Senate reduced this figure to \$600 million per year, plus carryover, and the committee of conference has accepted the Senate figure.

Assistance of other countries.—The committee of conference accepted a Senate provision stating that it is the sense of Congress that the President should encourage other advanced nations to make increased contributions for the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. The section also states that it is further the sense of Congress that as a means of achieving this objective, the United States should work for expansion of the United Nations world food program beyond its present established goals.

Guidelines as to "availability."—The conference agreed to a Senate amendment to section 401 establishing guidelines as to the availability of commodities for export under Public Law 480 and providing that no commodity shall be available for such distribution if it should reduce the domestic supply of such commodity below the quantity needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars. The conferees did not agree to a

Senate amendment to section 401 which would have placed in the Secretary of Agriculture (instead of the President) the authority to determine the countries with which sales agreements would be made.

Agricultural commodity.—The conference agreed to a Senate amendment making it clear that the term "agricultural commodity" as used in this act means only agricultural commodities produced in the United States. This is merely a clarification of the intent of the House.

Alcoholic beverages and tobacco.—The conference also agreed to a Senate amendment prohibiting the sale or donation of alcoholic beverages under this act and the donation of tobacco or tobacco products. This is a restatement of the existing policies under which Public Law 480 is operated. No alcoholic beverages have ever been exported either by sale or through a donation program and tobacco has never been included in any donation program. In accepting this amendment the conferees intend that the Department of Agriculture shall continue its efforts to export tobacco as part of the sales programs authorized under title I of this act.

Budget presentation.—The conference agreed to a Senate amendment to section 403 requiring that the President, in presenting his budget, shall classify expenditures under this act as expenditures for international affairs and finance, rather than for agriculture and agricultural resources.

Advisory committee.—The conferees agreed to a Senate amendment to section 407, establishing a joint legislative-executive advisory committee on Public Law 480, which would add to the membership of the committee the Secretary of State, the Secretary of the Treasury, and the two ranking majority and minority members of the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.

Annual report.—The conferees agreed to a Senate amendment requiring the President's annual report to be made not later than April 1, and to describe the progress of each country's self-help program.

Cotton products.—The House bill contained an amendment to section 8 of Public Law 89-931 (not a part of Public Law 480) providing that cotton products could be exported under Public Law 480, if cotton constituted a "substantial portion" of the sales price. The conference committee has agreed to the Senate wording of this provision, with an amendment, providing that cotton products may be financed under Public Law 480 "in the same manner as any other agricultural commodity or product is made available" if the product to be financed is manufactured "entirely" of cotton. This would permit cotton product exports to be financed under the same circumstances as the products of other agricultural commodities.

Adjustment programs.—The House bill contained a provision requiring the Secretary of Agriculture, in planning voluntary production adjustment programs, to plan for a carryover at the end of the marketing year of not less than 25 percent of the total estimated requirements of such marketing year. The conferees agreed to strike this provision of the House bill.

CCC resale price.—The House bill contained a provision (not a part of Public Law 480) that whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year, of a price supported agricultural commodity for which a voluntary adjustment program is in effect, will be less than 25 percent of the estimated export and domestic consumption of such commodity, the CCC would be prohibited from selling any of its stocks of such commodity during such year for unrestricted use at less than 115 percent of the current support loan plus reasonable carrying charges (instead of 105 percent of the support loan plus carrying

charges, as provided in existing law). The Senate amendment changed the 115-percent resale price to 120 percent and put in a special provision with respect to wheat that the higher resale price should become effective if the carryover dropped below 35 percent (instead of 25 percent as for other commodities). The conferees agreed to the House language with respect to commodities other than wheat and for wheat agreed that the 115-percent resale minimum should become effective if the carryover dropped below 35 percent and that the CCC resale minimum should be 120 percent if the supply dropped below 25 percent.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
GRAHAM PURCELL,
PAGE BELCHER,
ALBERT H. QUIE,
CATHERINE MAY,

Managers on the Part of the House.

INTERNATIONAL CONFERENCE ON WATER FOR PEACE

Mr. PEPPER from the Committee on Rules reported the following privileged resolution (H. Res. 1063, Rept. No. 2307) which was referred to the House Calendar and ordered to be printed:

H. RES. 1063

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S.J. Res. 167) to enable the United States to organize and hold an International Conference on Water for Peace in the United States in 1967 and authorize an appropriation therefor. After general debate, which shall be confined to the joint resolution, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

RESIGNATION FROM COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

The SPEAKER laid before the House the following resignation from a committee:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 18, 1966.

Hon. JOHN W. MCCORMACK,
The Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Please accept my resignation as a member of the House Committee on Interstate and Foreign Commerce, effective immediately.

With kindest regards, I am,
Respectfully yours,

LEO W. O'BRIEN.

The SPEAKER. Without objection, the resignation will be accepted.
There was no objection.

RESIGNATION FROM COMMITTEE ON BANKING AND CURRENCY

The SPEAKER laid before the House the following resignation from a committee:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 18, 1966.

Hon. JOHN W. MCCORMACK,
Speaker, U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby tender my resignation from the Banking and Currency Committee to be effective immediately.

It has been a great honor and pleasure to work on this fine Committee. I leave the able Chairman and my distinguished colleagues with regret, and only because I am convinced that I will be better able to discharge my duties to my constituents in another capacity.

Respectfully,

RICHARD L. OTTINGER,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.
There was no objection.

RESIGNATION FROM COMMITTEE ON AGRICULTURE

The SPEAKER laid before the House the following resignation from a committee:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 18, 1966.

Hon. JOHN W. MCCORMACK,
Speaker of the House, U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I herewith tender my resignation from the Committee on Agriculture.

Very sincerely yours,

JOHN M. MACKIE,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.
There was no objection.

RESIGNATION FROM COMMITTEE ON PUBLIC WORKS

The SPEAKER laid before the House the following resignation from a committee:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 18, 1966.

Hon. JOHN W. MCCORMACK,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I herewith tender my resignation as a member of the Public Works Committee.

Sincerely yours,

RUSSELL TUTEN,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.
There was no objection.

RESIGNATION FROM COMMITTEE ON PUBLIC WORKS

The SPEAKER laid before the House the following resignation from a committee:

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 24, 1966
For actions of Oct. 20 (Cont'd), 21, and
22; 89th-2nd; No. 182,183

CONTENTS

Adjournment.....	30	Foreign aid.....	23	Research.....	2,8
Animal drugs.....	11	Forestry.....	4	Rural housing.....	33
Appropriations..	7,14,25,26	Geothermal steam.....	15	Rural industry.....	40
Bacon.....	41	Gooseberries.....	16	School lunch.....	14
Clean air.....	31	Industrial program.....	40	Senior Service Corps....	13
Committee assignments...	19	Inflation.....	32	Sine die adjournment....	30
Conservation.....	17	Labeling.....	22	Sugar.....	20
Cotton.....	1	Laboratory animals.....	14	Supplemental.....	
Demonstration cities....	33	Legislative.....		appropriations...7,14,26	
Disaster.....	9	accomplishments....	29,38	Tariff.....	16,39
Electrification.....	35	Milk program.....	14	Taxation.....	9,17
Education.....	2,8,27	Natural resource.....	5	Veterinary medicine.....	27
Farm program.....	37	Packaging.....	22	Water.....	12,34
Food for peace.....	6	Personnel.....	21	Watersheds.....	3,10,24
Food production.....	28	Poverty.....	14,36	Wetlands.....	18

Both

HIGHLIGHTS: Both Houses agreed to conference report on food-for-peace bill. Both Houses agreed to conference report on supplemental appropriation bill. Both Houses adjourned until Jan. 10, 1967.

HOUSE - OCTOBER 20 (CONTINUED)

1. COTTON. Rep. Thompson, N. J., said the producers, not the Government, should pay cotton storage costs. pp. 27210-14
2. EDUCATION. Rep. Brademas moved to concur in the Senate amendment to H. R. 14643, to strengthen American educational resources for international studies and research, but Rep. McClory objected. pp. 27100-2

3. WATERSHEDS. Received notifications from the Public Works Committee of approval of various watershed reports. p. 27112
4. FORESTRY. Rep. Dingell spoke on the values and dangers of industrial standards including standards of forestry products. pp. 27147-59
5. NATURAL RESOURCES. Rep. Edwards, Calif., inserted a speech by George H. R. Taylor, "Labor's Stake in the Development and Conservation of Natural Resources." pp. 27187-91

SENATE - OCTOBER 21

6. FOOD FOR PEACE. Both Houses agreed to the conference report on H. R. 14929, the food-for-peace bill. This bill will now be sent to the President. pp. 27291-4, 27367-9, 27397-9
7. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 14745, the Labor-HEW appropriation bill. This bill will now be sent to the President. pp. 27313-55, 27423-4
A substitute conferee was appointed on H. R. 18381, the supplemental appropriation bill. p. 27277
Received a USDA report on an overobligation in ARS; to Appropriations Committee. p. 27268
8. EDUCATION. Both Houses agreed to the conference report on H. R. 14644, to provide additional assistance for higher education. This bill will now be sent to the President. pp. 27282-91, 27383-9
Both Houses adjusted amendments to H. R. 14643, providing Federal assistance to strengthen American educational resources for international studies and research. This bill will now be sent to the President. pp. 27306-9, 27381-2, 27389-96
9. TAXATION. The Finance Committee reported with amendments H. R. 7502, relating to income tax treatment of certain casualty losses attributable to major disaster (S. Rept. 1917). p. 27268
Agreed to the conference report on H. R. 17607, to suspend the investment credit and allowance of accelerated depreciation in the case of certain real property. This bill will now be sent to the President. pp. 27273-7
10. WATERSHEDS. Received notice of approval of certain watershed reports by the Public Works Committee. p. 27299
11. ANIMAL DRUGS. Sen. Morse insisted on hearings before H. R. 16474, to amend the Federal Food, Drug, and Cosmetic Act regarding animal drugs, is acted upon. pp. 27355-7
12. WATER RESOURCES. Sen. Simpson said water is the key to Wyoming's future. pp. 27360-4
13. SENIOR SERVICE CORPS. Passed as reported S. 2877, to amend the Older Americans Act of 1965 in order to provide for a National Community Senior Service Corps. pp. 27371-2

of providing higher education for all our children, no matter what their economic status. The Senator from California [Mr. MURPHY] joined me in sponsoring this provision.

I really believe that a most constructive bill has been fashioned under the generalship of Senator MORSE, and that each of us who had the privilege to contribute to it has every reason for gratification at this stage of the proceedings.

I join the Senator from Oregon in urging the Senate to approve the conference report.

Mr. YARBOROUGH. Mr. President, my only regret about the conference report on the higher education bill is that we were unable to provide more adequate funds for American higher education. The need is so great and we are still not meeting it as we should. Education is the most valuable investment we can make. It is because of education more than anything else that America is the strongest nation in the world and has the highest standard of living. But great credit that the bill is as good as it is is due the ability and determination of the distinguished senior Senator from Oregon, WAYNE MORSE. His brand is on every education bill of the last 6 years.

Now we are making a great effort to spread the blessings of education to more of our citizens. Our goal is to enable each American to advance as far in the educational process as he has the ability and desire to go. This is one of the most important of American freedoms—the freedom to receive an education commensurate with one's abilities and desires, regardless of the size of a parent's pocketbook.

In view of current budgetary problems, however, I believe that this is a realistic bill, and about the best we can hope for at the present time. The conference bill authorizes \$475 million for the construction of undergraduate facilities in fiscal year 1967, \$728 million in 1968, and \$936 million in 1969. The percentage going to junior colleges was increased, in recognition of their explosive growth—a 100-percent enrollment increase in 5 years—from the present 22 percent to 23 percent in 1968 and to 24 percent in 1969. The junior or community college is a uniquely American invention, and it is doing a wonderful job in allowing young people to continue their educations who otherwise would have to stop with high school if they had to undergo the expense of going off to a 4-year institution in another town.

The total authorization for fiscal year 1967 is \$955 million. For 1968 it is \$1,608 million. This money will go for the undergraduate construction grants already mentioned, graduate construction grants, undergraduate facilities loans, grants to developing institutions, and NDEA student loans.

Texas badly needs these funds. My State is 35th in the Nation in per capita expenditures for institutions of higher education. This bill authorizes \$25,066,222 in grants for construction of undergraduate facilities in Texas colleges and junior colleges during fiscal year 1967.

\$10,439,746 is authorized for National Defense Education Act loans to students. Additional amounts are authorized for graduate facilities construction grants and for construction loans.

Recently proposals have been made in my State to increase tuitions in our State colleges and universities. I am strongly opposed to such proposals, because that is the wrong way to increase educational expenditures. Education benefits everybody, and the State has the duty of providing our boys and girls an education. The State government should improve Texas higher education. Increasing tuitions places the whole burden of the increase on those who, by and large, can afford it least—the students, especially those from moderate- and low-income families, which include over 90 percent of the students. Our immediate goal should be to provide a free public education through the junior college level as they do now in California.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The question is on agreeing to the conference report.

The report was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. MORSE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FOOD FOR PEACE—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of Oct. 18, 1966, CONGRESSIONAL RECORD, pp. 26430-26434.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, the report adopted by the conferees of the House and Senate on Public Law 480 is essentially the same as the bill passed by the Senate.

Senators may remember that the Senate bill differed from the House bill on 38 major points. Of these the Senate conferees were able to retain a total of 34 of the amendments that we made to the House bill.

In essence the report before the Senate today provides for:

First. A 2-year extension of Public Law 480;

Second. An authorization of \$1.9 bil-

lion per year for foreign currency and dollar credit sales;

Third. Six hundred million dollars per year for donations of agricultural commodities;

Fourth. Emphasis on self-help;

Fifth. Dollar credit sales on 20-year terms with a 2-year grace period;

Sixth. Foreign currencies received under future agreements to be convertible to the extent of American tourist expenses, or 25 percent of the currencies so received, whichever is less;

Seventh. A realistic exchange rate;

Eighth. Retention of the existing requirement that dollar credit sales not replace cash sales;

Ninth. Dollar credit sales agreements to specify the economic development to which the sales proceeds will be devoted;

Tenth. The establishment and expansion of institutions for adaptive agricultural research among the self-help criteria of section 109;

Eleventh. Requiring that title I agreements show that the recipient country is engaging in a self-help program, and providing for termination of the agreement if such program is not carried out;

Twelfth. An expression of the sense of the Congress that the assistance of other countries should be sought;

Thirteenth. A prohibition against the disposition of any commodity under the act if such disposition would result in a shortage;

Fourteenth. Fourteen additional members to the Advisory Committees as follows: the Secretary of State, the Secretary of the Treasury, the second ranking majority and minority members of the House Committee on Agriculture, the second ranking majority and minority members of the Senate Committee on Agriculture and Forestry, the top two majority and top two minority members of the House Foreign Affairs Committee, and the top two majority and minority members of the Senate Foreign Relations Committee;

Fifteenth. An annual Presidential report to be made not later than April 1;

Sixteenth. Publicizing the concessional nature of title I sales; and

Seventeenth. Restrictions against sales under title I to other than friendly nations as defined in section 103(d).

With regard to North Vietnam and Cuba, the conferees agreed on the following language:

(3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: *Provided*, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and rea-

sons therefor shall be published in the Federal Register.

The language agreed upon by the conferees will permit, if it is determined to be in the national interest, sales agreements with countries who send to Cuba only such items as medical supplies, non-strategic raw materials for agriculture, and nonstrategic food and agricultural commodities. The term "agricultural commodities" is intended to cover jute as well as other products produced from agricultural commodities.

The Senate bill also contained a maintenance-of-value clause which was proposed by the distinguished Senator from Illinois [Mr. DIRKSEN] and adopted by the Senate. The language proposed by the Senator from Illinois has been omitted from the conference substitute, but we believe that the objective he sought is preserved. The substitute provides for progressive transition either to credit sales for dollars or to credit sales for foreign currencies with full maintenance of value and the right to convert to dollars. In some ways this goes beyond the amendment of the Senator from Illinois, since it provides not only for maintenance of value, but for convertibility as well. We will not merely receive more foreign currencies, but what is more important, we will be able to convert them to dollars and bring them home. The transition should begin immediately and should be completed in 5 years.

I feel sure that the Senator from Oregon [Mr. MORSE] and the Senator from Arkansas [Mr. FULBRIGHT] will be glad to know that the Senate provision which specified the Secretary of Agriculture as the official to designate the countries with which agreements could be signed has been omitted from the conference substitute. The House insisted that the President be given this authority and the Senate conferees receded from the Senate position.

Mr. President, when the extension of Public Law 480 was before the Senate for approval it was made abundantly clear that under its provisions the administration was expected to pursue a course that would lead to a complete transfer from foreign currency sales to credit sales for dollars during the next 5 years if that were at all possible. To the extent that such transition was not possible, transition was to be made to sales for foreign currencies on terms permitting conversion to dollars and providing the same dollar return to the United States as is required of loans under section 201 of the Foreign Assistance Act of 1961. In order to provide for this transition, the administration had recommended a softening of the dollar credit sales terms. But the Senate provided for accomplishment of this transition without changing the dollar credit sale terms or diminishing the significance of "dollar credit sales" as "hard" sales.

In other words the Senate maintained the existing requirements for dollar credit sales. Under these requirements payment on dollar credit sales must be made in not more than 20 years, with not more than 2-year deferral of the date for beginning annual payment. These are the terms applicable to agreements totaling \$808 million signed under exist-

ing law. This program has worked well and it is helping our balance-of-payments position.

On the other hand, the House had adopted the administration proposal and provided for dollar credit sales on the terms provided by section 201 of the Foreign Assistance Act of 1961. Payment may be made under that section over a period of 40 years with a 10-year grace period—or even longer if the President sees fit. The Senate and House Conferees agreed that it would be a mockery to provide for terms of 40 years, with no principal payments for 10 years, and call such sales "dollar credit sales." Such terms are so much softer than those we now know as dollar credit sales, that they would completely change the meaning and significance of "dollar credit sales." In retaining the 20-year repayment and 2-year grace limits of existing law it is our intention to spotlight the success, or lack of success, of the transition to dollar sales. The achievement of transition to these dollar credit terms should be our objective. However, like the Senate, the conferees realized that it would be difficult, if not impossible, to have a complete transition to dollar credit terms for all countries purchasing commodities under Public Law 480.

Therefore, the conferees adopted the Senate provision permitting sales for foreign currencies convertible to dollars on terms as favorable to the United States as those provided by section 201 of the Foreign Assistance Act of 1961, as amended. The conferees modified it, however, to permit these convertible foreign currency sales to be made on credit terms, instead of requiring them to be made on a cash basis with the proceeds immediately being loaned to the purchasing country. This change was intended as a change in form only, to eliminate unnecessary procedures.

During the period allowed for repayment, amounts already received by the purchasing country from the resale of the commodities would be required to be devoted to economic development or other purposes designed to carry out the objectives of the act.

In essence, the conference report provides for three types of sales: first, foreign currency sales as we now know them; second, foreign currency sales on credit terms convertible to dollars; and, third, dollar credit sales with payment in not more than 20 years with not to exceed a 2-year grace period.

As chairman of the Senate Committee on Agriculture and Forestry, it is my intention to follow very closely each agreement that is signed under this bill with each country in order to see how quickly and completely the administration accomplishes the objectives of moving from nonconvertible soft currency sales to dollar credit sales.

We no longer have huge surpluses of food commodities. Everything that moves under Public Law 480, with the exception of cotton, must be produced specifically for that purpose. Therefore, our negotiators must take these facts into consideration when dealing with nations.

Finally, Mr. President, I wish to point

out that section 401 of this report requires that "no commodity shall be available for disposition under this act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity."

In other words, this act not only fully protects and assures a supply of food and fiber for domestic use, but it also protects our dollar markets, and assures an adequate carryover.

In my opinion, and I am sure in the opinion of the other conferees who signed it, the report before the Senate today provides for a highly desirable and realistic program under which this country can still provide our foreign friends with needed food and fiber, and at the same time protect our farmers and this country against injury.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CARLSON. Mr. President, I just wish to commend the distinguished chairman of the Committee on Agriculture and Forestry for bringing us this conference report today on a piece of important legislation, as far as agriculture is concerned.

I was pleased to hear the Senator state that the conference report contains practically the language that was approved in the Senate, which I thought was a great step forward, when it comes to dealing in international trade, particularly under food-for-peace programs, which are largely the results of sale, or have been, for foreign currencies. I think that a great step has been made in that area, and the chairman is entitled to much credit.

The legislation that is being considered by the Senate at this time is of great importance to the agricultural sections of this Nation, as it will determine largely the amount of commodities we will be able to export; and, with the chairman, I sincerely hope that we may export as much as possible of our agricultural products for dollars.

It is true that in the past few years, with large surpluses, we have not been able to dispose particularly of large quantities of wheat for foreign currencies. I certainly have not objected to it, and I do not object now. But it is encouraging to hope, at least, that we can sell more for dollars in the future than we have in the past.

The amendments adopted this year provide a basis for a much more effective food-for-peace program than heretofore. In particular, the emphasis on self-help programs provides a real opportunity for encouraging the development of needed local food production in many countries and especially a more effective food distribution of both domestic and imported supplies.

The act, as I understand it, gives considerable freedom to administering agencies for carrying out these self-help programs, and it is on that basis that I hope that the people dealing with the trade negotiations in GATT will also observe the agreements that we have made and

the legislation we have approved in the Senate, because I think it is important as we are dealing with the Kennedy round in Geneva at the present time.

After seeing the results of many previous overseas programs of this kind, I am somewhat concerned if the Congress has given too much general authority so that it will not be long until we see a number of projects being approved or encouraged that will prove harmful and restrictive to world trade because they are not economically sound for the country and will require special protection.

As one interested in the present GATT trade negotiations, I am very conscious of this problem and I sincerely hope that this new program will not encourage additional restrictions to international trade in food commodities. To do anything that will encourage more restrictions, especially at the very time we are trying to negotiate to reduce existing restrictions, just does not make sense to me and I am sure that most of my colleagues will agree. Should such a development start to occur, I plan to submit amendments to this act later that will be directed to deal with this kind of problem.

One matter that greatly concerns me about the Kennedy round and the trade agreements in GATT, which are now being considered in Geneva and must be acted on before July 1, 1967—unless Congress acts again—is that they keep in mind the problems of agriculture in writing these agreements.

I have attended one or two of these conferences, and I do not think that we have difficulty in dealing with industrial products; but there is great concern on my part in regard to taking care of agriculture as I believe it properly should be done.

Meanwhile, I believe that it will be very useful for those agencies and officials concerned with administering this program to have made available to them a statement on "U.S. Food for Export, Aid and Development" submitted by the Millers' National Federation to the New York public hearing of the National Advisory Commission on Food and Fiber.

I quote the following paragraph from the statement.

With respect to basic food products such as wheat foods, one of the most constructive results that might be achieved from this program would be the encouragement in every participating country of an open and non-discriminatory trading system for such foods to reach the masses of the people of the country at as low a cost as possible. It is largely trade restrictions and protection that make bread a luxury in so many countries, and "Food for Freedom" could be achieved in fact as well as in name if this Act were administered to reduce barriers to basic foods.

If this thought is kept in mind and becomes something of a guideline for considering self-help projects, this 1966 Food for Peace Act will indeed become a historic one.

Again, I wish to say that I commend the chairman for his splendid work in this field.

Mr. ELLENDER. I thank the Senator from Kansas.

Mr. President, I yield to the Senator from North Dakota [Mr. YOUNG].

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The Senator from North Dakota is recognized.

Mr. YOUNG of North Dakota. Mr. President, I wish to commend the Senator from Louisiana, the chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER] for the excellent work which he did in getting this program through and passed in a workable way. This bill means a great deal to people in the area from which I come, as it does to the people in the Kansas area, the two principal wheat producing areas.

There are involved over 800 million bushels a year of exports of wheat. About two-thirds of all our wheat exports are under this Public Law 480 program.

When the Secretary of Agriculture contemplated announcing a second increase in wheat acreage, I told him he should wait to see what happened to the extension of Public Law 480; if they had severe restriction on the exports of wheat, this additional acreage would mean that we would pile up a surplus of wheat again and have low prices.

Mr. President, this is a most important piece of legislation that Congress has passed affecting the future of the wheat producers.

Mr. ELLENDER. I am glad to hear my good friend's remarks. As he will recall, we had quite a battle, as I pointed out a while ago. There were 38 points of difference, and we carried 34 of those 38 points, which I thought was very good. I think the bill, as it will become law, is a great improvement on the present law.

As the Senator from Kansas [Mr. CARLSON] pointed out, we have specific language in the bill to get the recipient countries to produce their own products instead of our having to furnish them. That is why I said I am very anxious to follow through with these agreements to see that the recipient countries do their best to produce their own wheat and not lean on the shoulder of this country, as they have in the past.

Mr. YOUNG of North Dakota. Mr. President, Senator COOPER has been deeply interested in this program, since the original enactment of Public Law 480, which he cosponsored in 1954, and has worked, spoken, and voted for its extensions. He has faithfully followed the progress of the food-for-freedom proposal this year, and participated fully in the development by the committee of the measure adopted by the Senate on August 31—and which after conference with the House is maintained in this final bill.

The knowledge and experience in this field of the Senator from Kentucky has been helpful to all of us on the committee, and I ask unanimous consent that a statement by Senator COOPER be included at this point in the RECORD.

There being no objection, the state-

ment was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOHN SHERMAN COOPER

I am very glad, as I know all of us are, that the Food for Peace Act of 1966, adopted by the Senate by a vote of 74 to 2 on August 31, will be enacted by the Congress before it adjourns. The differences between the Senate and House bills have been resolved in conference, principally along the lines of the bill recommended by the Senate Committee on Agriculture, on which I serve. In this way, Public Law 480, which I cosponsored twelve years ago, will be extended for at least two years—and with new emphasis and purpose.

I take this opportunity to recognize especially the thorough and painstaking work of the Chairman of our Committee (Mr. ELLENDER) as well as of the ranking minority members Senators AIKEN and YOUNG, in developing a bill which will open up new markets abroad for American farm products, which will encourage self-help by the developing nations, and which has won the overwhelming approval of members of Congress. During our hearings, I recall also the effective testimony of the Secretary of Agriculture, Orville L. Freeman, and of officials of the Department of State and the Agency for International Development, who will share the responsibility for the operation of this program.

I think it fair to say that the Food for Peace Act of 1966 is perhaps the most important legislation to come before the Agriculture Committees this year. It is designed to enable farmers to produce food and products to (1) meet domestic and dollar export needs, (2) provide this nation a reserve against emergencies, (3) help the developing countries meet their food needs while building up their own agriculture, and (4) open up new markets abroad for American farm products.

The Food for Peace Act—originally proposed by the President as the "Food for Freedom" bill—makes three fundamental changes of emphasis in its extension of PL 480. First, it authorizes the Secretary of Agriculture to take into account world food needs, and allows farmers to produce for this purpose, so that the program will no longer be wholly dependent on surplus stocks.

Second, it requires that recipient countries take definite steps to develop their agriculture—so that they can effectively work toward the goal of providing adequate food for their growing populations. It is a fact that this country no longer has the vast agricultural surpluses it had in 1954 and, by 1980, a world population exceeding three billion will be demanding about 800 million tons of food grains—or 300 million tons more than is currently consumed. And it is reported that the world could experience a food crisis by 1985.

Third, it is the purpose of this bill to move away from sales of agricultural commodities for foreign currencies—and to shift within a period of five years, so far as that is possible, to dollar credit sales. The bill authorizes terms of up to 20 years, not unlike the terms of loans extended by AID under the Foreign Assistance Act, and following the pattern of dollar credit sales which have already proved desirable and successful under the existing PL 480 program.

This program is related and complementary to our other programs of assistance, and I do point out that I have supported these efforts, and this year again support the Foreign Aid Appropriation Act, just as I support this Food for Peace bill.

I have confidence that our American farmers, who responded to their country's call

during the Korean war and the two world wars to step up their production—and who later accepted voluntary production controls to bring supplies into balance with demand—will again make the adjustment to higher production. And at this point, I would like to say that Congressional actions this year on an extension of PL 480 with more specific goals is timely—for the General Advisory Committee on Foreign Assistance Programs, set up by the President along the lines of my resolution, has been studying our aid programs on a country-by-country basis for about a year and a half.

When the Food for Peace Act was before the Senate earlier, an amendment was offered to prohibit the donation or sale of alcoholic beverages and tobacco. In the debate, I pointed out that alcoholic beverages had never been included, and there had been no donation of tobacco or tobacco products—and none was intended. The Senate adopted instead my own amendment, by a vote of 60 to 15, making clear the intention and providing the authority to continue our tobacco exports sales program. The Senate-House conference adopted this Senate provision, confirming the intention of the Congress that this program be continued.

The larger purpose of the bill is to share the abundance of American agriculture, and the productivity of American farmers, with those who do not now have the capacity to produce enough food, to expand our agricultural markets abroad through dollar credit sales, and to provide the authority to meet hunger, starvation and famine where these unhappy events occur.

It is a worthy purpose, and a good bill. I was glad to work for its development, and I am happy to support today its final enactment.

Mr. ELLENDER. Mr. President, I move the adoption of the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ELLENDER. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. HOLLAND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRIBUTE TO SENATOR A. WILLIS ROBERTSON

Mr. STENNIS. Mr. President, the October issue of the American Banker carries a splendid editorial entitled "Out of the Thicket." The editorial points out the value of the Financial Institutions Supervisory Act of 1966, and it also puts special emphasis on the role played by our colleague, Senator A. WILLIS ROBERTSON, in the formulation and passage of this important congressional act.

The editorial is of special value in its analysis of the act, and is so accurate in the evaluation of the services of Senator ROBERTSON to the Senate and to the Nation. I ask unanimous consent that the text of the editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OUT OF THE THICKET

The Financial Institutions Supervisory Act of 1966 finally has been pushed through the Congressional thicket, and is on its way to the President for signature. The original

package, which has come to be known as the cease-and-desist bill, has been bent, pounded, slashed and patched in the process—but it comes out remarkably close to what most of the banking industry believed was needed. The compromises which were necessary to achieve passage did no serious damage—and indeed, in some cases, now are considered to have made the final result more effective than the original proposal might have been.

Specifically, one compromise reached in the joint House-Senate conference on the bill may turn out to be quite useful. This is the agreement to set a time limit, of almost six years, on the cease-and-desist powers it gives to the regulatory agencies.

The agencies want these powers, which refine the means at their disposal of discipline over financial institutions. In simplest form, these powers give the agencies the authority to tell a financial institution to stop doing certain things, or to throw out certain people, without having to go the extreme of closing the whole place down.

This refinement opens up whole new areas of disciplinary responsibility to the agencies; and while there is a widespread belief that this will be a good thing, there is room for reasonable doubt as to just how useful it will be. Therefore, the action of the Congress in setting a termination date for these powers makes sense. One high regulatory official expressed complete satisfaction with this decision. "If the new powers are any good at all, we can prove their value in that time," he said. "The time limit should encourage us to do so."

For obviously if the new tool is not used and just rusts, it will be much better to have the time limit, which will junk it automatically, than for the industry to have to take the initiative at some future date to get it dropped, or to tolerate its existence passively.

The deadline serves notice on the regulatory agencies to use their new powers well—but above all to use them.

Another important aspect of the new legislation is the nature and intensity of the debate among bankers which surrounded it almost from the beginning. It was an issue which came very close to creating a serious division among bankers. The American Bankers Association, after vigorous debate, endorsed the original proposition, but resisted strongly, albeit vainly, the effort to increase the insurance limit on deposits in banks and savings and loan associations. A number of state associations broke with the ABA on the need for cease-and-desist powers, as did the National Association of Supervisors of State Banks and the Independent Bankers Association of America; they regarded the whole proposition as a further encroachment of Federal power into state affairs.

Much of the opposition died down in the course of the long legislative process, however, as positions were clarified and compromises made. By the time the bill was enacted in final form, the banking industry consensus seemed to be much stronger than it was at the start. Considering the high emotional content of some of the early debate on the issue, that is no mean accomplishment, and attests to the essential reasonableness of most of the participants.

No review of the cease and desist bill would be complete without special emphasis upon the role played by Sen. A. WILLIS ROBERTSON, D., Va., chairman of the Senate Banking and Currency Committee, in the crucial House-Senate conference. There the Senate view, that the new regulatory powers be made permanent, came into conflict with the House view, that they should expire after 20 months. Sen. ROBERTSON led the fight for the Senate view, and effected a meaningful compromise that the new powers should remain in effect for almost six years—long enough for a thorough test of their value.

He fought with all the skill and courage

which have characterized his 35 years in Congress—15 in the House, and 20 in the Senate. It was his last legislative battle. He lost in his primary bid for renomination last month, and so is serving out his term as a lame duck.

Banking should have ducks lame like this!

Mr. STENNIS. Mr. President, as our friend, the Senator from Virginia (Mr. ROBERTSON) completes his term in the U.S. Senate, I know that the Senate is losing one of its most valuable and highly esteemed Members. I know that I am losing from this membership a very dear friend, but I certainly am not losing his friendship.

Mr. President, as long as character, honor, integrity, trust, confidence, and loyalty remain cardinal virtues in the minds and hearts of the people of our Nation, and as long as these virtues remain the guiding principles in the operation of our Government, just that long will the influence of the efforts and achievements of our esteemed friend from Virginia live and influence the course of our Government. In a striking and highly effective way he has personified and helped build these principles into the very fabric of legislation and other policies of our Government. His name will be honored, respected, and esteemed as long as these virtues live.

It is true of WILLIS ROBERTSON, as it was true of a great teacher whose graduating class paid him this compliment: "You will be a part of us and our offspring forever." So will his public service be a part of our Nation forever.

RULE XXII

Mr. JAVITS. Mr. President, when the civil rights bill of 1966 was dropped I said that I would put in the RECORD an analysis of what the Vice President should think about in the recess as to what his ruling should be in order to enable the Senate at long last, as the Constitution provides, to deal with the amendment of rule XXII in the opening of the next Congress.

Mr. President, the fulcrum of the matter is this: If the Vice President rules that the majority of the Senate has a right, free of rule XXII, to close debate because it is the beginning of a new Congress, and because the Constitution so provides, then an appeal from his ruling is nondebatable and the Senate can work its will. But if—as did then Vice President Lyndon Johnson, did—he refers that question to the Senate, it is debatable, and you double back on yourself and you are in the same kind of filibuster that can only be closed off—nobody knows how—but supposedly by rule XXII. That is the essence of the question.

This memorandum marshals all the precedents, and makes a strong argument that the Vice President should, as Vice President Nixon indicated in his advisory opinion when he was Vice President, that the Vice President should rule and let the Senate exercise its will on a nondebatable appeal, and that is the way to settle this historic question.

Mr. President, I ask unanimous consent to have printed in the RECORD the memorandum.

and landscape work are other activities to be offered. Some boys will study the trades of shoe repair and barbering. Several will be trained in operating data processing machines—an ever-expanding field for young people.

TO BE CLOSELY OBSERVED

These vocational classes and those that I shall write about now will comprise the "educational laboratory" experiments which will be closely observed. It is extremely fortunate, and perhaps one of the reasons why the school was located at Morgantown, that instructors and graduate students from West Virginia University will be within walking distance to assist in the educational programs. One of the key experiments will be a project named CASE which carries a more impressive title in full—Contingencies Applicable to Special Education.

Developed by the Institute of Behavioral Research at Silver Spring, Maryland, under a grant from the Office of Juvenile Delinquency and Youth Development of the Department of Health, Education and Welfare, it was launched at the National Training School in the District of Columbia in February, 1965. It was begun as a 210-minute daily experiment in motivation for youngsters and was expanded into a 24-hour program in November, 1965, for 28 youngsters and will be transferred with the student body to the new campus.

Its success is told in a report by Harold L. Cohen at the Washington campus that several youngsters have been able to complete two and one-half years of school in only four months. The 28 juveniles enrolled in this project are averaging more than a year's educational growth in an 18-week period.

HOW THE PROGRAM WILL WORK

The program operates on a merit system for voluntary study and development. Points are given to students for successful work, I am told, and a copper penny is presented for each point. It is my understanding that they may earn as much as \$40 in one week. The boys pay for their own private rooms, their own food, their recreation, their books, their toiletries, their schooling, and decorations for their rooms.

As may be expected, many of these boys have been only slightly intellectually stimulated, but their performances in the CASE project have been rated by the staff members as "nothing less than phenomenal."

The CASE staff, as educational researchers, has as its interest, the measurement of behavior and increased learning through environmental procedures. One special cottage at the new school has been set aside for the 28 boys in the project. The philosophy of the program is based on the belief of the counselors that a "well-designed environment can, by offering selected and well-designed choices, help direct the behavior of the students to those academic and social goals which are necessary for successful participation in our democratic society."

Students in the program are employed as Student Educational Researchers. They are placed on different levels—apprentice 1, ap-

prentice 2, 3, 4, et cetera—according to their educational backgrounds. Each level receives a specific base pay of \$10, \$15, or more per week. After qualifying for this base pay by achieving 90 percent correct responses to examinations, and upon completing a certain proportion of hours of work, the student can earn additional pay for doing extra educational and vocational work during his lecture time and through other outlined methods.

I am told that the program will endeavor to duplicate within the special cottage an environment designed to approximate a standard American society where each must earn the right to participate. Studies of the CASE project showed that inmates prefer to buy their own clothing, food, soap, toothpaste, and other personal items rather than be dependent upon, what the staff calls, a welfare society, which exists in conventional institutions where residents are provided three meals a day, dormitory styled sleeping quarters, and institutional clothing.

The student-participant is not required to work, but, if he does not, he must manage on his meager sums. The rewards of the CASE project are, therefore, quite similar to those in the "outside" society; and lack of initiative penalizes in CASE much as it does "outside." The project therefore, is dedicated to finding the best means of preparing youngsters to successfully participate in our American society by duplicating that society as nearly as is possible and by seeking the best guidance principles through research and imagination.

The youngsters assigned to the school will be in the critical development period of their lives; most of them will be from 14 to 17 years of age, a time when the transition from boy to man must be a guided one. I believe that their minds are most open to proper direction at this time, and education appears to be the soundest approach to reaching them. I, as well as law enforcement officials around the nation, will be watching the success of the National Training School for Boys.

FOOD FOR PEACE LEGISLATION— THE EXPLOSIVE POPULATION GROWTH MAKES SUPPORT FOR FAMILY PLANNING PROGRAMS IMPERATIVE

Mr. YARBOROUGH. Mr. President, I wish to commend all the members of the Senate and House Committees on Agriculture and Forestry for their wisdom in recognizing and doing something about a problem so immense that it staggers the imagination. I am speaking of the population explosion.

Just to consider the study of a few years back by the United Nations requires a strong constitution and a suspension of disbelief. The U.N. study found that if the present trend of population growth continues, the population

of the world will reach 7.4 billion by the year 2000. This is a gain of 4.1 billion people in 35 years. It exceeds the present world population of 3.3 billion by nearly a billion people. And over 85 percent of the population increase will be in the high birth rate, low productivity countries of Asia, Africa and Latin America.

To allow such a thing to happen would be a sheer unmitigated calamity.

The food for peace bill will allow the funds which accrue in foreign countries from the sale of agricultural commodities for foreign currencies, to be used for financing, at the request of a foreign country, "programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth." This is only a beginning, but it is an important beginning. I am proud to have been able to offer this provision as a Senate amendment. The distinguished Senators GRUENING, TYDINGS, and METCALF were my cosponsors.

Congressman PAUL TODD, JR., sponsored a similar amendment in the House, which was adopted in that body.

But today most credit should go to the distinguished Senator from Alaska [Mr. GRUENING]. The hearings which he has been conducting for the past 2 years have brought the population explosion problem home to the American people. The American people are waking up to the enormity of the problem and the disaster which awaits us unless we take effective action. Unless we act now, all the things we have worked for, all the advances of civilization, will have gone for naught.

Mr. President, I also wish to voice my support for the whole food for peace program. This bill improves it in many ways, especially by removing the surplus requirements, and by emphasizing self help.

It is morally right that America share her bounty with the starving multitudes of the world. Further, we work toward world peace when we take steps to reduce the ever-growing gap between the rich nations and the poor nations. There can never be stability so long as so much of the world cannot feed itself.

I ask unanimous consent to insert in the RECORD a compilation entitled "Population Information for 129 Countries," compiled by the Population Reference Bureau.

There being no objection, the compilation was ordered to be printed in the RECORD, as follows:

World population data sheet*—Population information for 129 countries

Continent and country	Population estimates, mid-1964 (millions)	Annual rate of increase since 1958 (per cent)	Birth rate per 1,000 population (latest†)	Death rate per 1,000 population (latest†)	Population projections, 1980 (millions‡)	Continent and country	Population estimates, mid-1964 (millions)	Annual rate of increase since 1958 (per cent)	Birth rate per 1,000 population (latest†)	Death rate per 1,000 population (latest†)	Population projections, 1980 (millions‡)
Africa:						East Asia:					
Northern Africa.....			(45.0)	(22.0)		China (Mainland).....	690.0	2.1	(42.0)	(19.0)	840.0
Algeria.....	12.0	2.1	45-49.0		19.5	China (Taiwan).....	12.1	3.6	36.3	6.1	17.2
Ethiopia.....	21.0				29.0	Hong Kong.....	3.8	4.5	32.1	5.5	5.5
Libya.....	1.3	1.9			1.9	Japan.....	96.8	.9	17.2	7.0	111.1
Morocco.....	13.1	3.0			22.4	Korea, North.....	10.7				15.4
Somalia.....	2.3				2.9	Korea, South.....	28.0	3.3	39-43.0	11-13.0	43.4
Sudan.....	13.2	2.8	50-56.0		19.3	Mongolia.....	1.1	3.1			1.7
Tunisia.....	4.7	1.4	45-49.0	25-27.0	6.5	America:					
United Arab Republic (Egypt).....	28.7	2.6	40-44.0	22-24.0	46.8	Northern America:					
Tropical and southern Africa.....			(47.0)	(24.0)		Canada.....	19.3	2.1	24.1	7.8	26.3
Angola.....	5.1	2.1			6.0	United States.....	192.1	1.6	21.6	9.6	240.9
Burundi.....	2.7				4.2	Middle America:					
Cameroon.....	4.6	1.9	36-44.0	24-30.0	5.4	Costa Rica.....	1.4	4.3	49.9	8.5	2.4
Central African Republic.....	1.3	1.9	39-47.0	26-32.0	1.6	Cuba.....	7.3	2.0	30-34.0	9-13.0	10.0
Chad.....	2.8	1.1	44-52.0	25-31.0	3.8	Dominican Republic.....	3.5	3.6	48-54.0	16-20.0	6.2
Congo (Brazzaville).....	.9	1.3			1.1	El Salvador.....	2.8	3.6	48.6	10.8	4.6
Congo (Leopoldville).....	15.4	2.4	40-46.0		21.5	Guatemala.....	4.2	3.2	47.7	17.3	6.9
Dahomey.....	2.3	2.3	45-53.0	20-26.0	3.0	Haiti.....	4.5	2.2			6.9
Gabon.....	.5	2.1			.5	Honduras.....	2.1	3.0	45-50.0	15-20.0	3.7
Ghana.....	7.5	2.7	48-54.0		12.3	Jamaica.....	1.7	1.5	39.6	9.1	2.1
Guinea.....	3.5	3.0	53-57.0	33-35.0	5.0	Mexico.....	39.6	3.1	45.0	10.4	70.8
Ivory Coast.....	3.7	2.2	49-55.0	33-37.0	5.0	Nicaragua.....	1.6	3.5	45-52.0	12-17.0	2.8
Kenya.....	91.0	2.9	46-54.0		13.6	Panama.....	1.2	3.3	40.1		2.0
Liberia.....	1.0				1.2	Puerto Rico.....	2.6	1.7	30.9	6.9	3.1
Madagascar.....	6.1	2.8	43-49.0	17-21.0	7.6	Trinidad and Tobago.....	.9	3.2	35.6	7.3	1.5
Malawi ¹	3.8	2.1			6.1	South America:					
Mali.....	4.5	2.1	55-63.0	26-32.0	6.4	Argentina.....	21.7	1.6	21.8	7.9	29.0
Mauritania.....	1.0				1.1	Bolivia.....	3.7	1.5	41-45.0	20-25.0	6.0
Mauritius.....	.7	3.1	39.9	9.7	1.1	Brazil.....	79.8	3.0	43-47.0	11-16.0	123.7
Mozambique.....	6.9	2.0			9.1	British Guiana.....	.6	3.0	42.3	7.9	1.0
Niger.....	3.2	3.0	49-57.0	24-30.0	4.5	Chile.....	8.4	2.4	34.2	11.8	12.4
Nigeria.....	56.0		45-53.0		91.0	Colombia.....	15.4	2.2	43-46.0	14-17.0	27.7
Rwanda.....	2.9	2.6			3.5	Ecuador.....	4.8	3.2	45-50.0	15-20.0	8.0
Senegal.....	3.5	2.7	39-47.0	23-29.0	4.4	Paraguay.....	1.9	2.4	45-50.0	12-16.0	3.0
Sierra Leone.....	2.2				3.7	Peru.....	11.9	3.0	42-48.0	13-18.0	17.5
South Africa.....	17.5	2.6			26.8	Uruguay.....	2.6		21-25.0	7-9.0	3.1
Southern Rhodesia.....	4.1	3.3			7.1	Venezuela.....	8.4	3.4	45-50.0	10-15.0	14.9
Tanzania ²	10.3	1.9	46-50.0		14.4	Europe:					
Togo.....	1.6	2.6	51-59.0	26-32.0	2.3	Northern and Western Europe:					
Uganda.....	7.2	2.5	46-50.0		10.0	Belgium.....	9.3	.5	17.2	12.7	10.1
Upper Volta.....	4.8	3.3	43-49.0	27-31.0	6.3	Denmark.....	4.7	.8	17.7	9.9	5.2
Zambia ³	3.6	2.8			5.7	Finland.....	4.6	.8	18.1	9.3	5.3
Asia:						France.....	48.4	1.2	18.2	11.7	53.3
Southwest Asia.....			(47.0)	(24.0)		Iceland.....	.2	1.9	25.8	6.8	.2
Cyprus.....	.6	1.0	24-28.0		.7	Ireland.....	2.8	-.3	22.2	11.8	2.9
Iran.....	22.6	1.9	42-48.0	23-27.0	33.1	Luxembourg.....	.3	.9	16.0	12.5	.4
Iraq.....	7.0	1.8	47-51.0		13.8	Netherlands.....	12.1	1.3	20.9	8.0	14.1
Israel.....	2.5	3.5	24.6	6.2	3.1	Norway.....	3.7	.8	17.5	10.0	4.3
Jordan.....	1.9	2.3	43-47.0		3.4	Sweden.....	7.6	.5	14.8	10.1	8.4
Kuwait.....	.3		37-43.0		.3	United Kingdom.....	54.1	.8	18.5	12.2	57.3
Lebanon.....	1.8				3.1	Central Europe:					
Saudi Arabia.....	6.6				9.4	Austria.....	7.2	.6	18.7	12.7	7.3
Syria.....	5.4	3.2			9.3	Czechoslovakia.....	14.0	.7	16.9	9.5	15.8
Turkey.....	30.8	2.6	44-48.0		48.5	Germany, East.....	16.1	-.3	17.5	13.7	17.6
Yemen.....	5.0				6.9	Germany, West ⁴	56.2	1.3	18.1	11.4	58.5
South-central Asia.....			(43.0)	(21.0)		Hungary.....	10.1	.4	13.1	9.9	10.7
Afghanistan.....	14.9		45-53.0		22.1	Poland.....	31.1	1.3	19.0	7.5	38.0
Bhutan.....	.7				1.0	Switzerland.....	5.9	2.1	18.9	9.6	6.3
Ceylon.....	10.9	2.7	35.8	8.5	18.3	Southern Europe:					
India.....	468.5	2.3	39-43.0	21-23.0	661.1	Albania.....	1.8	3.2	39.3	10.7	3.0
Nepal.....	9.9	1.6	46-54.0	34-40.0	14.1	Bulgaria.....	8.2	.9	16.4	8.2	9.3
Pakistan.....	100.7	2.1	43-46.0	16-17.0	153.6	Greece.....	8.5	.8			9.5
Southeast Asia.....			(49.0)	(23.0)		Italy.....	50.8	.6	19.1	10.2	58.4
Burma.....	24.2	2.1	47-53.0	33-37.0	35.0	Malta.....	.3	.5	20.4	8.9	.4
Cambodia.....	5.9		47-53.0		9.8	Portugal.....	9.1	.7	23.5	10.8	9.8
Indonesia.....	102.2	2.2	40-46.0	19-23.0	152.8	Romania.....	19.0	.9	15.7	8.3	22.3
Laos.....	2.0	2.5			2.9	Spain.....	31.3	.8	21.5	9.0	36.0
Malaysia.....	10.9	3.3	40.9	8.6	18.1	Yugoslavia.....	19.3	1.1	21.4	8.9	22.8
Philippines.....	31.2	3.2	44-48.0		55.8	Oceania:					
Thailand.....	29.7	3.0	40-44.0	19-21.0	47.5	Australia.....	11.1	2.1	21.6	8.7	14.6
Vietnam, North.....	17.8	3.4			24.5	New Zealand.....	2.6	2.2	25.5	8.8	3.7
Vietnam, South.....	15.9	3.7	40-48.0		21.9	U.S.S.R.....	228.6	1.7	22.4	7.5	277.8

NOTES

Italic indicates non-self-governing countries.

Parentheses indicate regional vital rates.

Blank space indicates lack of reliable statistics.

*Compiled from United Nations and other sources.

† Latest available year. In no case before circa 1960.

‡ Medium projection (provisional U.N. estimates, 1964).

¹ Formerly Nyasaland. Gained Independence July 6, 1964.² Formerly known as the United Republic of Tanganyika and Zanzibar.³ Formerly North Rhodesia. Gained independence Oct. 24, 1964.⁴ Excludes West Berlin, population 2,200,000 (1964).

Source: Information Service, Population Reference Bureau, 1755 Massachusetts Ave. N.W., Washington, D.C., December 1964.

WORLD AND CONTINENTAL POPULATION ESTIMATES

[In millions]

	Mid-1964	1980 projection ‡
World total.....	3,283	4,274
Africa.....	303	449
Asia.....	1,843	2,404
North America.....	211	267
Middle and South America.....	236	374
Europe.....	443	479
Oceania.....	18	23
U.S.S.R.....	229	278

‡ Medium projection (provisional U.N. estimates, 1964).

POPULATION INCREASE AT VARIOUS RATES OF GROWTH

Annual increase rate	Number of years to double population	In 1 century 10,000,000 increases to—
0.5 percent.....	139	16,000,000
1 percent.....	70	27,000,000
1.5 percent.....	47	44,000,000
2 percent (world rate).....	35	72,000,000
2.5 percent.....	28	118,000,000
3 percent.....	23	192,000,000
3.5 percent.....	20	312,000,000
4 percent.....	18	505,000,000

A TRIBUTE TO THE HONORABLE
ROSS BASS

Mr. YARBOROUGH. Mr. President, Ross BASS, a veteran of 10 years in the House of Representatives and 2 in the Senate, will leave the Congress of the United States at the end of this session. I rise now to salute him for those 12 years of industrious service.

Senator BASS, whom I have come to know as a friend, has been a concerned spokesman for the people of Tennessee. He has sponsored and supported legislation vital to the needs of his State and the Nation—including the antipoverty, civil rights, medicare and Appalachian bills. He has interested himself in the problems of American agriculture and with the needs of the small family farmer—the neglected but very vital man in the American economy. And, as a member of the House Ways and Means Committee, he has tutored himself in the fiscal policies of the country and made himself a useful member of both the House and the Senate.

I have enjoyed his friendship, Mr. President, and will miss both his candor and his company when he goes.

THE POST OFFICE DEPARTMENT
CONTRIBUTES TO ITS OWN
CRISIS

Mr. SIMPSON. Mr. President, I have today sent a self-explanatory letter to the Postmaster General. In it I inquire of Mr. O'Brien as to why the Post Office Department has picked this time to flood the mail with nearly 100 million items of junk mail in which postal patrons are asked to list out-of-town addresses which they want ZIP coded.

This junk mail, which is sent under postal frank at the displacement of some \$5 million of postage-paid mail, is contributing to the massive breakdown in mail service. My suggestion to Mr. O'Brien is that this type of service by the Post Office Department be suspended, at least until after the Christmas mail rush.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
October 21, 1966.

HON. LAWRENCE F. O'BRIEN,
The Postmaster General,
Post Office Department,
Washington, D.C.

DEAR MR. POSTMASTER GENERAL: As you are well aware, the Post Office Department is suffering the most severe breakdown in mail service in the past quarter century. This breakdown, which is being felt severely in Chicago and may soon be felt in New York City, is certainly caused to a large extent by a sharp upsurge in third class mail—Christmas shopping catalogues, etc. It probably relates also to the difficulty the Department has had in effectively automating and in a certain reluctance of Congress to provide funds for overtime pay.

I have received through the mail evidence that there may additional causes for the mail tieup however. I think that the Department has picked a most unpropitious time to flood the mails with nearly 100 million junk mail cards which solicit from postal patrons lists of various out-of-town and local addresses which the Department is offering to ZIP Code free of charge. Certainly the ZIP Code concept has benefitted the Department, but why you selected this particular time in the mailing season to glut the mails with these little doubled-faced postcards boasting that "the Post Office will ZIP Code the addresses that you use most often" remains a mystery to me.

I think the Department would be well advised to suspend the mailing of this type material, at least until after the Christmas mailing rush has been dealt with.

With warmest personal regards, I am,

Sincerely yours,

MILWARD L. SIMPSON,
U.S. Senate.

TRIBUTE TO SENATOR MAURINE
NEUBERGER

Mr. DODD. Mr. President, for the past 6 years, the U.S. Senate has been fortunate enough to have two lovely, intelligent, articulate, and dedicated women Senators grace this Chamber.

Unfortunately, one of them, Senator MAURINE NEUBERGER, has chosen to retire and not run for reelection.

MAURINE NEUBERGER's decision to devote all of her time to being Mrs. Philip Solomon is an understandable one, because a woman's rightful place is to be with her husband.

But it will be a great loss to the public.

For who can forget the many courageous battles she has fought in behalf of the American housewife and the American consumer.

And who can forget her tenacious efforts to expand and step up cancer research

I, for one, will never forget the Saturday in 1962, when MAURINE NEUBERGER, as one of the small band of Senators who filibustered the communications satellite bill, held up the Senate so nothing could be done for that whole day. She did this all by herself, by twice insisting on a live quorum before she would give her speech.

Much to our embarrassment, we failed to obtain the second live quorum and she never had to give her speech, a clear victory for the lady from Oregon.

But I do not have to recount her many notable accomplishments in public life.

We all know what a fine person and what an outstanding legislator MAURINE NEUBERGER has always been.

I wish her every happiness and success in the years to come.

THE LATE SENATOR HARRY F.
BYRD OF VIRGINIA

Mr. STENNIS. Mr. President, when our friend the late Senator Harry Flood Byrd, Sr., was elected Governor of Virginia I was a student at the University of Virginia Law School. I remember so well being attracted to him and his campaign, and felt a sense of triumph when he was elected. I followed his administration there with the utmost interest and among many other constructive things that he accomplished, I remember with the utmost satisfaction his rewriting and modernizing of the Constitution of Virginia through a series of well chosen amendments which he got submitted to the people and adopted by the people. Thus he launched Virginia into a new course and launched himself into a position of national influence.

Later, it was my privilege to join him here in the Senate, where his counsel and advice and leadership has been valuable indeed to me, as well as to many other Senators.

I shall remember him most pleasantly for his many achievements, but more than that, I shall remember him and respect his memory because of his high course of honor, his utmost integrity, and his unfaltering loyalty to the causes in which he believed.

I have never known a man in public life who scored any higher than he did in his record of voting exactly what he thought was right and sound in the long run on every single issue presented, both large and small, regardless of personal consequences then or in the future. God give us more men like Harry Byrd.

His work will live. His influence will be felt for a long, long time in many of the policies of our Government; his principles will continue to prevail so long as men are free.

RECESS

The PRESIDING OFFICER. Under the unanimous-consent agreement previously entered, the Senate will stand in recess subject to the call of the majority leader.

Thereupon (at 3 o'clock and 44 minutes p.m.) the Senate took a recess, subject to the call of the majority leader.

At 5 o'clock and 28 minutes p.m.:

Mr. MANSFIELD. Mr. President, I ask the Chair to suspend the recess.

The PRESIDING OFFICER (Mr. CARLSON in the chair). The Senate will come to order.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The Senate has no pending business.

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess subject to the call of the Chair when asked by the leadership.

The motion was agreed to; and (at 5 o'clock and 29 minutes p.m.) the Senate took a recess subject to the call of the Chair when asked by the leadership.

At 6 o'clock and 1 minute p.m.:

Mr. MANSFIELD. Mr. President, I ask the Chair to suspend the recess.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The Senate will come to order.

DESIGNATION OF FEBRUARY OF EACH YEAR AS AMERICAN HISTORY MONTH

Mr. KUCHEL. Mr. President, I ask the Chair to lay before the Senate, Senate Joint Resolution 133.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J. Res. 133) designating February of each year as American History Month, which were, on page 2, line 3, strike out "of each year", and insert ", 1967"; on page 2, line 5, strike out "annually"; strike out the preamble.

And to amend the title so as to read: "Joint Resolution designating February, 1967 as American History Month."

Mr. KUCHEL. Mr. President, the Senate resolution was cosponsored by 45 Members of the Senate, including the majority leader, and favorably reported

from the Committee on the Judiciary by the minority leader [Mr. DIRKSEN].

When the Senate passed the joint resolution, Senator COOPER pointed out that the idea for designating February as American History Month originated in Kentucky among the Daughters of the American Revolution and, since that time, has attracted support until the Governors of nearly every State issued such a proclamation annually. The resolution asks that the President issue a similar proclamation, inviting the people of the United States to observe February as American History Month in schools and other suitable places with appropriate ceremonies and activities.

We are glad that the resolution has attracted the interest and approval of historical associations, schools and patriotic groups, and others. Its purpose is made clear by the text of the resolution itself, and I ask unanimous consent that the resolution as passed by the Senate be printed in the RECORD.

There being no objection, the resolution (S.J. Res. 133) was ordered to be printed in the RECORD, as follows:

S.J. RES. 133

Joint resolution designating February of each year as American History Month

Whereas the study of history not only enlivens appreciation of the past but also illuminates the present and gives perspective to our hopes;

Whereas a knowledge of the growth and development of our free institutions and their human values strengthens our ability to utilize these institutions and apply these values to present needs and new problems;

Whereas Americans honor their debt to the creativity, wisdom, work, faith, and sacrifice to those who first secured our freedoms, and recognize their obligation to build upon this heritage so as to meet the challenge of the future; and

Whereas it is appropriate to encourage a deeper awareness of the great events which shaped America, and a renewed dedication to the ideals and principles we hold in trust: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That February of each year is hereby designated as American History Month, and the President of the United States is requested and authorized to issue annually a proclamation inviting the people of the United States to observe such month in schools and other suitable places with appropriate ceremonies and activities.

Mr. KUCHEL. In adopting the resolution, the House of Representatives amended Senate Joint Resolution 133 to make it applicable only to February of next year, and also struck the preamble, similar to the action it took on several other resolutions. The designation of February 1967 as American History Month will, however, call attention to the traditional values our Nation cherishes—and during the month in which we celebrate the birthday of the Father of our Country and Lincoln's birthday. I think those who sponsored Senator COOPER's resolution will join me in expressing the hope that this may become an annual event.

Mr. President, I move that the Senate concur in the House amendments to Senate Joint Resolution 133, so that the resolution may be enacted before the Con-

gress adjourns, and sent to the President for his approval.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the joint resolution (H.J. Res. 1001) for the designation of the month of May 1966 as "Steelmart Month."

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 18381) making supplemental appropriations for the fiscal year ending June 30, 1967, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 5, 13, 25, 29, 30, and 43 to the bill and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 6, 9, 19, 34, 35, and 38 to the bill and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5950. An act to permit duty-free treatment of limestone, when imported to be used in the manufacture of cement, pursuant to the Trade Expansion Act of 1962;

H.R. 7030. An act to amend the Internal Revenue Code of 1954 to allow a farmer an amortized deduction from gross income for assessments for depreciable property levied by soil or water conservation or drainage districts;

H.R. 8244. An act to amend the Internal Revenue Code of 1954 to provide for rounding the amount of State and local taxes for purposes of computing tax on cigars;

H.R. 9280. An act relating to the excise tax on shells and cartridges;

H.R. 11158. An act to establish a working capital fund for the Department of the Treasury;

H.R. 11753. An act to provide for the free entry of one mass spectrometer for the use of Indiana University;

H.R. 12110. An act to provide for the free entry of one ship model for the use of the Lutheran Church of the Covenant, Maple Heights, Ohio;

H.R. 12197. An act to provide for the free entry of one rheogoniometer for the use of Tufts University, Boston, Mass.;

H.R. 13035. An act to provide for the free entry of a triaxial apparatus and rheogoniometer for the use of Northwestern University;

H.R. 13116. An act to amend the Tariff Schedules of the United States with respect to the rate of duty on certain nonmalleable iron castings;

H.R. 13190. An act to provide for the free entry of a four octave carillon for the use of the Northfield and Mount Hermon Schools, East Northfield, Mass.;

H.R. 13363. An act to extend the time within which certain requests may be filed under the Tariff Schedules Technical Amendments Act of 1965;

H.R. 13739. An act to provide for the free entry of one broad-range multigap magnetic

somewhat earlier than September 7, 1965, as adopted by the Senate, I am convinced that this date, when taken together with the two other features, will adequately protect the public interest and permit early development of this resource.

Second, a grandfather clause must require a showing by the individual seeking conversion that substantial expenditures have been made for the development of geothermal steam. The Senate has adopted such a provision. This will limit the right of conversion to those individuals who have in good faith expended time, effort and money in the development of this resource. It will prevent the wholesale conversion of the 72 million acres of public domain land now under Federal lease, as well as the additional millions of acres of land under application for lease and in mining claims, unless it can be clearly shown that substantial expenditures have been made for the development of geothermal steam by the individual seeking conversion. While the term "substantial expenditures" has not been defined it is my opinion that this certainly must be much more than the mere payment of lease rentals, lease acquisition costs or the costs of filing or holding a mining claim by the performance of the minimum annual assessment work. As indicated by the Senate language these expenditures must be for the actual exploration, development or production of geothermal steam.

The third provision which I have always felt essential to a grandfather clause is an overall acreage limitation on the amount of acreage that can be converted from leases, permits or claims to geothermal steam leases.

Again the Senate has adopted such a limitation by providing that not more than 12,800 acres in any one State may qualify for such conversion. As the total permissible geothermal steam lease acreage that may be held in any one State is 51,200 acres, this limitation means that only one-fourth of the total State acreage may be acquired by conversion. This is a further safeguard to prevent monopoly of favorable acreage by a few individuals notwithstanding the fact that they may be pioneer developers of this resource.

With these three features, which tend to carefully limit and restrict the otherwise wide open grandfather clause, I can lend my support to this bill.

The other amendment of substance adopted by the Senate is intended to clarify certain language contained in the House passed version directing the Attorney General to initiate court action whenever geothermal steam development is begun on lands where the title to the surface has passed from Federal ownership but where mineral rights have been reserved to the Federal Government. The House language could have been interpreted as being totally mandatory and as a continuing obligation upon the Attorney General notwithstanding any finding of the courts. The Senate amendment removes this question raised by the administrative agencies.

Mr. Speaker, extended hearings were held by our Committee on this proposal and a great deal of effort and consideration has been given to this matter by both Houses of Congress. I lend my support to the adoption of these amendments and urge enactment of this proposal.

FOOD FOR PEACE—CONFERENCE REPORT

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (H.R. 14929) to promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Oct. 18, 1966.)

Mr. POAGE. Mr. Speaker, this is the conference report on the food-for-peace bill.

Mr. Speaker, this is a very important bill. It provides for the sale or donation of up to \$7.5 billion worth of the produce of our farms to our friends abroad over the next 2 years. It is important to our farmers. It is important to the countries that need our help. It is important to the advancement of our foreign policy and the peace and tranquility of the world.

This bill was reported from the Committee on Agriculture by a vote of 33 to 2 and passed the House by a vote of 333 to 20.

The House agreed to a conference on September 8, and your conferees have worked diligently from that time to uphold the House position. The report which is before you today is the second report the conferees have filed. The first was filed on September 23 and considered by the House on October 5. All but one of the approximately 38 points of difference were satisfactorily resolved by the first conference substitute. The one point that was not satisfactorily settled was that concerned with the treatment of countries dealing with North Vietnam and Cuba.

The House bill contained a provision which had been proposed by the gentleman from California [Mr. TEAGUE] prohibiting sales for foreign currencies or dollar credit under Public Law 480 with any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam—excluding U.S. installations in Cuba—any equipment, materials, or commodities, so long as they are governed by a Communist regime.

To this provision the Senate had added a proviso permitting sales to such nations if the President determined such sales to be in the national interest of the United States. It also provided that he

might use funds appropriated to carry out Public Law 480 for the formulation and administration of such agreements, notwithstanding the requirements of any appropriation act.

The first conference report dropped all of the Senate language I have just described and adopted the House language with an amendment striking out the words "equipment, materials, or commodities," and inserting in lieu thereof the materials covered by the Battle Act, which prohibits U.S. assistance to nations shipping strategic materials to certain countries.

This was not as good a compromise as your conferees desired, but it was the best to which we were able to obtain the agreement of the Senate conferees at that time.

On October 5 the House strengthened the position of the House conferees by recommitting the conference report with instructions to insist on the specific language of the House provision on this subject.

The conference report which is before the House today is identical to the conference report submitted on September 23, except as to the provision concerning nations dealing with North Vietnam and Cuba. On that provision we have maintained the language and the substance of the House provision.

The conference substitute contains the House language, plus a proviso giving the President very limited discretion with respect to countries dealing with Cuba. No exception is permitted with respect to countries dealing with North Vietnam. The limited exception would permit sales to countries dealing with Cuba only if:

First, such dealing is limited to furnishing, selling, or selling and transporting medical supplies, nonstrategic raw materials for agriculture, or nonstrategic agricultural or food commodities;

Second, the President finds with respect to each such agreement with each such country that the agreement is in the national interest of the United States;

Third, the President informs the Senate and the House of Representatives of such finding and the reasons therefor; and

Fourth, such finding and the reasons therefor are published in the Federal Register.

The substitute is satisfactory to the gentleman from Illinois [Mr. FINDLEY] who was the author of the House provision. I understand that the gentleman from Minnesota [Mr. QUIE] will insert in the RECORD a letter from him to that effect.

The substitute is also satisfactory to the gentleman from Oklahoma [Mr. BELCHER] who made the motion to recommit the original conference report. Mr. BELCHER joined in the conference report. The report is signed by all of the conferees for the House.

Mr. QUIE. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Minnesota.

Mr. QUIE. I thank the gentleman for yielding.

I wish to say, for the gentleman from Oklahoma, PAGE BELCHER, that he is in

agreement with the compromise which we reached with the Senate. If he were here, he would so state. He gave me full authority to say so.

Also, as Members will recall, the gentleman from Illinois [Mr. FINDLEY], was the author of the original amendment. I have a letter from him, which I ask unanimous consent to insert in the RECORD at this point, showing his support for the action we have taken. So far as I know there is no one on this side who is opposed to what we are doing.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The letter is as follows:

HOUSE OF REPRESENTATIVES,

Washington, D.C., October 17, 1966.

The Honorable ALBERT H. QUIE,
House Office Building,
Washington, D.C.

DEAR AL: I have just learned of the compromise language which may be proposed to the House in respect to trading with the enemy provisions of the Food-for-Peace extension.

Although not as unequivocal as the original House version—and not as precise as I would personally prefer—it is nonetheless in substantial fulfillment of the House instructions. I am glad to give it my support. I do so, hopeful that the President will use the set-aside authority for Cuban trade only in the most extraordinary circumstances.

The Food-for-Peace program is an important arm of our foreign policy, and the changes made in it in the legislation presently before the Congress are forward-looking and promising.

Sincerely yours,

PAUL FINDLEY,
Representative in Congress.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Michigan [Mr. GERALD R. FORD].

Mr. GERALD R. FORD. Mr. Speaker, I wish to commend the House conferees on this conference report. The compromise language goes a long way toward sustaining the position of the House.

As you will recall, the original conference report on this bill prevented Public Law 480 concessional sales for soft currency on long-term dollar credit to countries which sold or furnished Battle Act commodities to North Vietnam or Cuba. Battle Act items are those which have military or strategic significance.

This provision was unacceptable to the House as was evidenced when the motion to recommit offered by the gentleman from Oklahoma [Mr. BELCHER] prevailed by a 306 to 61 vote on October 5.

The House instruction to the conferees called for an absolute ban on these sales to nations doing business with North Vietnam or Cuba.

The revised conference report carries an absolute ban on soft currency and dollar credit sales to nations which carry on any kind of commerce with North Vietnam. This action alone was enough to justify the recommitment of the original conference report. We must always do our very best to support our troops in South Vietnam.

As I say, this conference report goes a long way toward upholding the House position. Personally, I would have preferred the original House language, but

in order to extend and amend this vital program, it was necessary to make some concession to the other body.

The concession is this: The President may, if he finds such action to be in the national interest, permit Public Law 480 sales to nations which sell, or furnish, or sell and transport three types of items to Cuba. These three excepted categories are: First, medical supplies; second, nonstrategic raw materials for agriculture, such as fertilizers; and third, nonstrategic agricultural or food commodities. If the President finds that it is in our national interest to continue our Public Law 480 sales program in a nation that carries on commerce in these three excepted classes of goods, he must so inform the Congress of his findings and his reasons therefor prior to granting this waiver. These findings and reasons will also be published in the Federal Register.

In other words, the House position was completely sustained on these three points:

First. In regard to North Vietnam it is absolutely clear that any nation which carries on commerce with the Ho regime will be ineligible for either soft currency sales or for dollar credit sales during the 2-year duration of this bill.

Second. In regard to all items other than the three excepted categories, the President would have no discretion or power to waive the application of the prohibition. This clearly means that any country selling to or furnishing Cuba with nonagricultural items such as, for example, chemicals, manufactured goods, or machinery would automatically become ineligible for new title I agreements under the act.

Third. In regard to shipping the three categories of excepted materials, only those nations which both sell and ship—or furnish and ship—they would be eligible for the Presidential waiver. Other nations which carry to or from Cuba anything including the three excepted items on their ships or aircraft would automatically become ineligible for new title I agreements under the act.

In addition, the waiver authority is strictly limited to medical supplies, nonstrategic agricultural and food commodities, and nonstrategic raw materials for agriculture. This is the only area where the House conferees receded.

Mr. Speaker, this bill is a good bill. It is a much better bill than the one originally brought back from conference. It is a bill that strengthens our international efforts to isolate both North Vietnam and Cuba. It permits the continuation of a great program that benefits everyone in the free world. I urge the adoption of the conference report.

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from California.

Mr. TEAGUE of California. I merely wish to state, as author of the original amendment in the committee, that I also concur with the agreement which has been reached, and I urge all Members to support the conference committee.

Mr. DOLE. Mr. Speaker, I, too, rise in support of the conference report. It is a distinct improvement over the agreement which was reached earlier and then rejected by the House. There can be no doubt that the Congress intends to isolate both Ho Chi Minh and Fidel Castro. This bill now carries an absolute ban on commerce with North Vietnam. It also carries the clear implication that the very limited exceptions that are set forth in regard to Cuba are to be strictly construed.

This bill, which extends Public Law 480, will in the years ahead be a very useful legislative instrument of foreign policy and a very important program to millions upon millions of people throughout the world. The emphasis on self-help will, I hope, begin to produce some results by the time we get around to another extension of the act in 1968.

Included in this self-help category is the farmer-to-farmer program in which I have a great deal of interest.

Mr. POFF. Will the gentleman yield?

Mr. DOLE. I am happy to yield to the gentleman from Virginia.

Mr. POFF. I wish to take just a moment here to compliment my colleague, the gentleman from Kansas, for his industry and his perseverance, as well as his vision and his humanitarianism in working so effectively this year for an expanded agricultural technical assistance activity under Public Law 480. The farmer-to-farmer program in this bill is the direct result of the gentleman's many efforts and as time goes on, I am confident it will prove to be one of the most valuable provisions in the program.

Mr. DOLE. I wish to thank my friend from Virginia, Mr. POFF, not only for his kind words here today but also for his help, together with the gentleman from California [Mr. TALCOTT] in preparing and cosponsoring the original "bread and butter" legislation this year. I join with him in the expectation that this program will now be fully implemented and executed in a most expeditious and efficient manner.

Mr. GATHINGS. Mr. Speaker, I favor the conference report.

The ability of the developing nations to feed themselves has been on a steady decline in the past few decades as populations have been outstripping food production. In India alone the population of 432.7 million in 1960 is expected to grow to 1,233.5 million by the year 2000, which virtually triples India's present population numbers. Birth control, food from the U.S. production capacity, as well as greatly expanded production in grain in the years ahead, are vitally needed to prevent the starvation of millions of people. In addition, distribution and marketing systems are antiquated which has resulted in great losses in many countries by spoilage of perishable and other food items. The proper application of water and fertilizer and scientific use of lands are other needs in so many areas where there is inadequate food supply. Food production and greatly increased population in areas of Asia, Africa, and various South American countries is a catastrophic problem which urgently needs a solution. The food and agricultural organization has made a

survey and has found that there will be 6 billion people to be fed at the turn of the century. The great part of this 6 billion population lives in the areas where food production fails to attain the actual requirements of their peoples. This situation is in reverse from a few decades ago in that these poorer countries not only fed themselves then, but exported large quantities of grain.

According to the Department of Agriculture, 3.8 million tons of grain each year were exported by these developing nations in the years 1934 through 1938. That situation began to change very fast when it was necessary for these nations to import 2.6 million tons of grain a year for the 4 years 1948 through 1952. In the years 1957-60 these same nations were importing 5 million tons of grain each year. The last figures available, 1964-65, show that these same countries are importing 19.3 million tons of grain a year.

The total production on all of the usable agricultural lands over the world could not meet the needs for food of these developing countries within a few years unless a reversal in the present trends is made.

The primitive farm methods employed in many of the areas where there is a deficit in food production affects most seriously this overall problem. Technical assistance to these nations, as well as know-how in farming techniques, would aid appreciably in solving the food shortages which they suffer. In addition to their lack of modern machinery for use in their operations, there exists also a very poor system of marketing and distribution of food commodities at all levels. Nutritional deficiencies are a major cause of millions of people—infants and grownups alike—being handicapped for life, either mentally or physically. Malnutrition makes for difficulty for a child in mastering his school work. This weakens the ability of the nation to look and move forward. The food-for-peace conference report if approved by the Congress and signed into law by the President would be instrumental in alleviating suffering, hunger, and food shortages. It would encourage self-help on the part of developing nations. The legislation would promote the development of trade in the sale for dollars of our agricultural commodities. I trust that the conference report will be agreed to.

Mr. POAGE. Mr. Speaker, I have no further requests for time. I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks on the food-for-peace bill at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NARCOTIC ADDICT REHABILITATION—CONFERENCE REPORT

Mr. ASHMORE. Mr. Speaker, I call up the conference report on the bill (H.R. 9167) to amend title 18 of the United States Code to enable the courts to deal more effectively with the problem of narcotic addiction, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Oct. 19, 1966.)

Mr. ASHMORE (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. ASHMORE. Mr. Speaker, the bill H.R. 9167, as it passed the House, contained four titles. The conference substitute contains these titles with just a few modifications of language; therefore, the language set forth in the conference report as a substitute for the Senate amendment contains as titles I, II, V, and VI the substance of the language of the House passed bill. The language in titles III and IV of the conference substitute includes the language originally contained in the Senate version. The Senate provisions in title III provide for the civil commitment of individual narcotic addicts for treatment when they are not accused of any criminal offense. Title IV provides for an authorization of a grant program to the States to assist them in providing for facilities and for personnel to be used in the treatment and rehabilitation of narcotic addicts.

I have indicated that there are modifications to the House language and these involve a minor change to the description of the offense of "housebreaking" as included in the definition of a "crime of violence." A change in the number of previous civil commitments which will have the effect of barring the consideration of an individual for an additional civil commitment under the provisions of this legislation, and other minor changes in the language which, in the opinion of the conferees, preserve the basic intent of the original House-passed bill.

The grant and aid program in the Senate amendment provided for an authorization of \$15 million for each of 3 fiscal year. In conference, this was reduced to that amount in 2 fiscal years.

Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. McCLODY].

(Mr. McCLODY asked and was given permission to revise and extend his remarks.)

Mr. McCLODY. Mr. Speaker, I urge adoption of the conference report.

Mr. Speaker, the conference report now before us represents what in my judgment will be recorded as one of the outstanding achievements of the 89th Congress. The completed Narcotic Addict Reform Act of 1966 represents not only a timely and vigorous escalation of the war on narcotic addiction, it represents as well the humanitarian reaching out of the helping hand up to segment of our society that is trapped, and helpless in the grip of one of the most merciless and vile diseases of our society.

Mr. Speaker, I would suggest that when the Congress is taken to task on the score of erosion of its reputation as a deliberative body, this Act might well be cited in defense of the continuing role of the Congress as a source of well-developed and polished legislation for the people. On July 14 of last year and continuing through January of this year, Subcommittee No. 2 of the Committee on the Judiciary held hearings on this measure. After due deliberation the full committee sent it to the floor. I am sure my colleagues will recall the vigorous debate prior to passage of the measure on June 1 of this year.

In the other body, hearings were held over an extended period ending in passage of a bill on October 6 in a somewhat different form from that passed by the House. What is presently before the House is the product of a conference in which I believe the most effective measure that could have been developed has emerged.

Mr. Speaker, it is a considerable source of satisfaction to me that the House provisions of the law have been retained unchanged. Great credit is due the effective leadership of our distinguished chairman who so ably advocated these provisions in the recent conference. I believe the House conferees were also able to make a number of very desirable refinements to the Senate provisions which were adopted in conference.

As agreed to by the conference, the measure before us is a truly comprehensive plan. Titles I and II are the first two titles of the original House bill. These provide civil commitment before and after criminal conviction. They are drafted in frank recognition of the incipency of criminal involvement which is a fact of life, not only for most addicts, but for the society which presently suffers the effects of their illness. Where crime is produced by addiction, the remedy is rehabilitation rather than incarceration in appropriate cases. That is the underlying rationale as well as the operation of these first two titles.

Title III of the bill is a Senate proposal. It provides civil commitment program complementary to existing State programs for the noncriminal addict, on both a voluntary and involuntary basis. Federal jurisdiction will be available for noncriminal commitments in those States which have no developed addict programs or where there are inadequate facilities for the care of voluntarily committed addicts. The measure thus holds out the prospect of self-help for many addicts who retain or can muster the resolve to make the first step to cure themselves. It further provides the means whereby other persons related to

the addict can initiate steps toward his cure.

Title IV of the bill provides augmentation for the treatment of narcotic addicts as presently authorized by the Public Health Services Act. Authorization is also contained to provide for grants to the States to assist them in developing and maintaining specialized services and programs for addicts, and for joint Federal-State participation in construction and maintenance of addict-treatment facilities.

In the final substantive title of the act, provision is made for ameliorating the present parole restrictions on marihuana offenders. I am anxious to assure that the mandatory sentencing provisions for narcotics offenders, and which the House insisted on in floor action in June in voting affirmatively on a motion to recommit, are retained in full in the compromise.

Mr. Speaker, to those who will still insist that the criminal laws are too hard on narcotics sellers, let me say this. Federal law will now provide that any narcotic addict who has any gumption at all will have the opportunity to voluntarily commit himself to a rehabilitation program to get this dreadful affliction off his back. If he himself does not have the courage or the will to help himself, a close relative or someone who maintains close contact with him will have the opportunity to start him on the way to cure.

It should be clear from this that the Federal Government should not and will not permit the addicted seller of drugs to continue contaminating others by introducing them to these noxious substances, and then condone his crime on the grounds that the seller could not help himself because of his own addiction. It must never be forgotten that we are dealing in a very real sense with a contagious disease when we are dealing with narcotics. And the disease is every bit as deadly and as harmful to our society as has been in the past the great plagues and other afflictions from which society has long sought to protect itself. I hope, therefore, that our action on this conference report will stand as a milestone along the road to progress in curing our society of the scourge of narcotic addiction. At the same time, I would hope it stands as a monument to the efforts of those who have urged that we not succumb to pity and let up our efforts to punish and deter by criminal laws those who have contributed to the debilitation and destruction of their fellow man.

Mr. ADDABBO. Mr. Speaker, I cannot begin to say how pleased I am that the conference committee on H.R. 9167 has seen fit to include in the Narcotic Addict Rehabilitation Act of 1966 provisions for civil commitment of certain persons addicted to narcotic drugs who are not charged with the commission of any offenses and to provide assistance to the States and municipalities in developing their own treatment programs and facilities for narcotic addicts.

Mr. Speaker, this is largely what my bill, H.R. 10762, provided and, in my opinion, is necessary if we are to eradicate

the narcotic menace facing us today and which is spreading rapidly from the big cities to the suburbs and has become a real problem on college campuses.

We have seen that punishment for offenders of present narcotic laws is not doing the job which must be done. If we are to wipe out the illegal traffic in narcotics we must get rid of its market. We know that once a person becomes addicted that addict becomes a potential recruiter for another addict as he tries to find ways to secure the money necessary to satisfy his own craving and need for the expensive narcotics.

Coming from Queens County, N.Y., I must report that I have seen and have firsthand knowledge of this grave problem. A few years ago narcotics addiction was mainly a problem in the lowest socioeconomic group, but this is no longer true today. The tentacles of this monster have reached out to the middle-income and upper-income brackets.

We know that treatment alone is not sufficient in breaking the narcotics habit. In this legislation we make provisions for the necessary aftercare and rehabilitation. We have these provisions in New York State, but our program has not had an opportunity to prove its effectiveness because of the lack of funds to fully implement it. It is for this reason that I am so pleased that we have included provisions for assistance to the States to develop their programs.

Section 312 of title III reads as follows:

Notwithstanding any other provisions of this title, no patient shall be committed to a hospital of the Service under this title if the Surgeon General certifies that adequate facilities or personnel for treatment of such patient are unavailable.

This language points up one of our shortcomings and an area where we must give immediate attention. Certainly, we must have more facilities or I fear that our Federal program will run into the problem we have in New York—lack of physical quarters and personnel to do the job. As you know, we have only one Federal hospital for treatment of narcotics addicts in the East and that is the one at Lexington, Ky. It is inadequate now and this new legislation makes it even more imperative that we start a construction program to provide the necessary hospitals.

I am pleased to see that, under this section, provision is being made to give attention to drug addicts before they commit crimes and corrects one of the shortcomings of the previous programs in that once an addict or his family has the addict civilly committed the addict cannot voluntarily sign himself out of the treatment center. The fact that an addict could commit himself but then turn around and sign himself out of a treatment center has been one of the greatest shortcomings of the voluntary commitment procedure.

Mr. Speaker, I shall continue to devote my time and energies to this problem of narcotics and, if reelected, will be cooperating with my colleagues in the 90th Congress as we continue to work to obtain the necessary legislation and appropriations to help bring about the solution of this problem.

Mr. McCULLOCH. Mr. Speaker, it is a great source of satisfaction to me that we now have before us for final approval this conference report. It represents a major product of this Congress in my judgment. It is the result of long and painstaking work in the Committee on the Judiciary—and especially subcommittee 2 thereof—as well as in this Chamber at the time of its passage in June of this year.

I am gratified to report to my colleagues that under the effective leadership of our distinguished chairman, the gentleman from New York [Mr. CELLER], ably assisted I must say by the gentleman from Illinois [Mr. McCLORY] your House conferees preserved intact the provisions of the bill as it was amended on the floor of the House. While we accepted two titles of the measure passed by the other body, several modifications were made to improve them, which have resulted in strengthening and I believe perfecting the final product.

Mr. Speaker, passage into law of this measure will signal a new phase in the war on narcotic addiction and narcotic trafficking. Federal determination to give no quarter to the insidious peddler as expressed in the strong penalty structure of our laws will be reinforced by the provisions of the Narcotic Addict Reform Act of 1966. At the same time—and for the first time—the laws will hold out a helping hand, and encourage addicts to help themselves to rehabilitation and cure. To those shackled in the toils of addiction, this measure will offer hope to society it will offer increased protection. It is grounded on one of the basic principles of the republic, Mr. Speaker, the principle of self-help.

Titles I and II of the compromise measure relate to the addict who has run afoul of the law. Under title I, the addict can accept civil commitment in lieu of criminal prosecution for certain non-violent crimes. Title II provides for postconviction commitment for treatment in lieu of criminal punishment for the same class of addicts. Both of these titles recognize the close relationship between crime and addiction, reflecting the concern of Congress for the near-billion-dollar theft problem created by the Nation's estimated 100,000 active addicts.

Title III of the conference report provides a plan of voluntary and compulsory civil commitment for noncriminal addicts. It differs from the present Federal voluntary commitment, however, in two vital respects.

First, the commitment is for a definite term of treatment for 42 months. No longer can the addict commit himself for brief periods to hold his addiction at a manageable level. The Surgeon General will enjoy the advantage of having the addict for a predictable, programmed time within which to treat him, and the addict will benefit accordingly.

Second, the addict may be civilly committed at the instance of a third person related to him. This provision frankly recognizes that in some cases the addict may have lost the resources to make the first step toward cure and redemption from his curse of addiction. Under title III, those innocent members of his family who are the most likely to



Public Law 89-808
89th Congress, H. R. 14929
November 11, 1966

An Act

80 STAT. 1526

To promote international trade in agricultural commodities, to combat hunger and malnutrition, to further economic development, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food for Peace Act of 1966".

Food for Peace
Act of 1966.

SEC. 2. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended—

(A) By amending section 2 to read as follows:

68 Stat. 454.
7 USC 1691.
Declaration of
policy.

"SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

(B) By amending title I to read as follows:

7 USC 1701-
1709.

"TITLE I

"SEC. 101. In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities for dollars on credit terms or for foreign currencies.

"SEC. 102. For the purpose of carrying out agreements concluded under this Act the Commodity Credit Corporation is authorized to finance the sale and exportation of agricultural commodities whether from private stocks or from stocks of the Commodity Credit Corporation.

"SEC. 103. In exercising the authorities conferred upon him by this title, the President shall—

"(a) take into account efforts of friendly countries to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

"(b) take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by December 31, 1971: *Provided*, That provision may be included in any agreement for payment in foreign currencies to the extent that the President determines that such currencies are needed for the purpose of subsections (a), (b), (c), (e), and (h) of section 104;

"(c) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this title will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

75 Stat. 426;
Ante, p. 796.
22 USC 2161.

Reports to
Congress.

"Friendly coun-
try," exclu-
sions.

Publication in
Federal Regis-
ter.

"(d) make sales agreements only with those countries which he determines to be friendly to the United States: *Provided*, That the President shall periodically review the status of those countries which are eligible under this subsection and report the results of such review to the Congress. As used in this Act, 'friendly country' shall not include (1) any country or area dominated or controlled by a foreign government or organization controlling a world Communist movement, or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government, or (3) for the purpose only of sales of agricultural commodities under title I of this Act, any nation which sells or furnishes or permits ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they are governed by a Communist regime: *Provided*, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country, and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register, or (4) for the purposes only of sales under title I of this Act the United Arab Republic, unless the President determines that such sale is in the national interest of the United States. No sales to the United Arab Republic shall be based upon the requirements of that nation for more than one fiscal year. The President shall keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act. Notwithstanding any other Act, the President may enter into agreements for the sale of agricultural commodities for dollars on credit terms under title I of this Act with countries which fall within the definition of 'friendly country' for the purpose of such sales and no sales under this Act shall be made with any country if the President finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States;

"(e) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and with respect to sales from stocks owned by the Commodity Credit Corporation and that small business has adequate and fair opportunity to participate in sales made under the authority of this Act;

"(f) give special consideration to the development and expansion of foreign markets for United States agricultural commodities, with appropriate emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth;

"(g) obtain commitments from purchasing countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this title, without specific approval of the President;

"(h) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable in the respective countries and which are not less favorable than the highest of exchange rates obtainable by any other nation;

"(i) promote progress toward assurance of an adequate food supply by encouraging countries with which agreements are made to give higher emphasis to the production of food crops than to the production of such nonfood crops as are in world surplus;

"(j) exercise the authority contained in title I of this Act to assist friendly countries to be independent of domination or control by any world Communist movement. Nothing in this Act shall be construed as authorizing sales agreements under title I with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations;

"(k) whenever practicable require upon delivery that not less than 5 per centum of the purchase price of any agricultural commodities sold under title I of this Act be payable in dollars or in the types or kinds of currencies which can be converted into dollars;

"(l) obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America, and obtain commitments from purchasing countries to publicize widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace;

"(m) require foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purposes of this Act, but in any event to the extent necessary to (1) permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies, and (2) in the case of excess currency countries, assure convertibility by sale to American tourists, or otherwise, of such additional amount (up to twenty-five per centum of the foreign currencies received pursuant to each agreement entered into after the effective date of the Food for Peace Act of 1966) as may be necessary to cover all normal expenditures of American tourists in the importing country;

"(n) take maximum precautions to assure that sales for dollars on credit terms under this Act shall not displace any sales of United States agricultural commodities which would otherwise be made for cash dollars.

"SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

"(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

Uses of foreign currencies.

“(b) For carrying out programs of United States Government agencies to—

Notice of re-
lease of for-
eign currencies.

Transmittal to
congressional
committees.

Special Treas-
ury account.

“(1) help develop new markets for United States agricultural commodities on a mutually benefitting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: *Provided*, That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

“(2) finance international educational and cultural exchange activities under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.);

“(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research

against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation:

"(4) acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter, and furnish such buildings and facilities;

"(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

"(c) To procure equipment, materials, facilities, and services for the common defense including internal security;

"(d) For assistance to meet emergency or extraordinary relief requirements other than requirements for food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

Limitation.

"(e) For use to the maximum extent under the procedures established by such agency as the President shall designate for loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, including loans for private home construction, and for loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;

"(f) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner which the President may determine to be in the national interest of the United States, particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Advisory

Committee on Voluntary Foreign Aid: *Provided*, That no such funds may be utilized to promote religious activities;

“(g) For the purchase of goods or services for other friendly countries;

“(h) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency which he determines is qualified to administer such activities;

“(i) for paying, to the maximum extent practicable, the costs outside the United States of carrying out the program authorized in section 406 of this Act; and

“(j) For sale for dollars to United States citizens and non-profit organizations for travel or other purposes of currencies determined to be in excess of the needs of departments and agencies of the United States for such currencies. The United States dollars received from the sale of such foreign currencies shall be deposited to the account of Commodity Credit Corporation:

Provided, That—

“(1) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsections (a) and (b),

“(2) Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (f) and (g), to not less than 10 per centum of the foreign currencies which accrue pursuant to agreements entered into on or before December 31, 1964, and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title,

“(3) No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session,

“(4) Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances after consultation with the advisory committee established under section 407 designate a different rate:

Provided, further. That paragraphs (2), (3), and (4) of the foregoing proviso shall not apply in the case of any nation where the foreign currencies or credits owned by the United States and available for use by it in such nation are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such

Post, p. 1536.

66 Stat. 662.
31 USC 724.

Transmittal
to congressional
committees.

nations for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to paragraph (1) of the foregoing proviso, to the acquisition of sites, buildings, and grounds under paragraph (4) of subsection (b) of this section and to assist such nation in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures additional to those which would be undertaken without such assistance. Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any nation, the President shall advise the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture of such determination; and shall thereafter report to each such committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effects of such use.

Reports to
congressional
committees.

"SEC. 105. Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

Special ac-
count.

"SEC. 106. (a) Payment by any friendly country for commodities purchased for dollars on credit shall be upon terms as favorable to the United States as the economy of such country will permit. Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

Dollar credit
sales.

75 Stat. 426;
Ante, p. 796.
22 USC 2161.

"(b) Agreements hereunder for the sale of agricultural commodities for dollars on credit terms shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sales agreement or any amendment thereto.

"SEC. 107. (a) It is also the policy of the Congress to stimulate and maximize the sale of United States agricultural commodities for dollars through the private trade and to further the use of private enterprise to the maximum, thereby strengthening the development and expansion of foreign commercial markets for United States agricultural commodities. In furtherance of this policy, the Secretary of Agriculture is authorized, notwithstanding any other provision of law, to enter into agreements with foreign and United States private trade for financing the sale of agricultural commodities for export over

Private trade
and enterprise.

such periods of time and on such credit terms as the Secretary determines will accomplish the objectives of this section. Any agreement entered into under this section shall provide for the development and execution of projects which will result in the establishment of facilities designed to improve the storage or marketing of agricultural commodities, or which will otherwise stimulate and expand private economic enterprise in any friendly country. Any agreement entered into under this section shall also provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the purchase price in dollars with interest at a rate which will as nearly as practicable be equivalent to the average cost of funds to the United States Treasury, as determined by the Secretary of the Treasury, on outstanding marketable obligations of the United States having maturities comparable to maturities of credits extended under this section. In no event shall the rate of interest be less than the minimum rate, or the delivery period, deferral of first payment, or term of credit be longer than the maximum term, authorized in section 106. In carrying out this Act, the authority provided in this section for making dollar sales shall be used to the maximum extent practicable.

"(b) In carrying out the provisions of this section, the Secretary shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.

"(c) The Secretary shall obtain commitments from purchasers that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of agricultural commodities purchased under this section.

"(d) In carrying out this Act, the provisions of sections 102, 103(a), 103(d), 103(e), 103(f), 103(j), 103(k), 110, 401, 402, 403, 404, 405, 407, 408, and 409 shall be applicable to sales under this section.

Ocean transportation costs.

"SEC. 108. The Commodity Credit Corporation may finance ocean freight charges incurred pursuant to agreements for sales for foreign currencies (other than those providing for conversion to dollars as described in section 103(b) of this Act) entered into hereunder only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.

Self-help measures.

"SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

"(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

"(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

"(3) training and instructing farmers in agricultural methods and techniques;

"(4) constructing adequate storage facilities;

"(5) improving marketing and distribution systems;

"(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

"(7) establishing and maintaining Government policies to insure adequate incentives to producers; and

"(8) establishing and expanding institutions for adaptive agricultural research; and

"(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales).

"(b) Notwithstanding any other provisions of this Act, in agreements with nations not engaged in armed conflict against Communist forces or against nations with which the United States has no diplomatic relations, not less than 20 per centum of the foreign currencies set aside for purposes other than those in sections 104(a), (b), (e), and (j) shall be allocated for the self-help measures set forth in this section.

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to improve its production, storage, and distribution of agricultural commodities; and shall provide for termination of such agreement whenever the President finds that such program is not being adequately developed.

"SEC. 110. Agreements shall not be entered into under this title during any calendar year which will call for an appropriation to reimburse the Commodity Credit Corporation in an amount in excess of \$1,900,000,000, plus any amount by which agreements entered into under this title in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years."

(C) By amending title II to read as follows:

"TITLE II

"SEC. 201. The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States. The Commodity Credit Corporation shall make available to the President such as agricultural commodities determined to be available under section 401 as he may request.

"SEC. 202. The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. The President shall, to the extent practicable, utilize nonprofit voluntary agencies registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid. Insofar as practicable, all commodities furnished hereunder shall be clearly identified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. The assistance to needy persons shall insofar as practicable be directed toward community

68 Stat. 457.
7 USC 1721-
1724.

Emergency re-
lief.

and other self-help activities designed to alleviate the causes of the need for such assistance. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

"SEC. 203. The Commodity Credit Corporation may, in addition to the cost of acquisition, pay with respect to commodities made available under this title costs for packaging, enrichment, preservation, and fortification; processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in United States ports; ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto.

"SEC. 204. Programs of assistance shall not be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available) plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I of this Act in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance or any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title are used to carry out effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.

"SEC. 205. It is the sense of the Congress that the President should encourage other advanced nations to make increased contributions to the purpose of combating world hunger and malnutrition, particularly through the expansion of international food and agricultural assistance programs. It is further the sense of the Congress that as a means of achieving this objective, the United States should work for the expansion of the United Nations World food program beyond its present established goals."

(D) By changing the designation "TITLE III—GENERAL PROVISIONS" to "TITLE III" and by striking out sections 304, 305, 306, 307, and 308.

(E) By amending title IV to read as follows:

"TITLE IV

"SEC. 401. After consulting with other agencies of the Government affected and within policies laid down by the President for implementing this Act, and after taking into account productive capacity,

Ante, p. 1526.

Repeals.

71 Stat. 345;
73 Stat. 607.
7 USC 1693-
1697.
73 Stat. 610.
7 USC 1731-
1736.

domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover, the Secretary of Agriculture shall determine the agricultural commodities and quantities thereof available for disposition under this Act, and the commodities and quantities thereof which may be included in the negotiations with each country. No commodity shall be available for disposition under this Act if such disposition would reduce the domestic supply of such commodity below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity.

"SEC. 402. The term 'agricultural commodity' as used in this Act shall include any agricultural commodity produced in the United States or product thereof produced in the United States: Provided, however, That the term 'agricultural commodity' shall not include alcoholic beverages, and for the purposes of title II of this Act, tobacco or products thereof. Subject to the availability of appropriations therefor, any domestically produced fishery product may be made available under this Act.

"Agricultural commodity."

"SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

Appropriation.

"SEC. 404. The programs of assistance undertaken pursuant to this Act shall be directed toward the attainment of the humanitarian objectives and national interest of the United States.

Ante, pp.1531,
1532.

Aims of assistance programs.

"SEC. 405. The authority and funds provided by this Act shall be utilized in a manner that will assist friendly countries that are determined to help themselves toward a greater degree of self-reliance in providing enough food to meet the needs of their people and in resolving their problems relative to population growth.

"SEC. 406. (a) In order to further assist friendly developing countries to become self-sufficient in food production, the Secretary of Agriculture is authorized, notwithstanding any other provision of law—

Food production assistance.

"(1) To establish and administer through existing agencies of the Department of Agriculture a program of farmer-to-farmer assistance between the United States and such countries to help farmers in such countries in the practical aspects of increasing food production and distribution and improving the effectiveness of their farming operations;

Farmer-to-farmer program.

"(2) To enter into contracts or other cooperative agreements with, or make grants to, land-grant colleges and universities and other institutions of higher learning in the United States to recruit persons who by reason of training, education, or practical experience are knowledgeable in the practical arts and sciences of agriculture and home economics, and to train such persons in the practical techniques of transmitting to farmers in such countries improved practices in agriculture, and to participate in carrying out the program in such countries including, where desirable, additional courses for training or retraining in such countries;

Education.

"(3) To consult and cooperate with private non-profit farm organizations in the exchange of farm youth and farm leaders with develop-

ing countries and in the training of farmers of such developing countries within the United States or abroad;

Research.

"(4) To conduct research in tropical and subtropical agriculture for the improvement and development of tropical and subtropical food products for dissemination and cultivation in friendly countries:

"(5) To coordinate the program authorized in this section with the activities of the Peace Corps, the Agency for International Development, and other agencies of the United States and to assign, upon agreement with such agencies, such persons to work with and under the administration of such agencies: *Provided*, That nothing in this section shall be construed to infringe upon the powers or functions of the Secretary of State:

"(6) To establish by such rules and regulations as he deems necessary the conditions for eligibility and retention in and dismissal from the program established in this section, together with the terms, length and nature of service, compensation, employee status, oaths of office, and security clearances, and such persons shall be entitled to the benefits and subject to the responsibilities applicable to persons serving in the Peace Corps pursuant to the provisions of section 612, volume 1 of the Statutes at Large, as amended; and

22 USC 2501
note.

"(7) To the maximum extent practicable, to pay the costs of such program through the use of foreign currencies accruing from the sale of agricultural commodities under this Act, as provided in section 104(i).

Ante, p. 1531.
Appropriation.

"(b) There are hereby authorized to be appropriated not to exceed \$33,000,000 during any fiscal year for the purpose of carrying out the provisions of this section.

Advisory committee,
establishment.

"SEC. 407. There is hereby established an advisory committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman, the vice chairman and the two ranking minority members of the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman, the next ranking majority member and the two ranking minority members of the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The advisory committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto.

Ante, p. 1526.

Report to
Congress.

"SEC. 408. The President shall make a report to Congress not later than April 1 each year with respect to the activities carried out under this Act during the preceding calendar year. Such report shall describe the progress of each country with which agreements are in effect under title I in carrying out its agreements under such title.

Time limitation.

"SEC. 409. No agreements to finance sales under title I and no programs of assistance under title II shall be entered into after December 31, 1968.

"SEC. 410. The provisions of section 620(e) of the Foreign Assistance Act of 1961, as amended (referring to nationalization, expropriation, and related governmental Acts affecting property owned by United States citizens), shall be applicable to assistance provided under title I of this Act."

77 Stat. 386;
78 Stat. 1013.
22 USC 2370.
Ante, p. 1526.

SEC. 3. (a) Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b), is amended, effective January 1, 1967, by deleting the symbol "(1)", by changing the semicolon to a period and by striking out all of the language in the section after the semicolon.

72 Stat. 1792.

(b) Section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1) is amended, effective January 1, 1967, by striking out "foreign distribution."

79 Stat. 1212.

(c) Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended, effective January 1, 1967, by striking out the following: "and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States"; "and (4) above"; "in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States"; and "The assistance to needy persons provided in (4) above shall, insofar as practicable be directed toward community and other self-help designed to alleviate the causes of the need for such assistance."

68 Stat. 458.

(d) Section 8 of Public Law 85-931 (72 Stat. 1792) is amended (1) by inserting a period in lieu of the colon after the word "Act" and striking out the proviso; (2) by inserting after the word "manufactured" the word "entirely"; and (3) by inserting before the comma following the words "surplus supply" the words "in the same manner as any other agricultural commodity or product is made available".

7 USC 1701
note.

(e) Section 407 of the Agricultural Act of 1949, as amended, is amended by striking the period at the end of the third sentence thereof and adding the following: ": *Provided*, That whenever the Secretary of Agriculture determines that the carryover at the end of any marketing year of a price supported agricultural commodity for which a voluntary adjustment program is in effect will be less than 25 per centum (5 per centum in the case of wheat) of the estimated export and domestic consumption of such commodity during such marketing year, the Commodity Credit Corporation shall not sell any of its stocks of such commodity during such year for unrestricted use at less than 115 per centum (120 per centum in the case of wheat whenever its carryover will be less than 25 per centum of such estimated export and domestic consumption) of the current price support loan plus reasonable carrying charges."

63 Stat. 1055.
7 USC 1427.

SEC. 4. Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by

Appropriation.

Commodity Credit Corporation under its Export Credit Sales program. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation annually for its actual costs incurred or to be incurred under its Export Credit Sales Program.

Effective date.

SEC. 5. This Act shall take effect as of January 1, 1967, except that section 4 shall take effect upon enactment.

Approved November 11, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1558 (Comm. on Agriculture), and Nos. 2075 and 2304 (Comm. of Conference).

SENATE REPORT No. 1527 (Comm. on Agriculture & Forestry).

CONGRESSIONAL RECORD, Vol. 112 (1966):

June 8: Considered in House.

June 9: Considered and passed House.

Aug. 29, 30: Considered in Senate.

Aug. 31: Considered and passed Senate, amended.

Oct. 5: Conference report recommitted in House.

Oct. 21: House and Senate agreed to conference report.

We have recommended, as you know, on a number of occasions, that the Security Council give consideration to this subject.

Our adversaries in the matter are not very willing to come into the Security Council and discuss it.

I think it is very clear that while we do our recommending, we have to find some way to get them to come in there, and also to get the members of the Security Council to be willing to do it.

We are always glad to have Senator Mansfield's suggestions. They are generally very worthy ones. We will explore them in some detail.

AMBASSADOR HARRIMAN'S TRIP

Q. Mr. President, Ambassador——

THE PRESIDENT. Mr. Spivak.

Q. Ambassador Harriman described his trip as being somewhat encouraging. I wonder if you, too, are encouraged by what he told you about the trip.

THE PRESIDENT. I have heard what he said and have observed it. I will consider it. I think that is about the extent of it.

I have been with him for the last hour or so. I thought his discussions were very interesting.

MR. BUNDY'S REPORT

Q. Mr. President, you sent Mr. Bundy to some other countries. Has he reported?

THE PRESIDENT. The cables come in from day to day. I have not had an oral report. He is not ready for that yet. There is not anything I have to say on that.

LEGISLATION FOR DISTRICT OF COLUMBIA

Mr. Horner?

Q. Mr. President, you mentioned a while ago, in speaking of reports, you had reviewed some concerning the District of Columbia. Could you give us any detail at all about those?

THE PRESIDENT. It is just the recommendations that we will make in connection with legislation for the District in our State of the Union Message.

We do have some legislation affecting the District now on my desk, with various reports from various departments that I am evaluating, but I have not reached a decision on it yet.

FOREIGN INVESTORS' TAX BILL

Q. Mr. President, have you reached a decision on the foreign investors' tax bill? There have been some reports that you might pocket veto it.

THE PRESIDENT. When we act on these bills, we simultaneously, with the signature, transmit it to George Christian. Does that answer your question?

REACTION TO A CEASE-FIRE APPEAL FROM THE POPE

Q. Mr. President, based on the Ambassador's report, can you give any idea of what our reaction to an appeal from the Pope for a cease-fire would be?

THE PRESIDENT. Without responding directly to your question, I think I indicated our general attitude in my press conference the other day.

We are very anxious to always give consideration, and as sympathetic as possible, to any suggestion that the Pope gives, as we did last year.

But we are also very anxious to have other people do likewise.

We will carefully scrutinize any suggestions His Holiness makes and take appropriate action.

Whatever it is that we believe to be in the best interests of this country we will do.

ANTIBALLISTIC MISSILE SITUATION

Q. Mr. President, there seems to be some inconsistency in our hopes and the Soviet Union's hopes that we might be reaching some agreement in the nonproliferation area.

I wondered if there is any inconsistency with that optimism and Secretary McNamara's report yesterday about the antiballistic missile situation?

THE PRESIDENT. I wouldn't think so.

REPORTER. Thank you, Mr. President.

NOTE: President Johnson's eighty-sixth news conference was held at the LBJ Ranch, Johnson City, Tex., at 4:30 p.m., c.s.t., on Friday, November 11, 1966.

As printed above, the remarks follow the text of the White House press release.

Food For Freedom Program

Statement by the President Upon Signing the Food for Peace Act of 1966. November 12, 1966

On February 10, I proposed to the Congress a Food for Freedom program, by which the United States might lead the world in a war against hunger. The act which I have signed today prepares us for this historic talk.

Most of the developing world is now in crisis—one that is more serious than any ideological disagreement. Rapid population growth is putting relentless pressure on food supplies.

For 6 consecutive years world food consumption has exceeded production.

A precarious balance has been maintained through our surplus stocks. Seventy million tons of surplus grain have been used since 1961.

But today the surpluses are gone.

We have rationalized our domestic agriculture to eliminate unneeded surpluses. During the past few months,

we have acted to expand wheat and feed grain production. Half of our 60 million-acre cropland reserve will be returned to production.

But even the food-producing capability of U.S. farmers—unmatched in history—cannot suffice indefinitely in a world that must feed a million new human beings each week.

The only long-term solution is self-help. Our new Food for Freedom program will provide American food and fiber to stimulate greater productivity in the developing countries. I am instructing the appropriate officials to make sales agreements only after carefully considering what practicable self-help measures are being taken by the recipient country to improve their own capacity to provide food for their people.

We must be certain that our Food for Freedom grants are consistent with our program to encourage the sound and rapid expansion of food production in the receiving countries. Food for Freedom grants will be made only where the country receiving the grant demonstrates its own willingness to help win its own war on hunger. We must also be certain that Food for Freedom grants are made, whenever possible, on a multilateral basis with the other countries of the world who have the resources to join us in food grant programs. We are all members of the family of man and as such we must band together if we are to be successful in the war on hunger.

This act will also permit us to deal with food problems beyond hunger in its starkest form.

Here at home, our farmers will continue a high level of production in the years immediately ahead to meet food needs. In the longer run, successful economic development abroad will build markets for U.S. products.

The sound population programs, encouraged in this measure, freely and voluntarily undertaken, are vital to meeting the food crisis, and to the broader efforts of the developing nations to attain higher standards of living for their people.

There are, however, other provisions which cause me concern. I am particularly troubled by the provision which, while giving some latitude for Presidential discretion, precludes food aid to countries that sell, furnish, or permit their ships or aircraft to transport any equipment, materials, or commodities to either North Viet-Nam or Cuba.

The position of this administration is quite clear as to free world trade and shipping to both North Viet-Nam and Cuba. We oppose it. We have conducted and will continue a very active effort against this trade. No Free World countries now furnish arms or strategic items to either area.

However, I believe we should have the flexibility to use food aid to further the full range of our important national objectives. Restrictions on its use deprive us of this flexibility. They inhibit us in meeting objectives to which four administrations have dedicated themselves.

Accordingly, I hope that the Congress, in the next session, will reconsider those provisions of this bill, passed in the closing days of the session, which create major difficulties for our foreign policy.

In spite of these problems, the bill marks the beginning of one of the most important tasks of our time. I am proud to sign it.

NOTE: The statement was released at San Antonio, Tex. As enacted, the Food for Peace Act of 1966 (H.R. 14929) is Public Law 89-808.

The Great Seal of the United States

Statement by the President Upon Signing Bill Protecting the Seal Against Unauthorized Use and Commercial Exploitation. November 12, 1966

I have today signed S. 2770.

This law gives us for the first time in our history new and needed criminal sanctions against the unauthorized use and commercial exploitation of the Great Seal of the United States.

The Great Seal is the proud and enduring symbol of the dignity and honor of America.

It is as old as the history of our Republic.

One of the earliest concerns of our Founding Fathers was to develop a seal. Work on the Great Seal began on July 4, 1776, the same day Congress agreed to the Declaration of Independence.

It took almost 6 years to perfect that Seal. Benjamin Franklin, John Adams, and Thomas Jefferson were among those great Americans whose genius and inspiration brought forth the Great Seal as we know it today.

But for many years there has been a need for legislation governing the commercial reproduction and use of our Great Seal.

Up to now we have had to use our powers of moral suasion to discourage uses of the Seal that were undignified or sought to convey the false impression that the Government was endorsing a particular book or activity.

Moral suasion has not always been sufficient. Now we have a new law to give the Great Seal of our country some of the protection it deserves.

I regard this law as a first step. It has fallen considerably short of our expectations and our recommendations. It just does not go far enough.

—By specifically listing the prohibited uses of the Great Seal, it narrows greatly the scope of protection under the law. The bill, for example, may not control the use of Great Seal designs on objectionable salable souvenirs.

U.S.D.A.
SEA/TIS
LAW LIBRARY
ROOM 1406 SOUTH
WASHINGTON D.C. 20250